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SOAH DOCKET NO. 582-05-1005
TCEQ DOCKET NO. 2004-1384-UCR

PETITION OF BEXAR METROPOLITAN §
WATER DISTRICT TO COMPEL RAW §
WATER COMMITMENT FROM §
GUADALUPE-BLANCO RIVER §
AUTHORITY §
BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE HEARINGS

**SUPPLEMENTAL APPENDIX TO
GUADALUPE-BLANCO RIVER AUTHORITY'S
MOTION TO DISMISS**

RECEIVED
STATE OF TEXAS
ADMINISTRATIVE HEARINGS
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Molly Cagle
State Bar No. 03591800
David P. Blanke
State Bar No. 02453600
VINSON & ELKINS L.L.P.
The Terrace 7
2801 Via Fortuna, Suite 100
Austin, Texas 78746
Telephone: (512) 542-8552
Facsimile: (512) 236-3280

Roger Nevola
State Bar No. 14937500
LAW OFFICES OF ROGER NEVOLA
P.O. Box 2103
Austin, Texas 78767-2103
Telephone: (512) 499-0500
Facsimile: (512) 499-0575

Attorneys For Guadalupe- Blanco River Authority

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TCEQ DOCKET NO. 2004-1384-UCR**

**PETITION OF BEXAR METROPOLITAN § BEFORE THE STATE OFFICE
WATER DISTRICT TO COMPEL RAW §
WATER COMMITMENT FROM § OF
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AUTHORITY § ADMINISTRATIVE HEARINGS**

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Molly Cagle
State Bar No. 03591800
David P. Blanke
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VINSON & ELKINS L.L.P.
The Terrace 7
2801 Via Fortuna, Suite 100
Austin, Texas 78746
Telephone: (512) 542-8552
Facsimile: (512) 236-3280

Roger Nevola
State Bar No. 14937500
LAW OFFICES OF ROGER NEVOLA
P.O. Box 2103
Austin, Texas 78767-2103
Telephone: (512) 499-0500
Facsimile: (512) 499-0575

Attorneys For Guadalupe- Blanco River Authority

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- B. Jerry Needham, *BexarMet board fires its general manager*, SAN ANTONIO EXPRESS-NEWS, Apr. 19, 2005, available at <http://www.mysanantonio.com/news/metro/stories/MYSA041905.1A.Moreno.1effc79c6.html>.
- C. Editorial, *BexarMet shake-up thoroughly justified*, SAN ANTONIO EXPRESS-NEWS, Apr. 12, 2005, available at <http://www.mysanantonio.com/opinion/editorials/stories/MYSA041205.06B.bexarmet.1ca755e48.html>.
- D. Jerry Needham, *Water district says it intends to fire Moreno*, SAN ANTONIO EXPRESS-NEWS, Apr. 5, 2005, available at <http://www.mysanantonio.com/news/metro/stories/MYSA040505.01A.bexarmet.1a7df62e4.html>.
- E. Jerry Needham, *BexarMet fires its 3 lobbyists*, SAN ANTONIO EXPRESS-NEWS, Mar. 29, 2005, available at <http://www.mysanantonio.com/news/metro/stories/MYSA032905.03B.bexarmet.183d13c23.html>.

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing Supplemental Appendix to Guadalupe-Blanco River Authority's Motion to Dismiss was served on the following person(s) via hand delivery and/or certified mail on April 26, 2005.

TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY

Docket Clerk
Office of the Chief Clerk
P. O. Box 13087
Austin, Texas 78711-3087
PH: 239-3300
FAX: 512/239-3311

TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY

Todd Galiga, Staff Attorney
Texas Commission on Environmental Quality
P. O. Box 13087, MC-173
Austin, Texas 78711-3087
PH: 512/239-0600
FAX: 512/239-0606
Email: tgaliga@tceq.state.tx.us

OFFICE OF PUBLIC INTEREST
COUNSEL, TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY

Scott Humphrey
Office of the Public Interest Counsel
Texas Commission on Environmental Quality
P. O. Box 13087, MC-103
Austin, Texas 78711-3087
PH: 512/239-6363
FAX: 512/239-6377
Email: shumphre@tceq.state.tx.us

BEXAR METROPOLITAN WATER
DISTRICT

Louis Rosenberg
322 Martinez, DeMazieres Building
San Antonio, TX 78205
PH: 210/225-5454
FAX: 210/225-5450
Email: firm@ltrlaw.com; sls@ltrlaw.com

BEXAR METROPOLITAN WATER
DISTRICT

Paul M. Terrill
Hazen & Terrill, P.C.
810 W. 10th Street
Austin, Texas 78701-2785
PH: 512/474-9100
FAX: 512/474-9888
Email: pterrill@hazen-terrill.com


Molly Cagle FOR:



New bill would rein in BexarMet

Web Posted: 04/22/2005 12:00 AM CDT

Jerry Needham
Express-News Staff Writer

Now that a new board has fired the attorneys and general manager who masterminded the rapid expansion of the Bexar Metropolitan Water District, a lawmaker has filed a bill to hobble any future growth plans.

The bill filed Tuesday by state Rep. Robert Puente, D-San Antonio, would turn BexarMet from a municipal corporation into a special utility district with limited powers. Such a district also can be taken over by a city.

But at least one observer charged that the bill is motivated by personal politics.

"This is not about an orderly process for developing public policy to deal with water problems in South Texas," said Bob Anderson, former mayor of BexarMet customer Castle Hills and husband of BexarMet board member Lesley Wenger, who was in Austin and unavailable for comment Thursday.

"This is angry men using their power to try to punish people because they didn't like the way an election turned out," Anderson said. "It's not about reason and logic."

Puente, who is chairman of the House Natural Resources Committee, denied any ulterior motives.

"What prompted it was the continuing problems that BexarMet has in trying to deliver water at a reasonable rate and in a quality condition," he said. "So I'm helping them along."

Leaders at river authorities and cities in the region for years have expressed concern about BexarMet's broad powers and its willingness to use them, along with lawsuits, to expand its territory into surrounding counties.

The district has bought dozens of smaller companies and expanded into three adjacent counties over the past 10 years, more than doubling its number of connections to 80,000.

That threat seemed to have been dissipated when the district's 20-year general manager, Tom Moreno, was fired Monday after two new board members took office in February, making a new majority on the seven-member board.

The new majority also voted itself into the four officers' positions, ousting John Longoria as president. Longoria, who's been on the board for almost three years, claimed he was on a slower course for reform.

Anderson said he believes the snub of Longoria is behind Puente's attempt to throttle BexarMet.

"He's angry about the fact that his friend John Longoria is not the president and is not going to be the leader," he said.

Puente wouldn't respond to the comments of Anderson, who he said testified recently in his committee against an open meetings bill aimed at Wenger without disclosing that he is her husband.

And even though the proponents for expansion may be gone, Puente said "this reform movement is only good as long as there are quote — reformers — unquote in place."

Longoria said he had no knowledge that the bill was even being considered and he had not seen it late Thursday.

Anderson said turning "BexarMet into a special utility district makes no sense.

"SUDs were never designed to operate within cities. They were designed for water cooperatives in rural areas, to help

<http://www.mysanantonio.com/global-includes/printstory.jsp?path=/news/metro/stories/MYSA04...> 4/25/2005

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them get better financing arrangements and to avoid certain fees and taxes," he said.

Anderson said a SUD operating within a city would have to get permission to build a pump, put in a water tower, or drill a well and the city can say no.

Another feature of special utility districts is that they can be taken over by cities, and it would be possible for the San Antonio Water System to one day absorb BexarMet.

jneedham@express-news.net

Online at: <http://www.mysanantonio.com/news/metro/stories/MYSA042205.3B.bexarmet.1feb122f0.html>



BexarMet board fires its general manager

Web Posted: 04/19/2005 12:00 AM CDT

Jerry Needham
San Antonio Express-News

Tom Moreno's 20-year reign as general manager of the Bexar Metropolitan Water District ended Monday night when the district's board voted to terminate the remaining five years of his employment contract for cause.

Moreno was making \$180,000 a year, potentially subjecting the district to a \$900,000 payout unless the contract was ended with good cause.

The board voted 4-3 to end the contract and, again, by the same margin, to appoint Gil Olivares, chief financial officer and acting general manager, as interim general manager.

Moreno's attorney, Thad Harkins, spent 45 minutes responding to a list of alleged deficiencies, oversights and wrongdoings laid out by the board in an April 6 notice of termination.

"Tom Moreno wants to resolve any issues he has with this board," Harkins said. "Tom Moreno wants to continue to serve."

But without discussion, board member Lesley Wenger made a motion to terminate Moreno's contract for cause, and it drew a quick second from Jose Gallegos Jr.

Moreno, a 35-year employee who oversaw the district as it grew from a sleepy rural water provider into a four-county behemoth that has been racking up debt while swallowing dozens of small companies, has been on unpaid leave for almost two months.

Dissatisfaction with the district's tactics grew as water rates for its mostly poor customers increased rapidly while the district filed lawsuits to grab more customers and water. Four new board members were elected to the seven-member board over a 15-month period ending in February.

Moreno was placed on leave Feb. 18 — his second suspension in three months — after a special audit found \$155,000 in questionable spending over the past two years. That included alleged salary overpayments of \$100,000 for 15 employees for 2003 and 2004, including almost \$30,000 for Moreno and \$13,550 for Sylvia Gámez, Moreno's now-fired former chief deputy.

Another special audit released earlier this month found alleged excess salary payments of almost \$60,000 to Moreno and \$21,143 to Gámez, from 1999 through 2002, for buyback of unused vacation time.

Other allegations against Moreno included entering into contracts without board approval, not giving employees annual evaluations, questionable handling of BexarMet property, continued payments to lobbyists whose contracts had been canceled and deferment of impact fees without board approval.

"I think that a majority of the board saw fit to move forward and to make BexarMet accountable and to make the leadership, the management of BexarMet, responsible for their actions or inactions," Gallegos said after the meeting.

Harkins said the complaints about Moreno were dead issues dredged up for political reasons. He said Moreno had not made any missteps since the board gave him a good job evaluation and a year's extension on his contract in January.

"If you decide for political reasons, which are the reasons that we're seeing here, to get rid of Tom Moreno, at least have the common sense as public servants to honor the contract that's in place instead of trying to find some fiction to continue to injure my client," Harkins said.

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In opposing the motion, board member John Longoria said Moreno had been given abbreviated due process.

"I do not agree with the procedures that have occurred," said Longoria, a former state legislator and Bexar County judge.
"I do not agree with the conclusions that have been drawn."

Longoria was joined by Herman Sanchez and Ysidro Solis in voting against the motion.

jneedham@express-news.net

Online at: <http://www.mysanantonio.com/news/metro/stories/MYSA041905.1A.moreno.1effc79c6.html>



Editorial: BexarMet shake-up thoroughly justified

Web Posted: 04/12/2005 12:00 AM CDT

San Antonio Express-News

A big housecleaning is under way at the Bexar Metropolitan Water District.

The bright light of unobstructed public scrutiny is finally shining on the workings of the water utility under suspended General Manager Tom Moreno, and it's not a pretty picture.

A new study of BexarMet spending practices, conducted by the auditing firm of Garza Gonzalez and Associates, found shoddy records and \$155,000 in questionable spending during the previous two years.

The examination found almost \$60,000 in payments made to Moreno in excess of his approved salary from 1999 through 2002.

Former City Councilman Rick Vasquez was paid for three years of consulting work, but BexarMet has no records of any work product from Vasquez during that time, the study found.

Moreno's record appears indefensible, and the board, which has a majority of reform-minded members after the February election, has scheduled an April 18 hearing on whether to fire him.

The board must act cautiously to protect the agency from being required to buy out Moreno's contract, which was mysteriously extended a year by the previous board majority.

Meanwhile, the new board majority has dumped the agency's old lobbyists and hired two new firms. The three previous lobbyists were unable to tell the board what they were doing for the agency during the ongoing legislative session.

The new board also has severed ties with the agency's longtime general counsel, West and West.

Under the new board's proposed budget, expenses for professional fees of lawyers, lobbyists and engineers will be reduced from \$2.5 million to \$1 million. Ratepayers finally have something to be happy about.

While the changes may seem dramatic and disruptive to some, they are steps in the right direction. Under Moreno's management, BexarMet had become the most dysfunctional public entity in the county.

Reforms are needed to bring BexarMet into the 21st century as a transparent, professionally operated government agency. This is a cleanup effort that is long overdue.

Online at: <http://www.mysanantonio.com/opinion/editorials/stories/MYSA041205.06B.bexarmet.1ca755e48.html>



BexarMet fires its 3 lobbyists

Web Posted: 03/29/2005 12:00 AM CST

Jerry Needham
Express-News Staff Writer

The board of the Bexar Metropolitan Water District fired the utility's three lobbyists in the Texas Legislature late Monday as it reviewed a proposed new budget that for the first time in years doesn't include a rate increase.

The reformist board — whose two newest members were elected early last month — has zeroed in on professional fees as an easy target for cuts. It already has fired its 30-year general counsel and its longtime special counsel.

Its longtime general manager, Tom Moreno, is on two months of unpaid leave while the board looks into alleged financial irregularities.

The three lobbyists — Charles "Chuck" Bailey, Mario Martinez and former 18-year legislator Ron Lewis — reportedly are paid a total of \$23,000 a month by the retail water agency, which serves about 80,000 customers in the Bexar County area.

The three had given a report to the board but had left the meeting when the agenda item involving their firing came up.

Several of the seven board members seemed perturbed that the lobbyists couldn't point to specific things they were doing for BexarMet in the current legislative session, which ends in about two months.

Board member John Longoria, himself a former legislator, spoke against the motion by board member Lesley Wenger.

"It would be a mistake of extreme magnitude, first, to declare them in breach of contract, and second, to cut them off and not have any representation at the Legislature," Longoria said. "If we are at the Legislature without lobbyists, we are going to get butchered."

Wenger pressed on with the motion.

"We had three separate people here, and I didn't hear anything from any of them that anything is being done for us," she said. "Actually, I think we need our money back."

Her motion was supported by Jim Clement, Jose Gallegos Jr. and board President Victor Villarreal.

Earlier, the board had heard from acting General Manager Gil Olivares about the proposed budget for the next fiscal year, which starts in May.

The \$48.2 million operating budget and \$14.2 million capital spending budget propose no rate increase, although Olivares noted "we're showing a very slim year next year, ending with net revenues of \$263,000."

The proposed budget chops another \$750,000 from professional fees for attorneys, lobbyists and engineers. That budget item of \$1.1 million is down from \$2.5 million.

"There's been a conscious effort to make sure we're good stewards of the public's money," said Gallegos, who as chairman of the board's finance committee helped guide the drafting of the budget.

The board also indicated it will set a couple of public hearings on the budget in the community next month — probably one at Reagan High School and the other at Kennedy High School.

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jneedham@express-news.net

Online at: <http://www.mysanantonio.com/news/metro/stories/MYSA032905.03B.bexarmet.183d13c23.html>

From: "Beckie Figg" <BFigg@hazen-terrill.com>
To: <elucas@tceq.state.tx.us>
Date: 11/15/2006 12:32:49 PM
Subject: FW: BexarMet Petition to Compel Raw Water - TCEQ Docket No. 2004-1384-UCR;
SOAH Docket No. 582-05-1005

From: Paul Terrill
Sent: Tuesday, November 14, 2006 2:44 PM
To: 'Todd Galiga'
Cc: Beckie Figg; 'Adolfo Ruiz'
Subject: BexarMet Petition to Compel Raw Water - TCEQ Docket No.
2004-1384-UCR; SOAH Docket No. 582-05-1005

Todd -

In response to your inquiry about BexarMet's Petition to Compel, BexarMet has cut a check to GBRA for the disputed amount and has that check sent to GBRA via FedEx for delivery tomorrow morning (see attached). BexarMet has now paid all of the claimed costs in order to receive a dismissal without prejudice.

I have been instructed by my client to not attend Agenda tomorrow and consider this matter closed. Please let me know if you think there is anything additional that needs to be done by BexarMet.

If you have any questions, please feel free to call.

Sincerely,

Paul M. Terrill
Hazen & Terrill, P.C.
810 W. 10th St.
Austin, Texas 78701
Ph. (512) 474-9100
Fax (512) 474-9888

ELUCAS
NOV 17 11 11:12
TCEQ

CC: "Paul Terrill" <pterrill@hazen-terrill.com>

VENDOR: 000929

BEXAR MET WATER DISTRICT

CHECK NO. 0064590

	INVOICE NO.	INVOICE DATE	INVOICE AMOUNT	AMOUNT PAID	DISCOUNT TAKEN	NET CHECK AMOUNT
182182	00110206	11/14/06	903.89	903.89	.00	903.89
				Check Total		903.89

ORIGINAL DOCUMENT IS PRINTED ON CHEMICAL REACTIVE PAPER & HAS A MICROPRINTED BORDER / SIGNATURE LINE

CHECK NO. 64590
CHECK DATE 11/14/06
VENDOR NO. 000929



CHECK NO. 0064590

Bank of America

35-2/1130 TX

CHECK AMOUNT

NINE HUNDRED THREE AND 89/100 DOLLARS

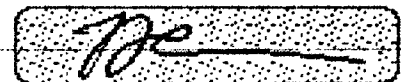
\$903.89

PAY
TO THE
ORDER OFGUADALUPE-BLANCO RIVER AUTHORITY
933 EAST COURT STREET

SEGUIN

TX 78155

DISBURSEMENT ACCOUNT



VOID AFTER 90 DAYS

THE REVERSE SIDE OF THIS DOCUMENT INCLUDES AN ARTIFICIAL WATERMARK. HOLD AT AN ANGLE TO VIEW.
⑈064590⑈ ⑆113000023⑆ 001861431030⑈