

MINUTES

CAPITAL AREA GROUND WATER CONSERVATION COMMISSION

June 16, 2015

The Capital Area Ground Water Conservation Commission met at 9:30 a.m. on June 16, 2015 in the U.S. Geological Survey conference room at 3535 S. Sherwood Forest Blvd., Baton Rouge, Louisiana. The meeting was called to order by the Chairman, Mr. John Jennings.

The following members were present: Ronnie Albritton, Trey Argrave, Dale Aucoin, Johan Forsman, Barry Huggins, John Jennings, Amelia Kent, Jeff Miller, Matthew Reonas, Thomas Stephens, Dan Tomaszewski, and John Westra.

Others attending the meeting were: Anthony Duplechin and Shawn Scallan, Capital Area Ground Water Conservation District; Joey Hebert, Georgia-Pacific; Don Dial, former CAGWCD Director, Megan Terrell, La. Attorney General's Office; Dennis McGehee, Baton Rouge Water Company; Frank Tsai, LSU; Henry Graham, Louisiana Chemical Association; Lana Venable and Todd Talbot, ExxonMobil; John Lovelace, U.S. Geological Survey; Sayi Malineni, citizen; and Mark Walton, former Commissioner.

The minutes of the previous meeting for March 17, 2015 were reviewed. Mr. Reonas stated that on page 5 under Director's Report, it states, "Mr. Reonas offered his office's assistance with any public relations that the Commission may need." Mr. Reonas wanted to clarify that statement. He stated that he mentioned the Memorandum of Understanding between DNR, Office of Conservation and the Commission regarding any public relations. He stated that it is basically the same thing but wanted to make it explicit in the minutes. Ms. Kent made a motion that the minutes of the March 17, 2015 meeting be approved with the amendment. Mr. Reonas seconded the motion and it passed unanimously.

I. Report from the Administrative Committee

At the request of the Chairman, John Jennings, Ms. Amelia Kent reported on the meeting that was held June 16, 2015 at 8:30 a.m. Following is a summary of items discussed at the meeting and further discussion and action at the regular Commission meeting at 9:30 a.m.

1. Copies of the Financial Conditions as of May 31, 2015 were distributed for review and comment. Ms. Kent noted that under Technical Investigations, USGS Modeling Study, that the budgeted amount for 2014-2015 is \$88,400 and the expenses to date are \$118,450. This is due to the USGS having a different fiscal year than the Commission. Bill Gaines was contacted about this issue and stated that this was a timing issue and no amendments to the budget were needed. Ms. Kent noted that there are two certificate of deposits that will mature in August 2015. The Administrative Committee authorized the staff to renew both CD's for \$40,000.

2. Copies of the proposed budget for fiscal year 2015-2016 were distributed for review. Ms. Kent noted that \$5,000 was added to the budget for the LSU modeling study. She also stated that Matt Reonas presented a proposal to the Administrative Committee. Mr. Reonas' proposal is to include funding in the budget for communications and community outreach for the Commission. The Administrative Committee suggested transferring \$6,192 from the two CD's that will mature in August and fund this educational outreach program. Ms. Kent also stated that a subcommittee would be formed to work with the Director to help with this program. Mr.

Reonas stated that at the last technical committee meeting there was discussion about how the Commission presents itself to the parish and municipal officials as well as the legislature. Mr. Reonas stated that this is an opportunity for the Commission to reach out and educate the public about what the Commission has been doing, what their authority is and future plans particularly in light of the last two legislative sessions where bills have been introduced specifically dealing with ground water in the Baton Rouge area. He stated that the Commission is moving forward and has accomplished a tremendous amount of work in the past few years with the management plan, the modeling study and the new website. Mr. Reonas handed out different examples of educational outreach. Mr. Reonas stated that the Commission presently has two issues, one being a potential increase in pumpage fees to help pay for observation and test wells in the "2,000-foot" sand and two pursuing legislative change that would potentially create a special fee district so that the outlying parishes would not have to pay for Baton Rouge's problems. Mr. Reonas stated that the Commission must earn trust with the public to move forward. Ms. Kent stated that it was the recommendation of the Administrative Committee to fund this as a one-time cost for the amount of \$6,192. The Committee suggested that this program be reevaluated once every two to three years to determine if changes need to be made. Ms. Kent stated that the Administrative Committee liked the idea of a fact sheet such as the Into the Blue brochure. Mr. Aucoin asked if the Commission would be duplicating their efforts by doing a brochure and the quarterly newsletter. The Chairman said that the subcommittee will evaluate whether or not this is duplication. Ms. Kent added that the educational brochure would be directed more to public and state officials. The Chairman asked for volunteers to serve on the subcommittee for educational outreach. Mr. Aucoin asked if the \$6,192 would be sufficient. Ms. Kent said it's the goal for this coming year. Mr. Reonas suggested that the Commission try to take some of the funding from travel and meetings and associated expenses. Mr. Reonas questioned if it would be possible to reallocate expenses from other line items later in the fiscal year. Ms. Kent stated that she feels that the amount allocated for this year is a starting goal and that if the subcommittee feels that they need more that they can present this to the Administrative Committee. The subcommittee members appointed are: Jeff Miller, Amelia Kent, Dale Aucoin and Matthew Reonas as Chairman. Mr. Tomaszewski inquired about what is going to be included in the brochure. Mr. Tomaszewski suggested that the brochure state what the Commission's problems and solutions are. He said that it should be a publication summarizing what the Commission is actively doing. Also, he stated that it should mention our program participation with LSU and USGS. Mr. Reonas agreed and stated that this is his goal with the fact sheet. Mr. Huggins made the motion to add the \$6,192 to the 2015-2016 budget for educational outreach. Mr. Aucoin seconded this motion and it passed unanimously. Mr. Huggins made a motion to adopt the budget for fiscal year 2015-2016. Mr. Reonas seconded this motion and it passed unanimously.

3. Ms. Kent reported that the Commission currently has a contract with Mr. Robert Schmidt, Adams & Reese, to establish a trust fund for postemployment health benefits. The Commission requested a formal legal opinion from the Attorney General's office as to whether the Commission can enter into a trust agreement for funded retiree health care benefits. The Commission received the opinion on April 17, 2015 (opinion 15-0012). It states "it is the opinion that the District may establish either a Section 115 Trust or a VEBA trust for the purpose of funding post-retirement health benefits of its employees". It also states, "it is the opinion that the District's fund held in either a Section 115 Trust or a VEBA trust established by the District are not recoverable by the State treasury or otherwise subject to the control of the state treasury". Ms. Kent stated that the Administrative Committee would like to finalize the trust fund by June 30, 2015 because the contract with Mr. Schmidt will expire on June 30, 2015. The Administrative Committee proposed to email the final draft of the agreement to all Commissioners for review and ask for comments by June 19, 2015 and then give the Executive Committee authority to act for the full Commission on the trust fund because of the timing issue. Mr. Reonas made a motion to grant the Executive Committee to act for the full Commission on approving the funded retiree health benefits for the employees of the Capital Area Ground Water Conservation Commission based on final comments received from the Board members with the understanding that if there are no major issues that need to be addressed. Mr. Huggins seconded this motion and it passed unanimously. (By close of business on June 19, 2015, there were no changes submitted by Board members to the District office for the trust fund. Therefore, on June 22, 2015 the Executive Committee consisting of the Chairman, Vice-Chairman, Treasurer and Administrative Committee Chairman authorized the Chairman to sign the trust fund agreement.)

III. Report from the Technical Committee

At the request of Mr. Jennings, the report of the Technical Committee was made by Committee Chairman, Johan Forsman and minutes of the meetings were distributed (attached). Following is a summary of topics discussed at the meeting on June 2, 2015 further discussion and action at the regular Commission meeting on June 16, 2015.

1. Dale Aucoin reported that the ad hoc group held several meetings since the March meeting of the Technical Committee. The focus of these meetings continued to be the management of saltwater intrusion in the "2,000-foot" sand. The group had been discussing different avenues for funding. In order to know where to install a scavenger well, it will be necessary to drill one or more test wells.

The current statute allows for the Commission "to assess against all users within the district a charge based upon the annual rate of use of each user sufficient to meet costs and expenses of operation. Such charges must be uniform as to all users, being assessed on the basis of units of water used, whether a cubic, acre-foot, or other unit be used, and without distinctions or graduations as to total amounts of water produced by individual users or classes of users, except that no charge shall be made against the quantity of water pumped from the Mississippi River

alluvial aquifer. Further, such charges shall be assessed and income therefrom used only to defray the costs and expenses of operation of the district assessing them.”

During the March Commission meeting, Director Duplechin had stated that the Commission would not be pursuing legislation to change the current Statute. Two fact sheets were handed out on possible funding, including changing the Statute to allow for specific increases for certain users, as well as increasing the current \$5/million gallon fee to all users. Mr. Huggins stated that he thinks an across the board fee increase would be a tough sell to the users who have not contributed to the problem. Mr. Jennings asked how many of the users in the “2,000-foot” sand are supporting the option that only the users in the “2,000-foot” sand have a rate increase. Mr. Aucoin stated that 75% are in favor. Mr. Aucoin reported that this increase would only take care of exploratory wells. He said the installation and operation of the scavenger well will require more funding which may require help from the federal government. Mr. Jennings asked Dennis McGehee if Baton Rouge Water Company would pass the cost of the fee increase to their users. Mr. McGehee was unsure. Mr. Aucoin requested that the Director send a letter to all water users in the District explaining the problem and the Commission’s options. The Director will send the letter to the Chairman for approval. Mr. Reonas requested that a list of Commissioners be attached to the letter so that the users can contact their representative if needed. Mr. Jennings asked the Director to report any feedback from the users at the September technical meeting.

2. Mr. Walton presented a “new and improved” recap of pumping rates from the “2,000-foot” and “1,500-foot” sands to monitor compliance with agreed on reductions and/or commitments.

3. Director Duplechin gave a review of Legislative actions during the current session. HB 745 by Rep. Barrow would limit the membership of board for ground water conservation bodies and political subdivisions. Specifically, any person from serving as a member of the governing body of a regional body or any political subdivision created for the purpose conserving ground water (including Capital Area and Sparta Commissions, by reference), if the person is employed by, has an ownership interest in, or is a consultant of a private entity that produces ground water in the jurisdiction of the governing body for any beneficial use, in excess of 50,000 gallons for any day during any calendar year from a well or wells owned or operated by such entity or from a well or wells owned or operated solely for the production of water used by such entity. After much testimony and discussion, Representative Barrow voluntarily deferred the Bill.

4. Matt Reonas gave an update on the website revision. He presented the “beta-version” of the website to the technical committee members on June 2nd, and the link was sent out to the Commissioners for review on June 4th. Mr. Reonas made a motion that the latest revision of the website be launched with the understanding that there are a few remaining items that need to be addressed. Ms. Kent seconded this motion and it passed unanimously.

5. Dr. Frank Tsai gave an update on the Update on the "Conjunctive Management of Baton Rouge Multi-Aquifer System for Saltwater Intrusion Mitigation" Study, including:

Groundwater-Energy-Cost Model

Geological Structure Data (requested by Ad-Hoc Group)

Bottom Elevation of "2000-Foot" Sand (requested by Ad-Hoc Group)

The presentation was emailed to all Commissioners.

6. John Lovelace, USGS, gave a progress report on the Baton Rouge model. He reported that the "1,200-foot" sand model report is moving through the review process. The report was approved last week and is now in the process of being published. It is expected to be published online in a few weeks and hard copies available in the next few months. Mr. Lovelace also stated that the USGS had made a few presentations on the "1,200-foot" sand model. One was for the LSU groundwater symposium and another for a modeling conference held in Colorado. Mr. Lovelace stated that they are working on updating the model and simulating flow and saltwater transport in the "2,400-foot" and "2,800-foot" sands.

III. Director's Report

Mr. Duplechin reported that he was invited to sit on the advisory board for the Louisiana Water Resources Research Institute by Director Frank Tsai. Mr. Duplechin attended an update of the Water Institute of the Gulf's Water Resources Assessment for Sustainability and Energy Management which was hosted by the Louisiana Office of Conservation. The Director moderated a session at the Louisiana Groundwater Symposium and also made a presentation on saltwater intrusion in the Capital area. He made a similar presentation to the Baton Rouge Geological Society and the Louisiana section of ASCE. The Director also attended the summer meeting of the Groundwater Managements District's Association.

Mr. Duplechin testified at the House Natural Resources and Environment Committee on HB 745 which would have limited membership on the Commission's board. Much of the discussion during the testimony moved to the subject of ethics. The Director stated that one of the concerns during the testimony was that the Commission's board was heavily influenced by industry. Representative Dove commented that there were only three Commissioners from industry of the sixteen members. Mr. Duplechin stated that the video archive of the testimony is available online. Mr. Duplechin asked Megan Terrell to attend the meeting to answer any questions about the duties of the board members dealing with the issue of ethics. Mr. Jennings questioned Ms. Terrell as to whether the member of the board have particular duties when it comes to ethics. Ms. Terrell stated that the Code of Governmental Ethics (R.S.42:1101) does apply to the board and the commissioners as individuals. She stated that a public servant which is a member who is appointed by an elected official can't receive gifts from a prohibited source. Ms. Terrell stated that the Attorney General's office has no jurisdiction over the Code of Governmental Ethics; therefore, Ms. Terrell deferred individual questions dealing with a particular ethics rule to the Ethic's Board. Ms. Terrell commented that each Board member has the fiduciary duty to do what is best for the Board regardless of who nominated them to the Board.

Mr. Reonas stated that the ethics issues that were raised at the hearing were that members who receive their salaries representing companies that could benefit from actions of the Commission are ethically compromised. Ms. Terrell stated that this is a very specific issue that she would like to look over in more detail and perhaps speak with the Ethics Board. She stated that there are several boards in Louisiana that have industry members on their boards. She said that one of these boards is the Oyster Board. Ms. Terrell stated that there is a provision that talks about a prohibition from receiving anything of economic value. Ms. Terrell offered to make an informal inquiry to the Ethic's Board and requested for some time to search through the Ethic's Board's opinions concerning this issue. Mr. Reonas requested that Ms. Terrell pursue this inquiry. Ms. Terrell stated that if there is a problem with the Board and the Code of Governmental Ethics she will inform the District office. The Director stated that he did send a follow up letter to the House Natural Resources and Environment Committee to clear up any misconceptions that they may have had during the course of the hearing. The Director also invited all committee members to the Commission meetings.

IV. Chairman's Report

Mr. Jennings appointed a Nominating Committee to nominate officers for 2016. The members of the nominating committee are: Matthew Reonas, Barry Huggins, Amelia Kent and Jeff Miller.

V. Other Business

Mr. Reonas brought up a presentation that he attended that was given by Freese & Nichols dealing with water issues in Houston specifically with the transition of ground water use in the 70s to surface water today. Mr. Reonas stated that they offered to give a presentation to the Commission or host a junket in Houston for the members. Mr. Reonas urged Mr. Duplechin to consult with the Baton Rouge Area Chamber and any government agencies that may be interested in attending a presentation in Houston or Baton Rouge. Mr. Jennings recommended that the Director invite Freese and Nichols to give a presentation at one of the Commission's technical meetings.

VI. Public Comment

Mr. Walton complimented the Director on his presentation to the legislature regarding HB 745.

Mr. John Lovelace stated that Lake Charles, Louisiana has dealt with the same ground water issues as Baton Rouge with the Diversion Canal. He suggested that the Commission may want to contact someone who has dealt with the Lake Charles problem which is closer than Houston to give a presentation to the technical committee.

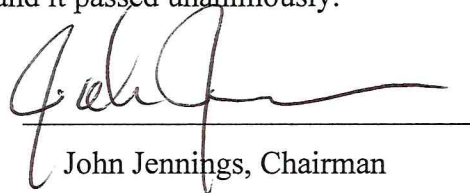
Mr. Duplehcin stated that “Bo” Bolourchi recently retired from the Louisiana Department of Transportation and Development. Bo was a long time member of the Commission and served as Chairman many times.

VII. Next Meeting

The Chairman reported that the next regular Commission meeting of the Capital Area Ground Water Conservation Commission will be scheduled on Tuesday, September 15, 2015 at 9:30 a.m. in the U.S. Geological Survey conference room. The next Technical Committee meeting will be Tuesday, September 8, 2015 at 1:30 p.m.

VIII. Adjournment

There being no further business before the Commission, Ms. Kent made a motion that the meeting be adjourned. Mr. Reonas seconded this motion and it passed unanimously.



John Jennings, Chairman



Amelia Kent, Treasurer