

EXHIBIT B SCOPE OF WORK

The existing and available work of Region C and the Texas Water Development Board (TWDB) is a major resource for Region C and will be utilized to the fullest extent possible. It is recognized that one objective of the Region C Water Plan was to demonstrate viable water supply alternatives available to the Region C Regional Water Planning Area. These alternatives include obtaining additional water supplies from Lake Texoma, Toledo Bend Reservoir, Lake Wright Patman, Lake O' the Pines, other existing supplies such as groundwater, or proposed reservoirs. The primary objective of this initial work element is to compile, organize, and summarize existing studies and analyses that have evaluated Region C water supply alternatives.

As such, the work described below will be prosecuted in a multi-phase approach. Phase I will focus upon an initial literature review, data gap analysis, and an initial socioeconomic impact analysis of studies related to selected five reservoirs:

1. Marvin Nichols
2. Wright Patman
3. Toledo Bend
4. Lake Texoma
5. Lake O' The Pines

A review will be made subsequent to this first phase of work pertaining to the viability of prosecuting the remaining work elements specific to these five reservoirs as Phase IIA of this study, or if a more comprehensive analysis of alternative studies (inclusive of these five reservoirs) should be performed as a Phase IIB of this study. The following work elements will proceed as part of these phases of work.

Phase I

Task 1. Water Supply Alternatives

Work will include the following:

SubTask 1.1 - Literature Review

1.1.1. Perform literature review via comprehensive analysis of reports and documents related to the stated subject matter and published or located (but not limited to) the following sources:

- State of Texas agencies including TPWD, TCEQ, TWDB or predecessor agencies;
- Federal agency reports including those produced by U.S. Geological Survey (USGS), U.S. Fish and Wildlife Service, U.S. Bureau of Reclamation, and U.S. Army Corps of Engineers;

- River Authority and Water Districts
- University studies
- Journal articles referenced in the following online databases:
- Applied Science and Technology Abstracts,
- Water Resource Abstracts.

Where possible, effort will be made to obtain all studies that have considered, evaluated, or proposed water supply alternatives for the Region C Planning Area, and will cover studies back to 1985. The project team will coordinate with the Study Commission to determine at what level the point of diminishing returns is located in order to manage expectations, and due diligence will be made to obtain all studies, including those not necessarily utilized in the state's Regional Water Planning Process.

- 1.1.2. **Deliverable 1.1A:** A comprehensive list will be compiled detailing each study, including a synopsis of each study, title, date of study, sponsor, author, type (technical vs. planning), subject (specific facility vs. water user water plan), and relevant information to the focus of this project.
- 1.1.3 **Deliverable 1.1B:** Compile a draft list of water supply alternatives for evaluation to be submitted to the Study Commission for review and comment.
- 1.1.4 *Study Commission QA/QC. (Task Performed by Commission)*
- 1.1.5 **Deliverable 1.1C:** Incorporate the Commission's suggested modifications to create a final list of water supply alternatives for submission.
- 1.1.6 **Deliverable 1.1D:** A brief SubTask report summarizing the results of this work element, including the report synopses and bibliography, will be submitted in a .pdf format. A presentation will also be made of the findings at the time of submittal, if requested by the Study Commission.

SubTask 1.2 - Data Gap Analysis

Assess results of previous work elements for potential gaps in information with respect to what additional studies might be undertaken to bridge those gaps.

- 1.2.1 Contact all of the major water providers in Region C to determine the availability of relevant studies.
- 1.2.2 Identify potential gaps in existing water supply plans and studies.
- 1.2.3 **Deliverable 1.2A:** Based on best professional judgment and coordination at the agency staff level, a preliminary set of recommendations for studies to bridge data gaps will be presented. A preliminary ranking will be performed to assess the analysis to be prosecuted in Task 2.

1.2.4 *Study Commission QA/QC. (Task Performed by Commission)*

- 1.2.5 **Deliverable 1.2B:** Incorporate comments from the Study Commission to develop draft scopes of work for additional studies and a ranking for Phase 1, Task 2 of this analysis. Prepare a brief report and data files summarizing the results of this work element will be submitted in a PDF format. A presentation will also be made of the findings at the time of submittal, if requested by the Study Commission.

Task 2. Project approach: Socioeconomic Impacts

SB 3 requires an analysis of the socioeconomic impact on areas in which water supply used to meet the water needs of Region C would potentially be located. These areas are herein referred to as the “Basin of Origin.” Specifically, this impact determination should consider the effects on landowners, agricultural and natural resources, businesses, industries, and taxing entities. Further, SB 3 also requires the determination of the socioeconomic impact on the Basin of Origin of utilizing water from Wright Patman Lake to meet future water needs in Region C. Specifically, this impact will examine potential changes in water availability from the reservoir and the impact this may have on cities, business, and industries that rely on the reservoir for water supplies. This task while initiated during Phase I of this study, will be carried forward into Phase IIA or IIB as work progresses.

Work will include the following:

2.1 - Kick-off Meeting

To initiate Task 2 of the Project, Project Team Members propose to meet with the Study Commission and/or its designees to finalize the specific Scope of Services to complete Task 2 and to clarify and finalize the Study Commission’s Goals and Objectives for the Task. During this meeting, the Project Team will request from the Study Commission the list of agencies or organizations the Project Team should approach to secure any additional reports or studies that are responsive to SB 3 requirements.

2.2 - Literature Review

- 2.2.1 Conduct a literature review of reports and/or analysis identified by the Study Commission and other reports and/or analyses which may be readily available related to the determination of the socioeconomic impact of the development and/or use of water supplies to the supply’s Basin of Origin. Examine each report and/or analysis and prepare a memorandum which discusses the methodology employed and provides the Project Team’s perceived strengths and/or weakness of said methodology and results. Further, the Project Team will also identify any gaps within the reports and/or analyses and provide recommendations on how to bridge such gaps to the Study Commission. This examination will include, but not be limited to, the studies identified within the Draft List of Citations for Studies Related to Task 2 as identified within the Request for SOQs.
- 2.2.2 **Deliverable 2.2A:** Once completed, draft memorandum will be submitted to the Study Commission for review and comment.
- 2.2.3 Study Commission QA/QC. Upon review, the Project Team will request further guidance from the Study Commission on the methodology and/or techniques to be employed in determining the socioeconomic impacts related to Region C Water Supply Alternatives. *(Task Performed by Commission)*

2.2.4 **Deliverable 2.2B:** Submit Final Methodology Memorandum.

SubTask 2.3 - Identification and Evaluation of Socioeconomic and Demographic Impacts

After receiving further guidance and comments from the Study Commission, the Project Team will utilize the approved methodology and/or techniques to identify and evaluate the socioeconomic and demographic impacts to different economic sectors in areas where water supply alternatives would be or are located.

2.3.1 Identification of Impact Areas - Determine the areas of the State, down to the County level, that will be impacted by each water supply alternative (i.e., Basin of Origin).

2.3.2 Identification of Impacts - Once the impacted area has been identified, determine the types of short-term and long-term, positive and negative impacts that each area may experience, and the economic sectors that may be impacted. Economic sectors examined will include, but not be limited to, landowners, agricultural and natural resources, commercial business, industrial facilities, and taxing entities. Impacts measured will include, but not be limited to direct and secondary losses and/or gains in regional output, regional value-added, employment, local and state sales tax, property taxes, population, and other variables unique to a specific region. To the greatest extent possible, the Project Team will seek to quantify all of the identifiable economic, demographic, and social impacts. However, some social impacts, such as the cultural impact to a community due to the development of a reservoir for water supply, may not be quantifiable. In this case and where possible, qualitative data will be utilized to identify and measure the impact.

2.3.3 Analysis of Impacts - Once the impacts from the proposed water supply have been identified, utilize computer software to calculate the projected economic effect of each impact. The Project Team will likely utilize the IMPLAN software package in quantifying the economic impact. The IMPLAN software applies Input-Output Analysis as a means of examining relationships within an economy. This software captures monetary market transactions for consumption in a given time period using actual data from local economies. Using both descriptive and predictive modeling, team members will calculate the multipliers applicable to each impact. A multiplier, named for the multiplicative effect that takes place in an economy following some initial stimulus, are used to determine the economic effect of an impact. Utilizing the multiplier enables the calculation of the direct, indirect, and induced benefits or costs of an activity, resulting in the quantification of the identified impact.

2.3.4 Calculation of the Net Economic Impact - Once each impact has been identified, calculate the net economic impact of the water supply alternative. In performing this task, consider positive and negative impacts to the Basin of Origin and determine the total net economic impact.

2.4 - Draft Report

2.4.1 **Deliverable 2.4A:** Develop a draft report and deliver report to the Study Commission, along with all associated tables, schedules, and/or data files. The draft report will detail the results of the literature review and the results of the identification and evaluation of

the socioeconomic and demographic impacts to each water supply's Basin of Origin. Finally, the draft report will provide any recommendations for further analyses, including a draft scope of work, as deemed necessary by the Project Team.

2.4.2 Study Commission QA/QC. (Project Team will assist Commission)

2.5 – Finalize Draft Task Report

Deliverable 2.4B: Make appropriate changes and provide the Study Commission with the Final Report. After completion of the Final Report, make a public presentation of the final report results, if requested by the Study Commission.

Task 3. Administrative Tasks

The administrative expense budget includes costs for commission member's travel, publication and posting of legal notices, postage for mailing, and copy expense to carry out the Legislative charges in Senate Bill 3, Section 4.04, of the 80th Legislative Session and the Scope of Work as published on pages 8838 through 8844 of Volume 33, Number 43, of the Texas Register Published on October 24, 2008.

Travel expenses include mileage to regional meetings and airline travel to Austin. Publication of legal notices includes the cost for legal notice publication in newspapers in Region C and Region D as well as posting cost in County Clerk's offices in Region C and Region D. Postage expense included mailing cost for packets of information for meetings, correspondence to TWDB, and estimated overnight delivery expense. Copy expense includes estimated expense for copying documents. Cost for staff time of Contract Administrator for either Region C or Region D was not included in administrative expense.

SubTask 3A - Phase I Administrative Tasks

Administrative tasks to total \$15,000.

SubTask 3B - Phase II Administrative Tasks

Administrative tasks to total \$45,000.

Task 9 Deliverables: Legal notices, mailings and copies. Interim reports to the Texas Legislature and final report to the Governor, Lieutenant Governor, and Speaker of the House of Representatives due December 1, 2010.

**EXHIBIT C
TASK AND EXPENSE BUDGETS**

TASK BUDGET

TASK	DESCRIPTION	Phase I	Phase II	TOTAL
1	Water Supply Alternatives	\$311,671		\$311,671
2	Socioeconomic Impact Analysis	\$128,329		\$128,329
3A	Administrative Phase I	\$ 15,000		\$15,000
3B	Administrative Phase II		\$ 45,000	\$45,000
Total		\$455,000	\$ 45,000	\$500,000

EXPENSE BUDGET

CATEGORY	Phase I	Admin	TOTAL
Salaries & Wages ¹	\$71,260	\$0	\$71,260
Fringe ²	\$21,642	\$0	\$21,642
Travel	\$15,000	\$0	\$15,000
Other Expenses ³	\$3,000	\$51,618	\$54,618
Subcontract Services	\$220,000	\$0	\$220,000
Overhead ⁴	\$90,735	\$0	\$90,735
Commission Member Travel ⁵	\$0	\$8,382	\$8,382
Profit	\$18,363	\$0	\$18,363
TOTAL	\$440,000	\$60,000	\$500,000

¹ Salaries and Wages is defined as the cost of salaries of engineers, draftsmen, stenographers, surveymen, clerks, laborers, etc., for time directly chargeable to this contract.

² Fringe is defined as the cost of social security contributions, unemployment, excise, and payroll taxes, employment compensation insurance, retirement benefits, medical and insurance benefits, sick leave, vacation, and holiday pay applicable thereto.

³ Other Expenses is defined to include expendable supplies, communications, reproduction, postage, and costs of publishing legal notices.

⁴ Overhead is defined as the costs incurred in maintaining a place of business and performing professional services similar to those specified in this contract. These costs shall include the following:

- Indirect salaries, including that portion of the salary of principals and executives that is allocable to general supervision;
- Indirect salary fringe benefits;
- Accounting and legal services related to normal management and business operations;
- Travel costs incurred in the normal course of overall administration of the business;
- Equipment rental;
- Depreciation of furniture, fixtures, equipment, and vehicles;
- Dues, subscriptions, and fees associated with trade, business, technical, and professional organizations;
- Other insurance;
- Rent and utilities; and
- Repairs and maintenance of furniture, fixtures,

⁵ Commission Member Travel Expenses is defined as eligible travel expenses incurred by Study Commission members that cannot be reimbursed by any other entity, political subdivision, etc.