



Sulphur River Basin Authority

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WALLY KRAFT, Vice President, Paris
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MIKE SANDEFUR, President, Texarkana

PATRICIA WOMMACK, Lone Star
BRET M'COY, Omaha
NANCY ROSE, Administrator

December 13, 2016

COL Calvin C. Hudson II
District Engineer
U.S. Army Corps of Engineers, Fort Worth
P.O. Box 17300
Fort Worth, Texas 76102-0300

Dear COL Hudson:

The Sulphur River Basin Authority (SRBA) is in receipt of your letter dated October 11, 2016 providing the status of the ongoing Sulphur River feasibility study, and outlining certain procedural steps needed prior to moving forward with the study. We appreciate our long-standing relationship with the US Army Corps of Engineers (Corps), and look forward to our continued work effort in the Sulphur River Basin.

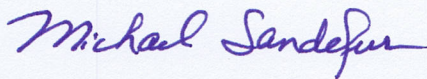
An adequate supply of fresh water is vital to the future of Texas. The potential reallocation of Wright Patman Lake is a major supply strategy within the Texas State Water Plan. Given the results of the studies performed to date, reallocation of Wright Patman Lake could successfully convert a portion of under-utilized flood storage to valuable water supply storage. In return for a successful reallocation, non-federal local interests could provide the appropriate payment to the US Treasury of an amount that could potentially approach \$100 million (depending upon the exact reallocation level determined by the Tentatively Selected Plan milestone.) In addition, local interests could be responsible for a significant portion of major rehabilitation costs, dam safety costs, and the appropriate increase in annual Operating and Maintenance costs. A successful reallocation is clearly a win-win situation for Texans and the federal government.

Two important steps must be completed to continue the current feasibility study process. First, the necessary Corps exemption must be obtained since the contemplated project exceeds the Corp's three-year and \$3 million SMART planning threshold. Second, the Feasibility Cost Sharing Agreement (FCSA) must be amended, including decreasing the budget from \$8.9 million to approximately \$6.0 million in order to more accurately reflect anticipated remaining costs of \$2.796 million, and updating the schedule. We agree with these steps, and understand the necessity of "accelerated" funding to maintain project schedules when Federal funds are not available. Provisions for use of accelerated funding are already included in the current FCSA.

The SRBA remains committed to this project and looks forward to updating the FCSA. We have talked to our funding partner, the Joint Committee for Program Development (JCPD). They have committed accelerated funding of the necessary \$300,000 budget to reach the next milestone – the Tentatively Selected Plan, including a draft Environmental Impact Statement. Thereafter, decisions for additional funding will be made at each milestone, in concert with the Corps' SMART Planning process, and pursuant to the terms and conditions of the FCSA.

If you have any questions, or if additional items remain to be addressed, please feel free to contact me at 903-748-3511 or sandefur.mike@gmail.com.

Sincerely,



Michael Sandefur
On behalf of the SRBA Board

cc: Elston Eckhardt, USACE
Jim Oliver, JCPD
Richard LeTourneau, Region D
Liz Hale, RWRD
John Whitson, City of Texarkana