



Coastal Bend Bays & Estuaries Program, Inc.

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Date: October 22, 2009

To: CBBEP Board of Directors

From: Alice Sanchez, Business Manager

Subject: Funding Delays with TCEQ FY10 & FY11 Contract

Every two years, CBBEP enters into a contract with TCEQ for two-year base funding. Normally, the process starts around April so that the contract is executed and effective by the beginning of the new fiscal year (September). We currently have a contract in place with TCEQ for the 2008 – 2009 fiscal years.

Even though CBBEP and TCEQ started the process early, there has been a delay with the contract for the 2010 -2011 fiscal years. The TCEQ local representative informed CBBEP in April that the TCEQ legal department would be making significant changes to the contract with CBBEP. A draft contract shell was sent to CBBEP in May as an example of what the final contract might look like. In August, CBBEP was told that TCEQ legal would not be making any significant changes to the contract after all. We were sent a draft contract in September; minor changes were made and the local TCEQ rep sent it to TCEQ legal. In mid-October, TCEQ legal informed the local TCEQ rep that the contract would have to be posted for a 30 day review before it can be sent to us for signatures. This review is a state requirement for all contracts over a million dollars.

CBBEP and TCEQ reps have been working with the TCEQ legal department to come up with a solution, so that the new funds can be utilized. Currently, CBBEP is charging all FY10 administrative funds to the older contract, with TCEQ authorization.

TCEQ reps have suggested a “letter of intent” so that we can utilize FY10 funds. Another suggestion would be to process a one-year contract (\$839,000) instead of the two-year contract. This would allow TCEQ to bypass the 30 day review.

CBBEP is confident that we will quickly resolve the matter and will continue to work with TCEQ.