



December 2, 2024

Dear Sunset Advisory Commission and Staff:

Thank you for the opportunity to comment on the Sunset Advisory Commission Staff Report regarding the Lower Neches Valley Authority (LNVA). We approached this review with a commitment to demonstrating that LNVA continues to fulfill the applicable Legislative objectives. Additionally, we embraced this process as an opportunity to identify ways to enhance our internal operations, thereby improving our services to the benefit of our customers and the public at large.

We extend our sincere gratitude to the Sunset staff who conducted the review. Their professionalism and courtesy were evident throughout the process. On multiple occasions, they directed us to valuable resources, such as the *Texas Grant Management Standards* developed by the Texas Comptroller. This guidance will serve as an important tool as we work to expand our Economic Development Program.

LNVA accepts the recommendations outlined in the Sunset Report. We have already implemented several of these recommendations and are committed to proactively pursuing the implementation of the others to ensure alignment with our organizational objectives. The attached document provides a detailed update on the status of each recommendation.

Sincerely,

A handwritten signature in black ink that reads "Scott Hall". The signature is fluid and cursive, with a large initial "S" and "H".

Scott Hall, P.E.  
General Manager  
Lower Neches Valley Authority

## LNVA Responses to Sunset Staff Recommendations

<b>Issue 3</b>			
<b>A more robust and comprehensive strategic planning process would better position LNVA for continued, long-term success.</b>			
	<b>Recommended Management Action</b>	<b>Status</b>	<b>Response</b>
3.1	Direct LNVA to develop an Authority-wide strategic planning process that more thoroughly contemplates all aspects of its operations.	In Progress	LNVA will build upon its capital planning process to develop an Authority wide strategic plan consistent with the recommendation.

<b>Issue 4</b>			
<b>LNVA's procurement and contracting process would benefit from additional best practices.</b>			
	<b>Recommended Management Action</b>	<b>Status</b>	<b>Response</b>
4.1	Direct LNVA to ensure key procurement and contract management staff receive appropriate training.	Implemented	Staff have completed procurement training provided by the Office of the State Comptroller.
4.2	Direct LNVA to adopt a formal contract management policy.	In Progress	Policy development is in progress and will be presented for board consideration and approval.
4.3	Direct LNVA to adopt a formal escalation policy to prevent contract compliance issues.	In Progress	Policy development is in progress and will be presented for board consideration and approval.
4.4	Direct LNVA to formally document and evaluate vendor performance.	In Progress	LNVA is establishing a process to incorporate vendor performance reviews as part of the evaluation criteria before awarding contracts or purchase orders. Project owners will be tasked with submitting vendor performance evaluations at key milestones or upon project/purchase completion.
4.5	Direct LNVA to improve certain contracting activities to ensure consistency and enhance monitoring.	In Progress	Staff are reviewing and updating contracting procedures to ensure consistency. Implementing enhanced monitoring mechanisms will ensure accountability throughout the contract lifecycle, standardize our approach, improve oversight, and align with best practices to strengthen our contracting activities.

<b>Issue 5</b>		
<b>LNVA's statute and grant process do not reflect some standard elements of Sunset reviews.</b>		
	<b>Recommended Change in Statute</b>	<b>Response</b>
5.1	Apply the standard across-the-board requirement regarding the governor's appointment of the presiding officer to the Board of LNVA.	No specific actions are anticipated to be required of LNVA in regard to this recommendation.
5.2	Apply the standard across-the-board requirement regarding grounds for removal of a Board member to LNVA.	LNVA will implement the necessary policy with anticipated legislative and statutory guidance.

5.3	Apply the standard across-the-board requirement regarding Board member training to LNVA.	LNVA currently provides board member training.	
5.4	Apply the standard across-the-board requirement regarding the separation of duties of Board members from those of staff to LNVA.	LNVA will implement the necessary policy to comply with this statutory recommendation.	
5.5	Apply the standard across-the-board requirement regarding public testimony to LNVA.	Public testimony is currently permitted at LNVA board meetings in accordance with section 551.007 of The Open Meetings Act.	
5.6	Apply the standard across-the-board requirement related to developing and maintaining an Authority complaints system and making information on complaint procedures available to the public.	LNVA is evaluating options to establish a more formal complaint submission process.	
5.7	Recommendation specific to ANRA.		
5.8	Amend LNVA's Sunset review dates to 2037.	No specific actions are required of LNVA in regard to this recommendation.	
	<b>Recommended Management Action</b>	<b>Status</b>	<b>Response</b>
5.9	Direct LNVA to review and, as necessary, adopt grant administration best practices and develop loan making policies and processes before issuing loans.	In Progress	LNVA is committed to aligning its program with the state's best practices for grant administration and loan management. We will thoroughly review established grant administration guidelines and incorporate any necessary practices to strengthen our processes.
5.10	Direct LNVA to conduct TCEQ-required management audits.	In Progress	We are currently reviewing the best approach to fulfill this recommendation, whether through periodic audits or an internal audit process that meets TCEQ requirements.
5.11	Direct LNVA to file with TSLAC information regarding the Authority's compliance with records control schedules.	Implemented	LNVA has filed required compliance documentation with TSLAC.
	<b>Additional Consideration</b>	<b>Response</b>	
5.12	Consider the decision on modifying Board terms as part of the river authority uniformity study.	LNVA will comply with any anticipated legislative and statutory guidance in accordance with this recommendation.	