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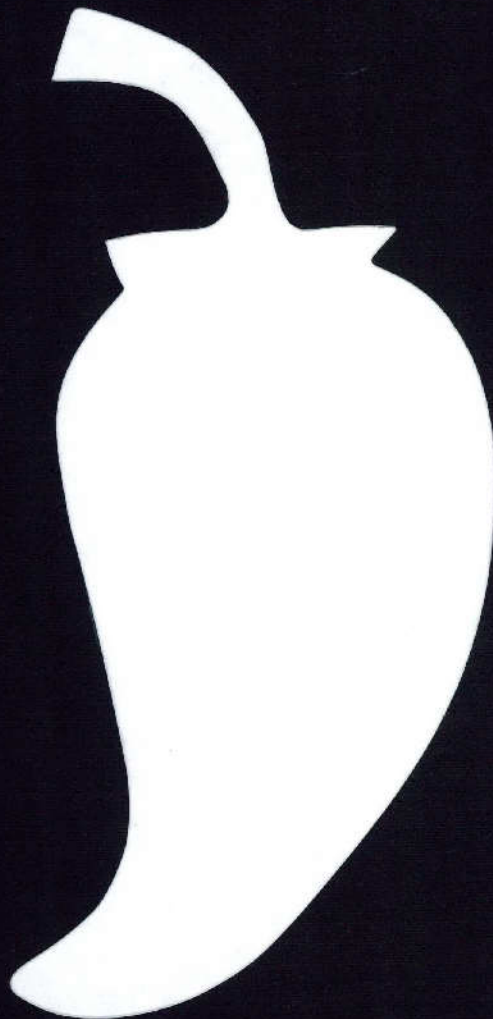
HOT TIMES in TEXAS



Annual Report
Fiscal Year Ended August 31, 2007



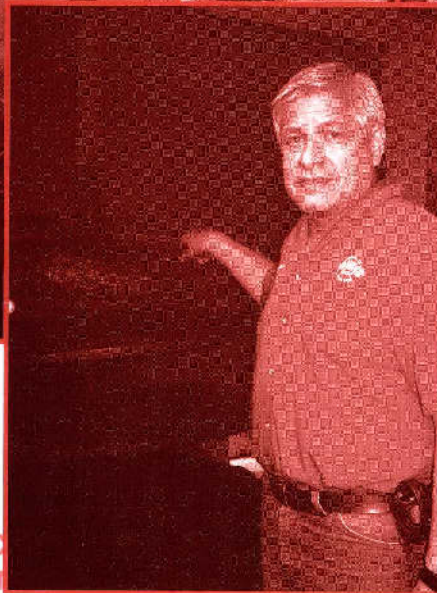
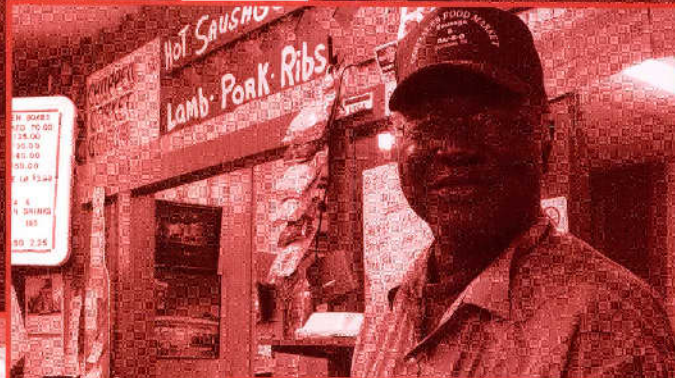
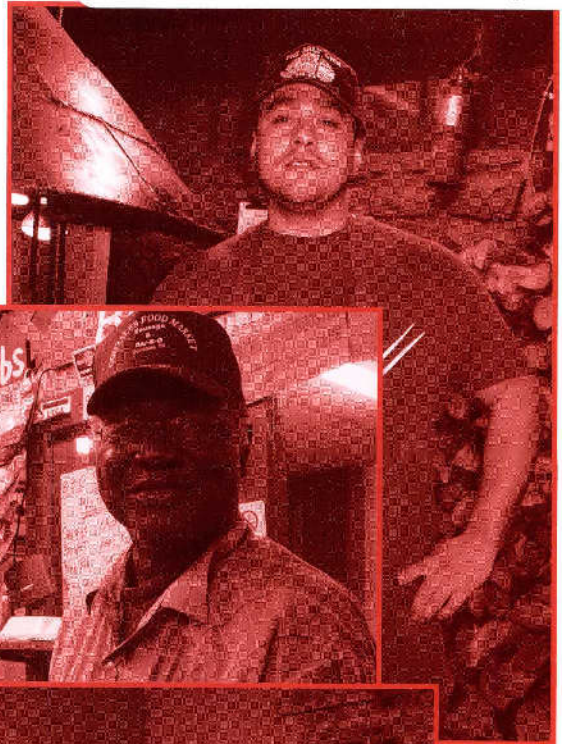
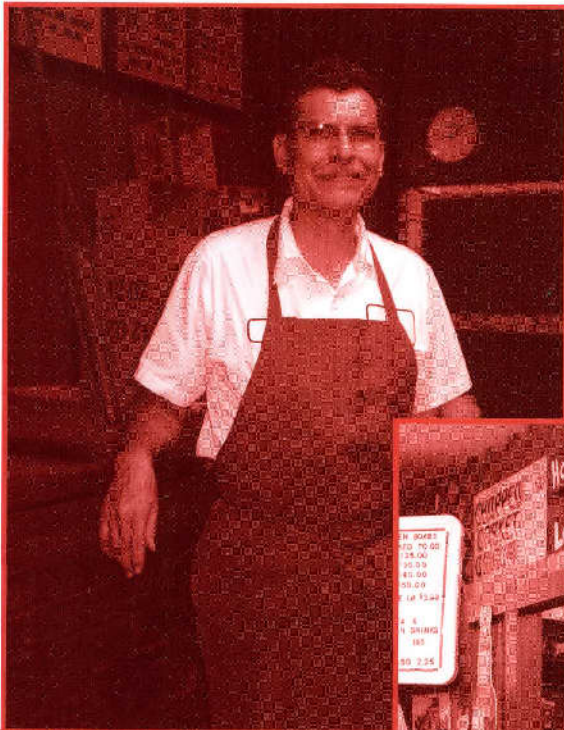
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Annual Report for Fiscal Year Ended August 31, 2007

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GUADALUPE-BLANCO RIVER AUTHORITY OF TEXAS
Annual Report

Fiscal Year Ended August 31, 2007

Financial information contained herein was compiled by the GBRA Accounting Department.
This report was compiled and edited by the GBRA Office of Communications and Education.
The publication was designed by Connie Rothe.

Disclaimer:

This publication represents the GBRA's abbreviated Annual Report
for the fiscal year ending Aug. 31, 2007.

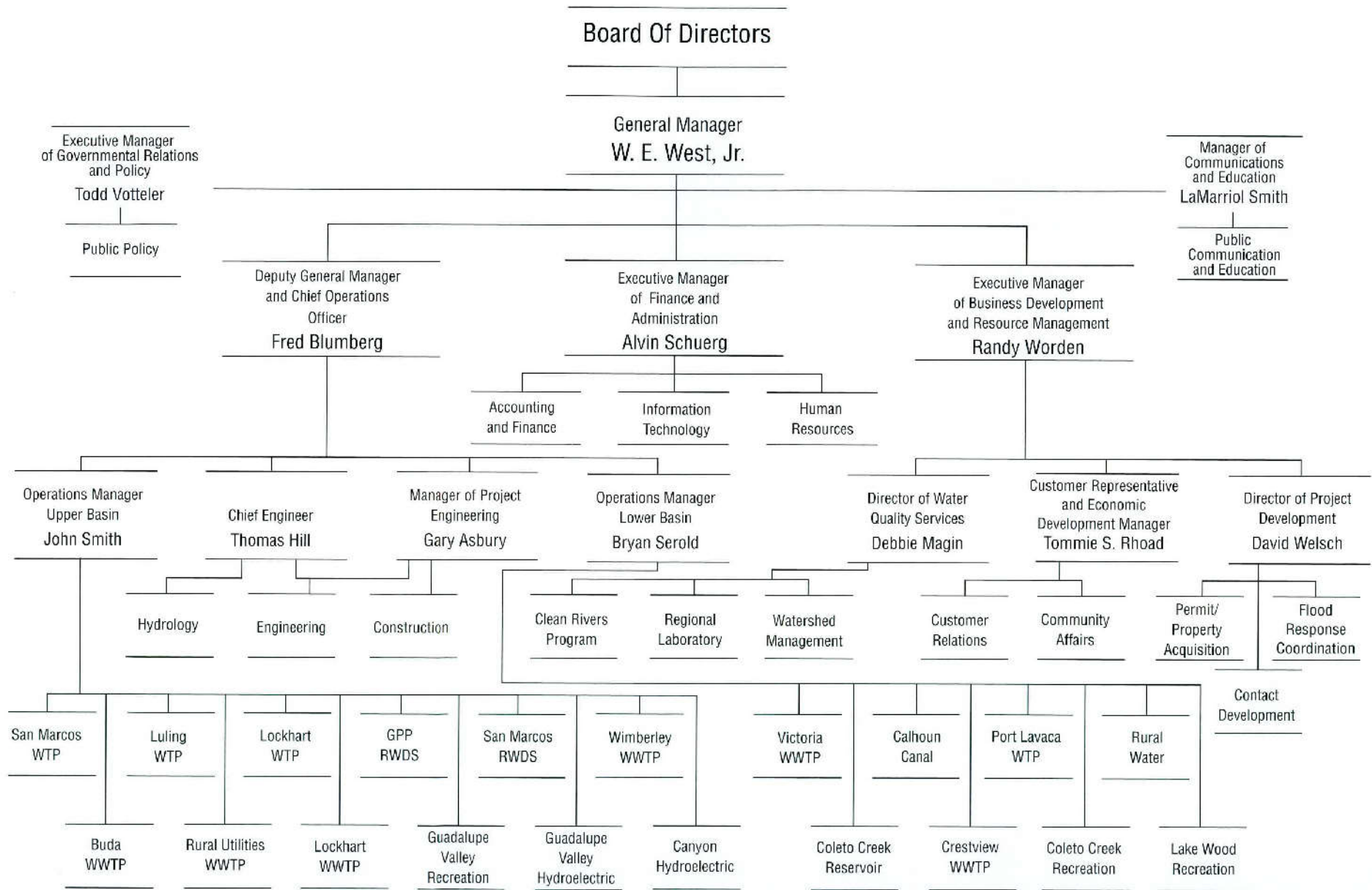
An accompanying publication, the GBRA's Comprehensive Annual Financial Report, which
includes all notes and conforms with Government Auditing Standards, is available by contacting
GBRA's Accounting Department at (830) 379-5822.

BASIN MAP



1. Canyon Park Estates Wastewater Treatment Plant
2. Canyon Dam and Reservoir
3. Cordillera Ranch Water & Wastewater Retail System
4. Comal Trace Retail Water System
5. Wimberley Wastewater Treatment Plant
6. Western Canyon Regional Water Treatment Plant
7. Buda Wastewater Treatment Plant
8. Shadow Creek Wastewater Treatment Plant
9. San Marcos Water Treatment Plant
10. Dunlap Wastewater Treatment Plant
11. Northcliffe Wastewater Treatment Plant
12. Lake Dunlap (TP-1) Hydroelectric Power Plant
13. Lake McQueeney (TP-3) Hydroelectric Power Plant
14. Lake Placid (TP-4) Hydroelectric Power Plant
15. Springs Hill Wastewater Treatment Plant
16. GBRA Main Office and Regional Laboratory
17. Lake Nolte (TP-5) Hydroelectric Power Plant
18. Lockhart Wastewater Treatment Plants
19. Lockhart Water Treatment Plant
20. Luling Water Treatment Plant
21. Lake Gonzales (H-4) Hydroelectric Power Plant
22. Lake Wood (H-5) Hydroelectric Power Plant
23. Coletto Creek Park and Reservoir
24. Victoria Regional Wastewater Treatment Plants
25. Crestview Subdivision Wastewater Treatment Plant
26. Diversion Dam and Salt Water Barrier
27. Port Lavaca Water Treatment Plant
 Calhoun County Rural Water Supply System
 Calhoun Canal System

GUADALUPE-BLANCO RIVER AUTHORITY OPERATIONAL CHART



GUADALUPE-BLANCO RIVER AUTHORITY OF TEXAS

ESTABLISHED BY THE TEXAS LEGISLATURE

GBRA was created in 1933 as the Guadalupe River Authority under Section 59, Article 16 of the Constitution of Texas as a water conservation and reclamation district and a public corporation. It was reauthorized in 1935 as the Guadalupe-Blanco River Authority by an act of the Texas Legislature (VCS Art. 8280-106).

SOUND MANAGAEMENT AND ADMINISTRATION

GBRA is governed by a board of nine directors who are appointed by the Governor and confirmed by the Texas Senate. Directors serve six-year terms, with three directors appointed or reappointed every two years. Board committees meet prior to each monthly meeting to recommend and review policies, programs and actions for consideration. Management and administrative duties are carried out by the general manager and staff in accordance with policies established by the board.

PLANNING FOR THE BASIN AND TEXAS

GBRA's primary responsibilities are to develop, conserve and protect the water resources within its ten-county statutory district, which begins near the headwaters of the Guadalupe and Blanco Rivers, ends at San Antonio Bay, and includes Kendall, Comal, Hays, Caldwell, Guadalupe, Gonzales, DeWitt, Victoria, Calhoun and Refugio counties. Planning and resource development efforts for the Guadalupe River basin are carefully coordinated within the broader consideration of regional and statewide water needs.

SELF-SUPPORTING OPERATIONS

GBRA cannot levy or collect taxes, assessments, or pledge the general credit of the State of Texas. Funding for special projects comes from state and federal grants. All other revenues for maintenance and operation are obtained from the products and services GBRA provides to customers throughout the basin.

VISION

The Guadalupe-Blanco River Authority is a widely recognized leader in managing water resources that benefit both people and the environment.

MISSION

The mission of GBRA is to protect, conserve, reclaim and steward the resources of the district, and provide leadership in regional cooperation, in order to enhance quality of life for those we serve.



HOT TIMES IN TEXAS

The Oct. 7, 1984, edition of the *New York Times* quoted George Bush's 1980 campaign, "Two-Gun Georgie Bush," set to the tune of "Yellow Rose of Texas," and sung . . .

*He'll tell you he's a Texan /
Though he's got those Eastern ways, /
Eatin' lots of barbecue /
With a sauce that's called béarnaise*

In Texas, of course, no one would dare put béarnaise on barbeque. Most Texans know that when the barbecue is good enough, no sauce is required at all.

Travis County and Austin, Texas, may be home to the state's capitol, but the Guadalupe River Basin and the Guadalupe-Blanco River Authority's 10-county statutory district officially lays claim as the state's barbecue capitol. Hence, the GBRA's *2007 Consolidated Annual Financial Report* is dedicated to the unique barbecue business proprietors and consumers in its district. Whether well-known or little-known, these barbecue joints at first glance appear to be connected only by the roads that flow seamlessly from one county to another. But the barbecue connoisseurs recognize that many qualities, from historic buildings to oak and mesquite fire pits to the hot, spicy chili peppers that garnish the sides to the quirky regulars who frequent these locations, are what make Texas barbecue truly original.

In the spirit of full disclosure and responsible governance, the Guadalupe-Blanco River Authority is proud to share this *2007 Annual Report* with you – clients, customers, employees and friends.



John P. Schneider, Jr.
Chairman, Board of Directors



William E. "Bill" West, Jr.
General Manager



Imagine feeling so hungry for a taste of Texas barbecue that you fly into your favorite restaurant from out of state just for the afternoon. Or if you're coming home for a visit, you stop by there first on your way to Mom's house. Owners of Texas barbecue restaurants regale us with tales of people doing exactly these things – not only once, but year and after year.

The draw has to be more than just barbecue, right? Two facts are important:

1. There is no such thing as "just barbecue."
2. Barbecue, to many Texans, symbolizes home.

The first fact will be obvious to anyone who loves barbecue. The second is a bit more difficult to pin down, but it lies in any number of things that evoke emotions -- historic buildings, the fragrant smell of oak and mesquite wood smoke, potato salad or beans that are made in a

particular way, the smiling proprietors who are always glad to see you and know your name.

Here we offer you some well-known and little-known barbecue joints of Texas. At first glance they appear to be connected only by the roads that flow seamlessly from one county to another. But second and third looks reveal there are many things linking Texas barbecue. No pun intended.

SAUCE, W

by Barbara Elmore

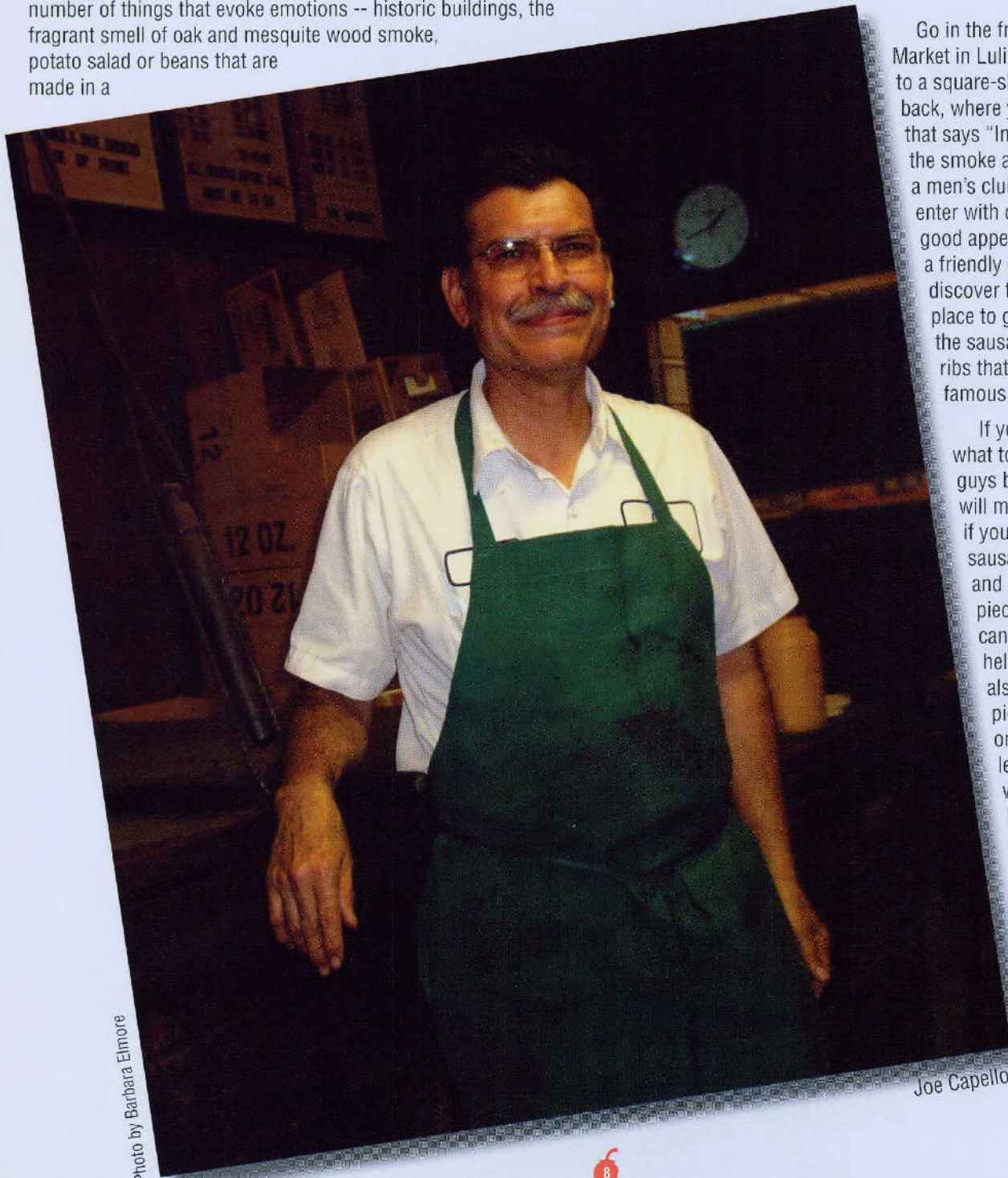


Photo by Barbara Elmore

Joe Capello

Go in the front door of City Market in Luling and head straight to a square-shaped room in the back, where you see the door that says "In." Peer through the smoke and you might think a men's club is meeting, but enter with confidence and a good appetite. You will hear a friendly greeting, and soon discover that this is the place to get loaded up on the sausage, brisket and ribs that make City Market famous.

If you don't know what to order, say so. The guys behind the counter will make suggestions if you ask. (Hint: Try a sausage link for \$1.80, and maybe a small piece of brisket. You can't go wrong.) Your helpful menu guide will also ask if you want pickles, jalapenos, onions or bread. In less than a minute, he will place the order before you on a piece of pink-tinged butcher paper. Pay for your meat and be sure to head out the door marked "Out" or you may get hit by someone entering.

Next stop: the front counter for your side dishes. These include potato salad, beans and drinks. One of the people selling you these things will give you a plastic spoon and point you to the knives. You will look in vain for a fork. If you doubt this, ask. No forks here. No plates, either.

Nobody seems to mind. "That's what people like, and it's a lot cheaper," says owner Buddy Ellis, who started the business with

menu. Good ribs are hard to find, he says, but they are good here because the pit men know how to cook them and because of their special sauce. "People who have been in the barbecue business a long time say they don't use sauce, and that's right," he says. But the cooks at City Market have made an exception for the ribs, and they add the sauce only after the ribs are cooked. You still get a choice. Order them with or without sauce, according to your preference.

WHAT SAUCE?

his father, Lanos. "You use your fingers for forks. It's something unusual or different." Occasionally, a "snob" will ask for a plate and a fork, but that person usually goes elsewhere.

Ellis's father and uncles learned the barbecue trade from Smitty – Edgar August Schmidt – at Kreuz Market in Lockhart. There are no recipes, Ellis said. "Just salt and pepper on the meat, and cook it. We know how much we put in and how long to cook it."

People have been getting their meat and sides in two different places at City Market since the beginning, said manager Joe Capello, and there's a good reason: the heat from the barbecue pit, which makes the place pretty steamy. Especially in the summer.

The manager is a bit like the people who made City Market a success: He keeps coming back. He started running the place in 1969. But he started working at the Luling landmark when he was 12, and except for a stint in the Army and a year in Vietnam, he's been right here.

The history

The Ellises founded City Market back in 1957. Then it was in the middle of Davis Street downtown. In 1966 it relocated to one end, 633 E. Davis, and that's where you will find it now.

Capello grew up in nearby Lockhart and still lives there, but he started to work at City Market because his older brother worked here. "I caught a ride with him. He quit but I stayed." The manager didn't intend to be there so long, but when he got out of the Army in 1968, he married his sweetheart, Hortencia, and needed a job. So he went back to City Market.

Before long, Buddy Ellis asked Joe to take over. "I told him to run it or close it," Ellis says. "I was tired of it."

Capello, age 21, agreed. "I didn't know how to do everything then, but I do now."

Son Joe Jr., who started working at City Market when he was 15, is 39 now. "You don't realize how fast time passes," Capello says.

Favorite dishes

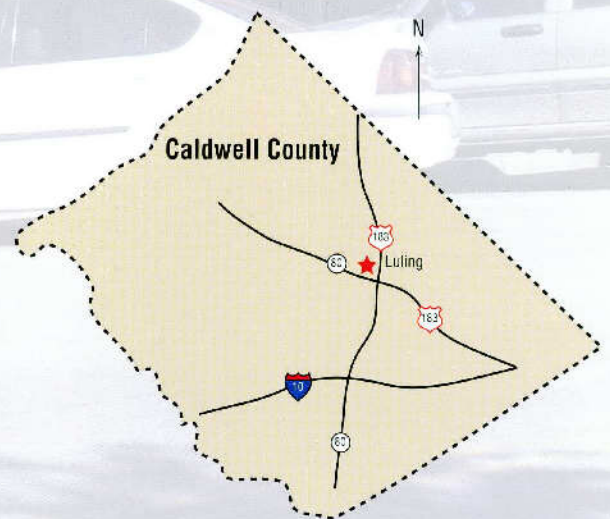
Capello's favorite thing to eat at City Market? "I'm a sausage guy myself. We are known for our sausage, but the ribs bring in customers." He's talking about pork ribs, which he added to the

Ellis, who runs a cattle business, goes in at noon on Saturdays and eats one rib, a slice of barbecue, a ring of sausage, one dill pickle, a bowl of beans and a glass of iced tea.

On a busy fall afternoon, a man overhears Capello answering questions about the business and stops to compliment him on the food. He is from San Antonio and stops by as often as he can when passing through town on the way to Shiner. His story is familiar to the soft-spoken manager of City Market. People stop because the landmark is on the way to somewhere, and they've heard of it or maybe eaten here before. "Families plan their vacations around it. When we started out, we had a lot of kids from Houston who went to Texas State University [in nearby San Marcos]. They come back for reunions. It's been like that all through the years. And then their kids... there is somebody new every day."

Other notable barbecue stops in Caldwell County include:

- Luling Bar-B-Q
- Black's
- Chisholm Trail
- Kreuz Market
- Smitty's



City Market, 633 E. Davis St., Luling

IT STARTED AS

by Barbara Elmore

Smitty is a well-known name in Lockhart and Luling barbecue circles, and probably in many other places, too. Smitty, whose real name was Edgar August Schmidt, taught many people how to barbecue, and they passed it on. Smitty worked for another popular Lockhart barbecue restaurant named Kreuz's in the 1930s, when he was a kid. He bought it in 1948.

Now grandson John Fullilove runs the same restaurant that opened so many years ago as a meat market. He took it over in 1999 and changed the name to Smitty's Market Inc. It is one of four Lockhart restaurants that give the town the designation of being the barbecue capital of Texas.

When Fullilove was growing up in Lockhart, he spent lots of time at his grandpa's place and remembers thinking that everybody else was growing up pretty much the same way. "You don't pay attention when you're a kid," he says. "I thought everybody had the same thing going on." He remembers spending sick days at the restaurant when his mother came to help out.

The history

The building that houses the restaurant sits just off the courthouse square. It dates back to the 1800s, and still features the dark entryway with tables where diners used to eat their barbecue. The restaurant actually started as a meat market, which first opened in the late 1800s or early 1900s and sold barbecue only on weekends. During the week, people bought their meat when they came to town for other supplies. "Smitty's is in a historic district. It's a tourist spot. Everybody has his story – where they ate here as a kid and what they saw," Fullilove says.

The history and the ambience of the building are important, especially to local customers, says Jim Sells, a retired agriculture teacher who came to work at Smitty's in 1999. "Oldtimers come in and bring their kids. They point at the table they used to sit at, and they remember when sausage cost a nickel or a dime a ring."

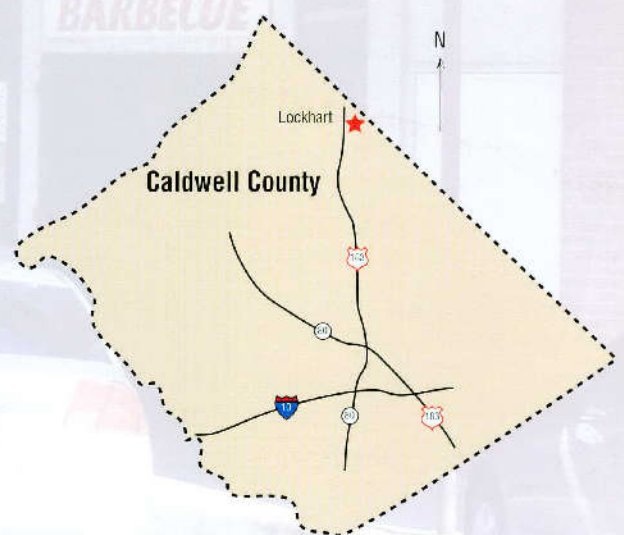
But beyond the feel-good and taste-good nature of the business, Sells believes the economic impact of all of the Lockhart barbecue businesses is significant. The four eateries bring to town 100,000 people a year at a minimum, says Sells, and pay out an estimated \$2 million a year to their employees. "You're looking at considerable employment."

In the '70s, Smitty's family added a bright dining room adjacent to the entryway, but customers still walk through the long hall to get there. Oldtimers often arrive via the back door, and walk right up to the pit area to place their orders. As in other older barbecue restaurants, diners get the barbecue either to go or to eat there, but all of it is wrapped in butcher paper. People who choose to eat in enter the dining room to get drinks and side orders, and may find themselves eating next to strangers at a long table. An upstairs dining room seats 60, and on a recent Friday the local bar association was meeting there for lunch.

How it all started

The front of Smitty's still features the meat market. "That's how it started," Fullilove says of the barbecue business. "They made sausage out of the meat they couldn't sell." In recent years he has added and remodeled pits and replaced the outhouses with new restrooms. But the tradition of Smitty's remains the same, Fullilove says: Good meat prepared the old-fashioned way. For example, Smitty's workers still hand-tie their sausage links, about 9,000 to 15,000 a week. Fast becoming a part of tradition are the beans, sauce, pork ribs, potato salad, cole slaw and iced tea added over the years.

Fullilove worked for the City of Lockhart and the Guadalupe-Blanco River Authority before coming back into the family restaurant fold. He good-naturedly describes the business as "like a flea market on the weekends." Local residents keep him in business, and they sometimes line up outside to get their barbecue fix. Like many of his colleagues, Fullilove keeps Smitty's open seven days a week, operating with nine full-time and eight



Smitty's Market, 208 S. Commerce St., Lockhart

A MEAT MARKET

part-time employees. He closes on Labor Day, Thanksgiving, Christmas, New Year's, Easter and July 4. He used to close on Mother's Day, but that holiday gave way several years ago.

Diners' barbecue favorites run in cycles, Fullilove says. "Whereas in the past people wanted the lean shoulder, pork chops and sausage, lately they have favored pork ribs, brisket and sausage." They also like prime rib, which Smitty's sells at the lunch hour. Also popular are to-go orders of cold sausage, "a great gift for people traveling," Fullilove says.

He has no plans to add a second location or expand. "It would be hard to grow any more. We sell 130 boxes of cold sausage on a holiday like Mother's Day. We are closed July 4th because there is nothing left to sell. When they wipe you out, it takes a couple days to get it back."

Fullilove's favorite parts of the business are pleasing customers and taking satisfaction in knowing that he is indulging a passion in

Texas by supplying people with barbecue. He refuses to get into the arguments about who makes the best barbecue, noting that "There's no winner in a barbecue argument. Everybody has his barbecue master's (degree)."

Other notable barbecue stops in Caldwell County include:

- Black's
- Chisholm Trail
- Kreuz Market
- City Market

Photo by Barbara Elmore



John Fullilove

ORDERED AS THE

by Barbara Elmore

Doing things a little differently at White's is how the restaurant owner describes his operation. Barbecue isn't the only food they sell, he says. The pits are on one side of the building and a hamburger grill occupies the other. Because of its location on the Texas coast, White's also sells seafood.

All of this seems normal for the seaport city diner, which packs in hungry families and businessmen and women at lunchtime and then empties out quickly when the clock strikes 1 p.m. -- except for a group of farmers sitting in the corner, whom owner Kirk Howlett sits down with for a bit of friendly conversation.

The original White's building went up in 1953, almost 30 years before Howlett and his mother, Nancy, bought the business in 1982. Howlett owned several convenience stores and was hunting for another one when he heard about White's. "Mr. (Charlie) White was 70 and ready to get out," Howlett says.

The history

One of the building's main claims to fame is that it withstood Hurricane Carla in 1961. The tempest was the most powerful hurricane to hit the Texas coast in 40 years, and it made landfall between Port O'Connor and Port Lavaca on Sept. 11. "There were shrimp boats in the street," Howlett says. Other buildings were gone and people died, but White's remained standing.

At that time it was a full-service grocery store, Howlett says. "The shrimp boats would buy all their groceries here. It was one of two full-service groceries then. Now we have H-E-B and Super Wal-Mart."

Photo by Barbara Elmore



Kirk Howlett and Pam Morris

FAR AS PHILIPPINES

The Howletts created their own style by expanding the offerings from just barbecue. In addition to the ribs, brisket and sausage, they sell hamburgers, some as big as dinner plates; homemade onion rings; and popular seafood items like shrimp, oysters in season, and catfish. Drinks come in a quart-size Mason jar.

56 pies on Thanksgiving

Also popular at White's are Nancy Howlett's pies. She's made three or four chocolate, lemon, coconut and pecan pies a day for 20 years, Howlett says. He knows how to bake, too, and it's a skill that has come in useful. One Thanksgiving, even though the restaurant was closed, people wanted pies. He fired up the ovens and made 56 that day. Since then, he says, the business doesn't offer pies for sale any more. Just slices.

The offerings have been popular enough in the 13,000-population city so that Howlett enlarged the restaurant in 1999 and needs to do it again. He hopes to add seating for 100 more people by adding room in the back. But he'll keep just the one restaurant, he says. It and his other businesses keep him hopping.

Although Howlett also owns three convenience stores and is an offshore fishing guide, he goes into the restaurant at 3 a.m. daily to put the chicken, ribs and brisket on the pit and do the books. He leaves by 1 or 1:30, and manages to get in about 75 chartered fishing trips a year, helping his clients reel in the treasures of the ocean: amberjack, tuna, snapper and shark. Kwik-Way is the name of his charter service as well as his convenience stores.

Managing the restaurant, Pam Morris, used to visit White's as a child with her mother and has worked there the past seven years. "I grew up here," Morris says. "It was the only place to get barbecue and it's the best barbecue." As a child she got a chicken plate with two sides, an order she still favors today.

Howlett says there is no one best-seller since he offers a big variety. He believes people are partial to the onion rings, and notes that "some young-uns order double meat on the 1-pound hamburger. The burger is also available in one-third and three-fourth-pound sizes and takes almost equal billing to barbecue on White's outdoor sign. "Home of the Big Daddy," the sign brags. "Charcoal Broiled ¾-lb hamburger."

International reputation

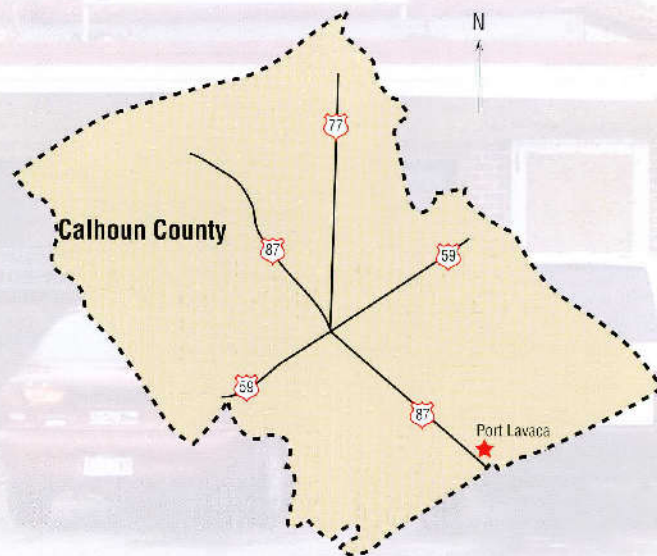
But it's the brisket and other barbecue items that supply White's with the other half of its name. The meat cooks over oak and mesquite wood, and the brisket goes for 18 to 24 hours in the smoky pit room. The meat is popular enough to give White's an international reputation, Howlett says, traveling in shipments

as far as the Philippines. He credits the port for White's international customers.

Although Howlett came to the restaurant business with a convenience-store background, his parents operated a restaurant in Kill Devils Hill, N.C., in the '70s. Perhaps that prepared him for his current seven-day-a-week operation. White's is closed only three days each year – Thanksgiving, Christmas and New Year's Day. He closes the back grill on Sundays.

He operates Whites with eight employees, and diners who know him will find him cooking when the place is hopping. "When we get a line, I start screaming," he says with a grin. "At lunch we have two lines, then we close one register at 1 p.m." While waiting to eat, diners can study the photographs on his walls from his fishing trips.

Howlett and his 78-year-old mother try to make White's different from other offerings to be competitive, and they make everything from scratch. "It's a 'mom-and-pop' business," Howlett says, then pauses. "Or 'mom-and-son,' I guess."



White's Bar-B-Que, 1728 West Main St., Port Lavaca

BARBECUE WI

by Barbara Elmore

The knowledge that he had to do something about his tiny barbecue restaurant presented itself in various ways to Miles Granzin. His customers were asking for a sit-down restaurant, rather than a place where they had to line up outside, buy their food and take it somewhere else to eat.

But a flying toolbox provided even more clarity. "It was kind of dangerous, actually," Granzin says of the busy corner where he used to be located. "There were wrecks all the time. You never knew what would fly into the building." For example, that toolbox that flew off a motorist's truck one day into the restaurant.

So in September 2006, he moved the barbecue business from the 400-square-foot building at 956 West San Antonio to a 6,300-square-foot building just down the street. Now diners can opt to eat indoors or out, sitting down, and can even buy breakfast there.

One who often eats his first meal of the day there is Steve Lange of New Braunfels. "I have the Granzin taco, a taco that has potatoes and carne guisada and cheese." For lunch he sometimes gets a baked potato with barbecue in it.

The history

Granzin started selling barbecue at the first location in December 1983. The small building of '60s vintage used to be a chicken restaurant. After that it sold barbecue, and then Granzin bought it. He knew he had to either remodel the building or move the business. He moved to a space previously occupied by an auto paint and body shop.

The experience Granzin brings to his barbecue business comes from another barbecue restaurant, a bakery, and lessons from Jim Bounds, who owned the business before Granzin bought it. Bounds showed him how to barbecue, Granzin says -- from how to get the fire started to other basic lessons. "He stayed on for two years with me. He's passed on now, but he had meat and butcher experience."

Growing up in China Grove near San Antonio, Granzin gained knowledge working for the popular Bill Miller restaurant chain throughout high school. Later, his parents owned Naglin's Bakery and Granzin worked there.

Now his brothers Todd and Ross own the bakery and supply Granzin with all of the breads he needs, including a well-liked poppy seed bun that the bakers sell only to their brother. A cousin owns Granzin Meat Market and supplies all of the meat used at the restaurant, including the sausage.

Thus the restaurant can concentrate on doing what it does best: Barbecuing and making popular side orders like potato salad, cole slaw, beans, macaroni salad, rice and green beans. "All the meat is cooked here," Granzin says. Also made at Granzin is a special barbecue sauce that simmers in a big vat in the kitchen.

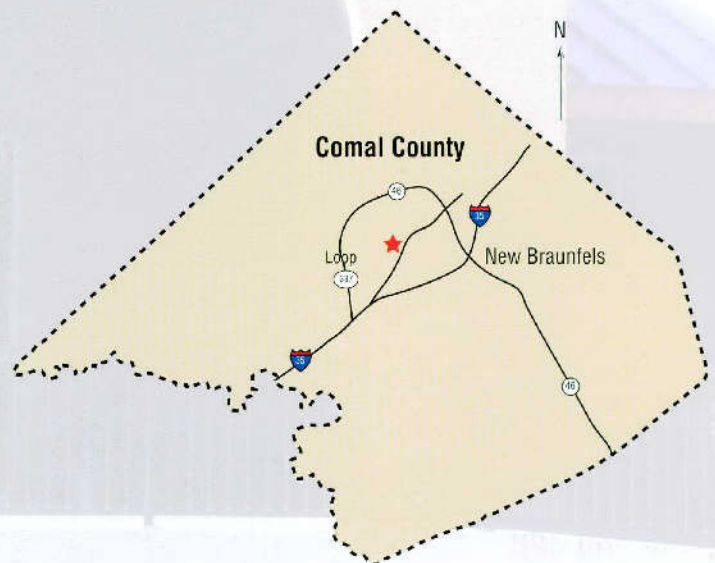
"Everything we have, you can't find anywhere else," promises the restaurateur.

Also popular is the tea, Lange says. "The tea is delicious. My wife makes me go get her a tea three times a week, and she is real particular about her tea."

Reasonable prices and good food keep his customers coming in, Granzin says. He doesn't worry about anyone else but concentrates on his own business, which grows as New Braunfels does. Now he employs 52; he used to have eight workers. Customers are mostly local, he says. "We don't have as much tourist business. There is no slow time. The business stays steady unless the weather is bad."

Larger is easier

Even with more employees to direct, Granzin finds the new business much easier to operate. "The walk-up window was very hard. We had to cook a little batch and move it, then cook another little batch and move it. We did that all day long. Now we can put the meat on all at once. What took eight hours now takes two. This place is so much easier to run."



Granzin Bar-B-Q, 660 West San Antonio St., New Braunfels

TH THE SIDES

He can also offer catering and an expanded menu, including breakfast tacos. "We start at 4:30 (a.m.) to get the brisket ready at 11, so we might as well do those, too," he says. In addition to the brisket and other traditional barbecued meats, Granzin also sells a turkey breast marinated in mayonnaise. "It doesn't taste like any turkey you've ever tasted," he says. The business's best sellers include a turkey taco featuring sliced – not ground – turkey, and a brisket sandwich on the trademark poppy seed bun.

Granzin cooks his barbecue in steel pits using mesquite wood, which he says does not leave an aftertaste. But he notes that he doesn't tell anybody how to barbecue, especially when he visits someone else's home. "That's like talking about their mother," he says.

Although Lange says he eats at other places, he keeps going back to Granzin because of the friendliness, good location, good staff, clean restaurant, and Granzin's involvement in New

Braunfels. On Wednesdays, says Lange, "About 10 of us guys have coffee. Miles pays for it, and we sit around and shoot the breeze about what's going on. He's a real community-minded person."

Other notable barbecue stops in Comal County include:

- River City Smoked Meat
- McBee's Barbeque
- New Braunfels Smokehouse

Photo by Barbara Elmore



Miles Granzin

SMOKED ON O BRICK

by Barbara Elmore

Courthouse workers who want to grab lunch at Gonzales Food Market could step out of the building and walk to his or her destination inside of three minutes, depending on how fast a pace he set. A truck driver coming in from Lubbock might pull in around 3 p.m., depending on stops he makes along the way.

That's the nature of the barbecue business in the historic little town of Gonzales, home of the "Come and Take It" cannon which produced a Texian slogan and the Battle of Gonzales in 1835, often called the first battle of the Texas Revolution.

The only wars fought today inside Gonzales Food Market likely involve whether the sausage or ribs are better here or in nearby Luling, and there might be occasional jockeying for a table. But no soul leaves defeated if his quest is juicy barbecue and friendly conversation.

Customers arriving at noon or coming in on Saturday need to be patient, though. "We can serve about 120," says Richard Lopez, who helps run the place with his brother Ray and his cousin, Rene Lopez Garza. "During the lunch hour and all day Saturday, people wait in line. For a small neighborhood grocery/business, it looks like we're doing pretty good."

Lopez likes to take a survey of customers on Saturdays to find out where they come from. On a recent weekend, "I went from Kingsville to Lubbock," he says. He drives in from San Antonio to work at the popular eatery. Although born and reared in Gonzales, he moved in the '70s to work at Albertson's for 20 years. He maintained his ties in Gonzales and returned in 2000 to help his father Pablo, Ray and Rene run the business. His wife, Diana, drives in regularly to help, too.

Photo by Barbara Elmore



Rene Lopez Garza and Richard Lopez

OLD-FASHIONED PITS

The history

Lopez describes Gonzales Food Market as “an old mom-and-pop neighborhood grocery store.” His grandfather Feliciano started the business with his son and daughters, Pablo, Elisa and Emily, and his sister-in-law Maria de la Luz Gonzalez. When they first started in 1959, they offered groceries and meat. “Grandpa and Dad cut all the meat with cleavers” because of the meat market heritage, Lopez says. Now the business is mostly a barbecue restaurant with a few racks of grocery-type items. And Feliciano’s son Pablo still comes to work: “Dad still puts on his apron and cap and orders anything we need,” Lopez says.

The business originally developed from a pool hall and bar business. It was also a general store, says Lopez Garza, who can remember when Grandpa stocked stovepipes and kerosene. His earliest memory of the place involves three ceiling fans and no air-conditioning – and sawdust on the floor.

Lopez remembers his dad and granddad cleaning the tables back when people ate their barbecue on butcher paper. Now customers eat off paper plates. “The longer tables had two knives on them and granddaddy chained them on so they wouldn’t walk away,” he says. Lopez Garza heads off to an area upstairs to search for the knives but returns empty-handed. The cousins know they are there somewhere, though. The business has not moved since Feliciano and family opened it 50 years ago.

Although proud of the success, Lopez remembers that they had help. “When they started the business, they had no idea about barbecuing or running the grocery business. But they had key people who helped. A lot of businesses fold, so you better know what you’re doing.”

The business has expanded from one old-fashioned brick pit to three, where the meat cooks over post oak-and-mesquite-fueled flames. “No gas and no electric,” Lopez Garza says. The wood smoke enhances the flavor, says Lopez, noting that meat cooked in a rotisserie tastes like something from the oven. “Rotisserie is not barbecue,” he says.

Ribs or sausage?

He recalls overhearing a conversation between two people arguing about their favorite places for ribs or sausage – Gonzales Food Market or City Market in Luling. “You can’t please everybody all of the time, but people love our brisket and chicken. We are probably the only place that sells lamb ribs. We probably sell more lamb than anything.” People also go for the pork ribs as well as the pork steaks and chops that the family added on weekends.

Although Gonzales Food Market keeps some ties to the past, it isn’t standing still. In 2000, Lopez added catering to the repertoire of the 13 employees. Workers take their popular fare to weddings, company picnics, family and high school reunions and political events. And as he’s been checking out new locations, a second GFM may be in the picture. “We’ve been very fortunate,” he says. “People always seem to come back. What makes me happy is that people say, ‘You were highly recommended.’ It’s a good business and getting better.”

Other notable barbecue stops in Gonzales County include:

- Sonny’s



Gonzales Food Market, 311 Saint Lawrence St., Gonzales

HOT TIMES

by Barbara Elmore

The old photograph at the original Davila's Bar-B-Q shows the diner's founder, Raul Davila, and his helper flanking a wall of sausages. A visitor asks how many sausage links are in the photo. The elder Davila's son, Edward, makes a quick count across, then down, before sliding the photo across the table to his son Adrian, to check his math.

The answer: about 800 to 900 links, the product of a few days' work.

The photo is as much a history lesson about this family-owned business as it is a tribute to Raul Davila, who learned sausage making as a butcher in Luling before branching out to Lockhart, then to Seguin. He designed the vertical barbecue pit that the business still uses, a creation carried over to the second and third Davila diners that Edward and family opened. His son describes him as hands-on: "He wouldn't let anyone turn on the fire unless he was here, or put on a brisket or take it off unless he was here,"

That tradition continues today, even as the family opened the second restaurant in Seguin 10 years ago at 380 N Highway 123, and the third one in New Braunfels three years ago. With three restaurants, maintaining the hands-on philosophy is harder, says Adrian Davila, but worthwhile because customers want it.

What customers say

A quick poll of the customers bears that out. Darnell Johnson of Austin, who grew up just down the street from the original Davila's, first started eating mutton there when he was 9 or 10. Although he's changed his order to beef brisket, he eats at Davila's every chance he gets – "twice in the last two days. The number one reason is the customer relations. They make you feel like part of the family. And the food is awesome."

Younger customer Kelsey McCoy, a student at Canyon High School in New Braunfels who takes a class in Seguin, prefers this Davila's to the one closer to home because of the flavor of the ribs and chicken sandwiches she always gets. "It just tastes better here."

Adrian Davila nods in understanding. "We're trying to preserve the personal touch," he says. "That's what we're built on, and it helps us and hurts us." Opening new restaurants is good for business overall, but family members cannot be three places at once. Adrian Davila remembers with nostalgia the day-to-day operations at the original location: "Grandpa was cooking, Grandma was in the front and Dad was catering. Now, with three, we have to completely depend on other people." All told, the businesses employ 30 to 40 people. It's a seven-day-a-week job.

Butchers first

Brothers Adolph and Raul Davila learned their trade as butchers at Luling Locker Plant. Then Adolph started Magnolia Food Market in Luling in 1952 and Raul worked there for five years. "You could

get gas, shoes, groceries – and barbecue," says Adrian Davila. In 1957, his grandfather opened his own restaurant in Lockhart. He was there until 1959 before moving to Seguin.

Although 418 W. Kingsbury is called the original location, that's not entirely accurate. It is the oldest now, but the building where it all started actually sits across the street at 513 W. Kingsbury, a green house that's empty now. Before 1974, the Davila family lived and worked there. They moved for better parking and facilities.

Raul Davila died four years ago, but his wife and business partner, Geronima, is 85. "She was here from Day 1 and kept him in line," says her son, Edward Davila. Also helping through the years were cousins and Edward Davila's brothers and sisters: Raul Jr., Olivia and Ermalinda. "We all grew up with it."

Now the business mostly involves Edward Davila, his wife Haydee, sons Adrian and Edward Jr., and daughter Delissa.

Family pride

Understanding what his grandfather did all those years ago is a point of pride for Adrian Davila. "In Luling and Seguin, you didn't have a whole lot of minority-owned businesses. That stuck out to me, that he was able to open a business." He's also proud of his father, who first learned to tie sausages at age 9. "He doesn't fish and he doesn't hunt," he says. "This is what he does."

The family uses the same recipes for sauce and potato salad developed years ago, and has added new dishes when feasible.



Davila's Bar-B-Q, 481 W. Kingsbury St., Seguin

IN TEXAS

Twenty years ago, Davila's started selling catfish in recognition that the large Catholic population could not eat meat on Fridays during Lent. The dish sells well all the time now, but especially on all-you-can-eat Fridays, even though the Catholic church relaxed Lenten dietary restrictions years ago. The potato salad is also popular, Edward Davila says. "We are known for that and our sausages."

The sausage is Davila's signature dish, says Adrian Davila. The key is fresh ingredients, not too much fat, and a spicy but not overpowering flavor. "We don't want something that tastes like a hot dog or Liquid Smoke."

Also important are the wood-burning pits, which Raul Davila designed and the family uses in all three locations. Davila's burns mesquite even though "the modern world has moved away from wood," Adrian says.

"We do it the old way," adds the elder Davila.

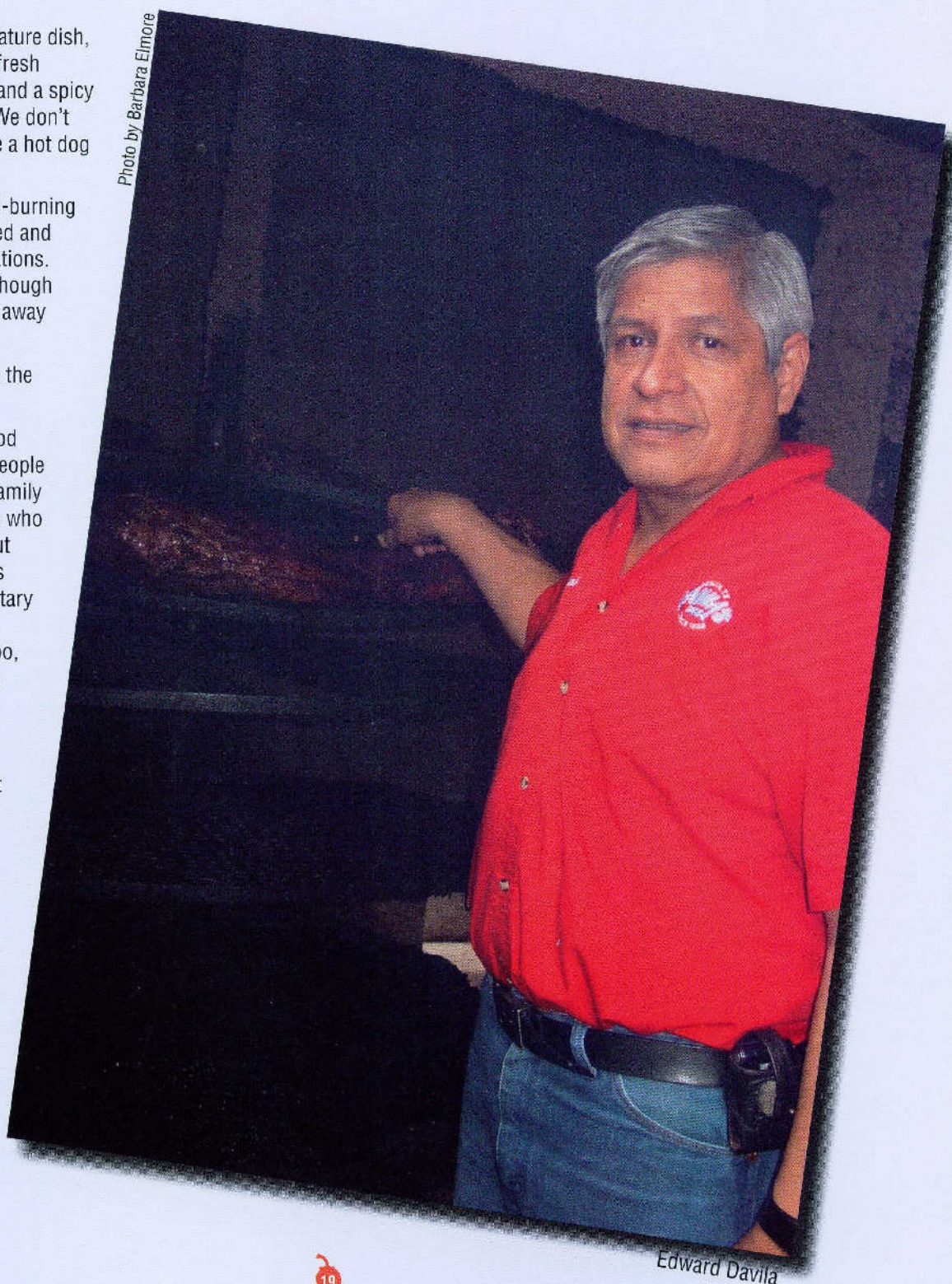
The combination of good food and good company brings in people from across the country. The family knows of a former Seguin man who visits family from California, but stops by Davila's first to get his barbecue fix. People in the military who can't get barbecue where they are stationed stop here, too, and spread the word. And then there are people like Johnson, who visits as often as he can. Ask him to imagine Seguin without Davila's and he doesn't miss a beat:

"I would compare Davila's with the courthouse."

Other notable barbecue stops in Guadalupe County include:

- Goerke's Country Tavern
- Harmon's
- Johnny's

Photo by Barbara Elmore



Edward Davila

THEY MA

by Barbara Elmore

Anyone who dismisses the idea of making a list to organize his thoughts should consider this: The legendary Salt Lick barbecue restaurant in Driftwood happened because of a list. The list probably didn't say: "Open the Salt Lick in 1969," but something like "Build a barbecue pit and sell barbecue." Anyway, that's what happened.

The history

Owner Scott Roberts says his late father, Thurman Roberts, and his mother, Hisako, made the list in an attempt to stay on the land in Driftwood. The elder Roberts, a World War II veteran, was in a Navy construction battalion. "After

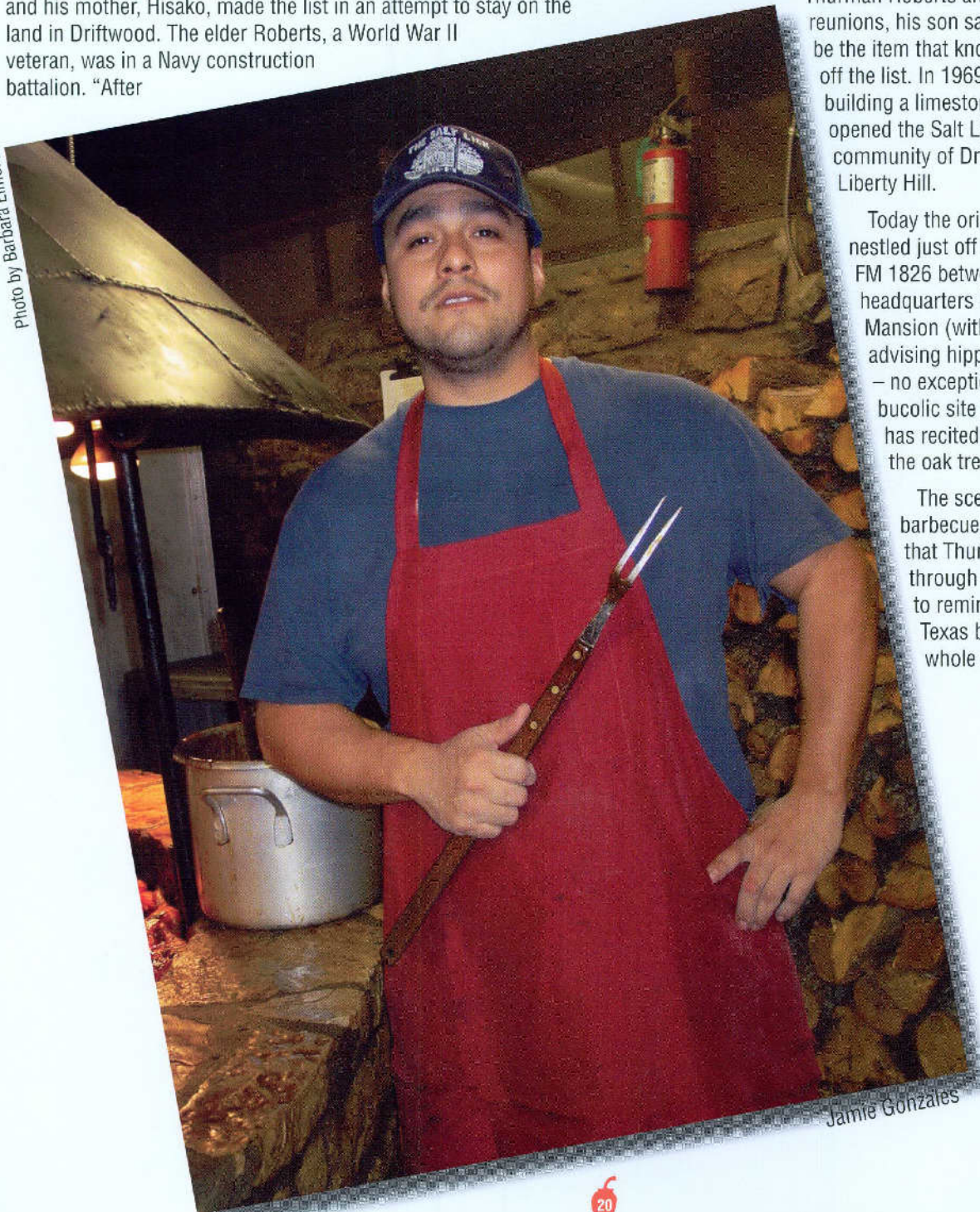
the war he built bridges all over the state of Texas," Roberts says. "That required him to be gone from Driftwood too much, and the only thing he wanted to do was to be in Driftwood." Thurman Roberts grew up on the land after his family settled the area in 1867. They arrived via wagon train.

Back to the future: Thurman and his wife, Hisako, created a list of 54 things they could do as a family. They included a pecan shelling plant and a truck farm. Barbecue made the list because Thurman Roberts always cooked for family reunions, his son says. Barbecue proved to be the item that knocked everything else off the list. In 1969, a couple of years after building a limestone pit, the Robertses opened the Salt Lick in the quiet community of Driftwood, formerly called Liberty Hill.

Today the original restaurant is nestled just off Highway 290 on FM 1826 between the company headquarters known as Thurman's Mansion (with a humorous sign advising hippies to use the back door – no exceptions) and the Pavilion, a bucolic site in which many a couple has recited wedding vows among the oak trees.

The scent of live oak-smoked barbecue, still cooked on the pit that Thurman Roberts built, wafts through the air as if to remind everyone that Texas barbecue started the whole deal.

Photo by Barbara Elmore



Jamie Gonzales

DE A LIST

Big plans for the future

The rest of the Salt Lick story is yet to unfold, for Roberts the son has also made a list. From the original restaurant capacity of 237, buildings and outdoor seating added over the years offer space for about 800 people to party and dine. About 150 work at the restaurant. Anyone zipping through Austin without time for a side trip to Driftwood can find Salt Lick fare at the Austin-Bergstrom International Airport, opened in 1999, as well as on Capital of Texas Highway, a location opened four years ago. It has a full bar and a few more menu items than the Driftwood location, Roberts says. And people who are nowhere near Texas can still indulge their taste for barbecue online at www.saltlickbbq.com

The list continues. Roberts has planted 50 acres of the family land in grapes, and eventually plans:

- A winery
- A wood-fired bakery and general store
- A town center with retail shops
- About 100 single-family homes on 500 acres. Both Hays County and the nearby city of Dripping Springs have approved preliminary plans, he says.

The place that started it all continues to attract diners with good food and Hill Country ambience. On a recent weekday, the Salt Lick was filled with diners at 2 p.m. People probably know its ribs and brisket the best, says Roberts, but a family-style dinner that includes ribs, brisket and sausage may be the plate that diners order most frequently. Ray Perez, an Austin resident who has visited the Salt Lick since the late '70s, calls it "a great place to spend a late Saturday afternoon with friends since you get to enjoy the family-style servings. I've always thought they had great pies," he adds.

Austin resident Jim Opre, who entertains out-of-town guests there and has enjoyed both parties and company meetings at the place, calls it ideal for both, even when the weather is less than perfect. He recalls an outdoor party in December that could have been miserable. "It was freezing out. Salt Lick had propane heaters all around the place and they had some big fires going. We all stood around the heaters and had drinks, visited with each other and then pigged out on as much barbecue as we wanted." Hisako Roberts, 95, has to travel a bit more distance today to get to the restaurant. She and her husband used to live on the property, but now she lives in Austin and visits the Salt Lick about once a week. She likes all the barbecue, says her son.

Pace of life an attraction

The pace of life in Driftwood is decidedly slower than that of nearby Austin, and Roberts, who went to the University of Texas, remembers there was never very much going on there when he was growing up. That may be why the Salt Lick attracts a variety of barbecue-seekers, including celebrities. Some diners arrive in helicopters that land on the spacious acreage just behind the restaurant. That happens maybe once a week, Roberts says. "They just started showing up. I was not really surprised to see it – I've seen it happen before at other places." He doesn't ask who's in the 'copters or where they're coming from.

It's all part of getting relief from a city setting and eating good food in a place where no one makes a fuss. Says Opre: "What Salt Lick in Driftwood provides is an escape from Austin. Going into Austin or having barbecue is eating out. Making the trip to Driftwood is a drive in the country, seeing a little bit of the Hill Country and taking some time away from Austin."



The Salt Lick, 18001 FM 1826, Driftwood

GROCERIES, GAS

by Barbara Elmore

Whether you just need a couple of onions and some toothpaste, a WonderRoast chicken or a pound of brisket and a pint of beans, Riverside Supermarket has it. While there, you can also fill up your gas tank and buy some souvenirs for out-of-town guests.

The eclectic supermarket/gas station/barbecue-joint fills the days, seven each week, of Mary Lou Zoeller and her 10 employees. It's been that way since June of 1979, with a few changes along the way. For example, the gas pumps outside are now courtesy of Shell. They were Gulf and Texaco pumps before. Two pumps have now expanded to four, and Zoeller directs the unfamiliar to the barbecue spot by saying that they're inside a Shell station. You will see the big yellow shell before you see the barbecue sign on the side of the business.

Also, Zoeller offers nine tables for people who want to eat their barbecue in. When she and her husband bought Riverside 28 years ago, you couldn't get barbecue at all. "They had sold it before, but had quit selling it," Zoeller says. "Within two weeks we started back with barbecue. My husband wanted to do it." It was sold as barbecue-to-go only at first.

A family affair

Zoeller's husband Harold died in 1993, but she kept going with the business that for so many years was a family operation. "My kids all worked in the market. It was a family thing for quite a while," she says of her four sons and one daughter. Now that they are all grown and gone, Zoeller runs Riverside with the help of workers like Dorothy Peel, who has worked there for 33 years and has opened in the mornings since Zoeller's had it. Peel started as a checker.

"When I first went to work here, we didn't serve barbecue like we do now," Peel says. "We sold it to go." The customers seem to like the addition of tables, she says. "It really gets busy at noon, especially on the weekends." Most any day you will see a line during the noon hour, she adds.

Where the tables are now, Zoeller used to stock other goods. "This was all groceries," she says, drawing an imaginary picture of shelves with her hands. Although she added tables for the convenience of diners and might add some more, she still tries to sell "some of everything inside the store."

If you go through the front door, the unmistakable aroma of barbecue finds your nose. Turn right just past the cash register, and the first thing to catch your eye likely will be Riverside's meat market. Here customers can peer through the glass and point to the cut of meat they want. Although some eateries try to shed the older parts of their businesses, Zoeller has not only preserved hers but advertises the meat market with the words: "old-fashioned meat market." The area behind the meat market counter used to

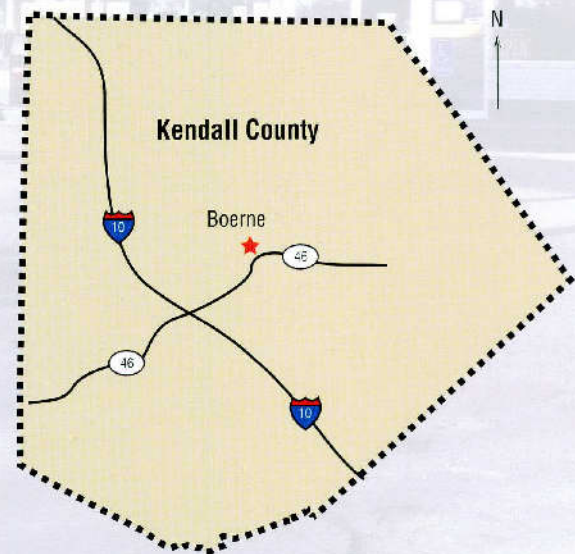
feature hanging sides of beef brought from the cooler on a metal rail, another touch of the old days. These days, says Zoeller, finding sides of beef sold that way is a bit more difficult. Beef for the meat market now arrives in boxes most of the time. For special occasions, she sometimes can get a side of beef the old way.

Maybe more tables?

On the wall closest to the meat counter is the business's large selection of beer and wine. Produce items share space on the back wall with frozen food shelves. Filling up the middle of the room are nine tables for diners. Zoeller says she might add a few more and is thinking about where to put them. But she plans to keep the business pretty much the same as it is otherwise.

That seems to be fine with customers, who arrive well before noon even on weekdays, and line up to purchase sandwiches or barbecue by the pound: brisket, sausage, pork ribs, pork loin, chicken and turkey, as well as beans, also made at Riverside.

"Brisket and pork ribs are popular," Zoeller says. "So is the sausage, but probably the brisket sells the best." Her cooks, some of whom arrived at Riverside before she and her husband bought the place, work their magic over two brick pits using the oak logs that Zoeller never has to order. A supplier checks her wood regularly to see how much she needs. "He brings me wood



Riverside Supermarket, 491 South Main St., Boerne

AND BARBECUE

faithfully," she says. Riverside also makes its own barbecue sauce; customers who prefer a spicier condiment can find hot sauce on the table in old Big Red and Sunkist bottles. Beware. It's made from ground red peppers.

Peel is partial to the turkey breast Riverside sells. "And the beans. Since we started having beans here, I never cook them at home. I just buy them here. It's all good,"

Zoeller admits to eating barbecue almost every day. Her favorite dishes are ribs and brisket. Other customers include a lot of the population of Boerne. Riverside also sells to travelers from Houston and San Antonio, and Zoeller speculates that the freshness of the food is an attraction. "We cook it and cut it as you order it," she says. "Nothing is made ahead of time."

At the corner of the meat counter are the popular WonderRoast rotisserie chickens that the market has offered for 25 years. Beside

them is the beef jerky and dried sausage display, which customers had already emptied on a recent morning.

Those customers and workers keep Peel coming back for more. "I like everybody that works here and I love the customers. I just like it. I have to, to be here this long."

Other notable barbecue stops in Kendall County include:

- Farmer's Meat Market, Boerne
- Caritas Ranch Bar-B-Q, Bergheim
- Buzzies Barbecue, Comfort
- Fritze's, Boerne



Photo by Barbara Elmore

Mary Lou Zoeller and barbecuers

INSPIRED by FA

by Barbara Elmore

Most of the Mumphord family cooking occurred at family reunions before opening Mumphord's Place in 2000. After hundreds of those and celebrating Juneteenth with tasty barbecue dinners for hordes of people, the time arrived to open a place where people besides family could eat, says Ricky Mumphord. "I thought we should make a living at it."

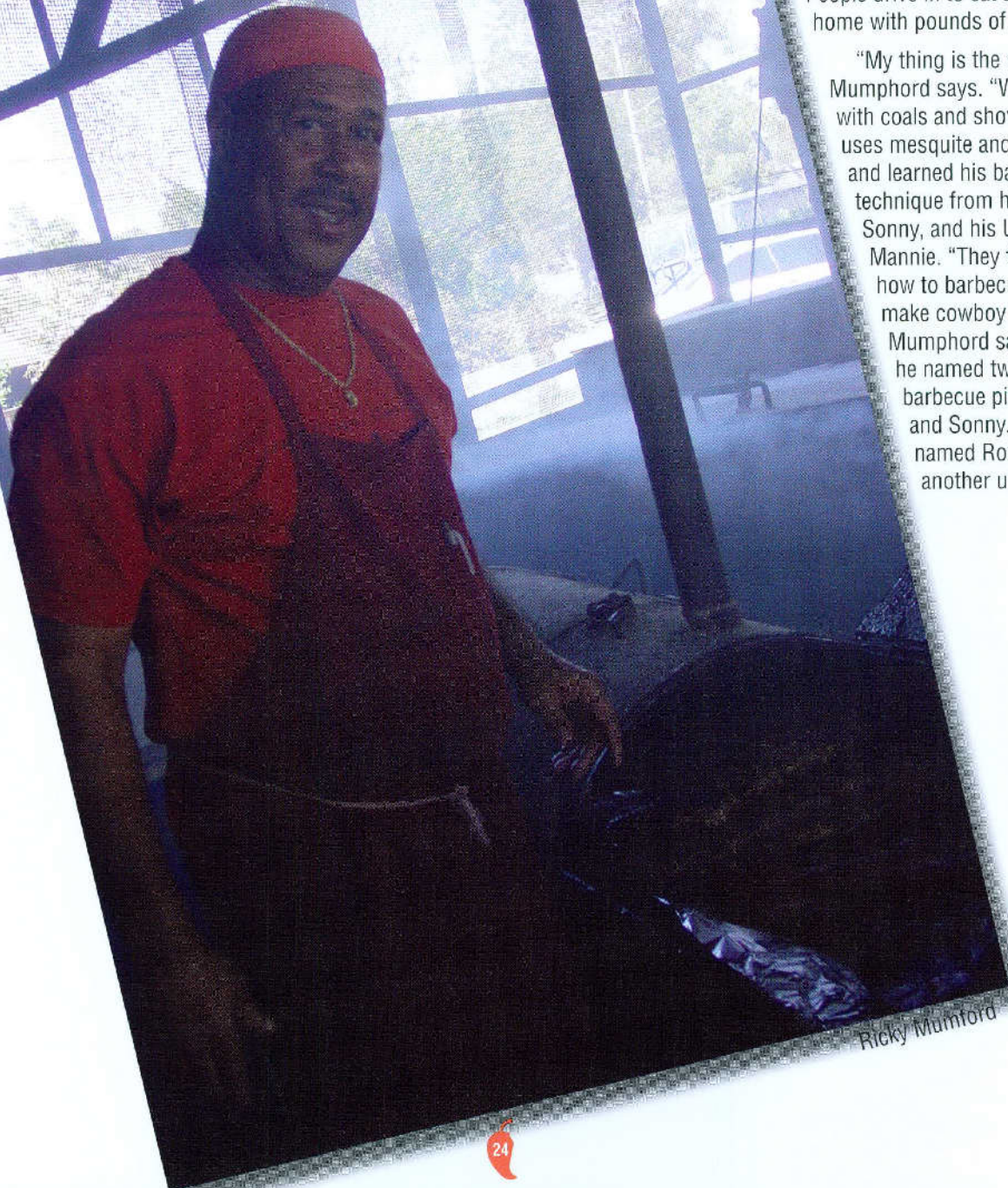
So he brought his reunion and party experience to the eatery, along with years of working for a commercial bakery. With his brother Keith helping

run the place, his sister Zelda Hill at the cash register, and her son, Anthony performing various duties, Mumphord's Place is truly a family-operated business. Sometimes the 10-employee restaurant needs all family hands, Mumphord says. "We pull in other family when necessary." Even his daughter, 4-year-old Shanndi Ricquel, gets in on the act, putting sodas in the machines.

Customers arrive from points north and south – Dallas, Fort Worth, Houston, Austin, San Antonio and Corpus Christi, he says, recalling a group of teachers who came in from San Antonio just days earlier. People drive in to eat and return home with pounds of barbecue.

"My thing is the real deal," Mumphord says. "We cook with coals and shovels." He uses mesquite and oak wood and learned his barbecue technique from his father, Sonny, and his Uncle Mannie. "They taught us how to barbecue and make cowboy stew," Mumphord says. Thus he named two of his barbecue pits Mannie and Sonny. Another he named Robert after another uncle.

Photo by Barbara Elmore



Ricky Mumford

FAMILY REUNIONS

And there's Brick Pit, Fat Boy, Goliath, and Little Bow-Wow. The names are not only entertaining, but they have a function. When he needs meat, he can tell his cooks which pit to get the meat from. Sonny and Goliath are the biggest.

The history

Mumphord's Place once housed a grocery store. Mumphord's mother, Jewel, told her son that the building is about 70 years old. His father died in 1988 – too early to see Mumphord's Place – but his mom was part of it until she died four years ago, Mumphord says. Decorating the dark interior walls is an interesting mix of family photos of reunions and Juneteenth celebrations, trophies, certificates of appreciation, boots, a sombrero, and a whimsical mural of a pig holding a barbecue fork and a tray of meat. On one wall is a wide-screen TV so people can indulge their habit of dining while watching the tube.

But eating is the most popular activity at Mumphord's. "People brag on our ribs and brisket," Mumphord says, adding that the ribs and sausage got a mention in a popular Texas magazine in 2005. People also like the green beans and potato salad. One diner, Robert Liendo of Victoria, says he eats at Mumphord's about three times a month. "I've been to a lot of barbecue places," says Liendo, who works with blind clients and travels the state to different counties for his work. "The brisket and ribs are tender and juicy." Liendo says he found Mumphord's by accident. But he knew the Mumphord name because a cousin, Alvin Mumphord, used to have a barbecue place named A&B's.

Special green beans

Another diner, Marcelina Martinez, says she eats at the restaurant two or three times a week. She has no favorite meat but likes to try different things. She raves over the green beans. "They're real special," she says. Mumphord confesses that he adds an ingredient to the beans that he will not reveal.

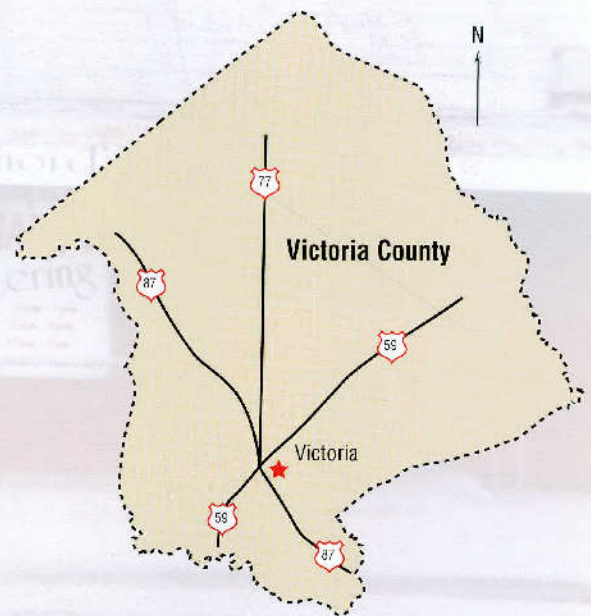
Whether or not she knows what's in the beans, Martinez returns often and tells others about Mumphord's. "It's my first choice for barbecue. My grandkids will eat the sausage only from here." It was Martinez's granddaughter, Audrey, who first introduced her to Mumphord's. Since then, Martinez, who works on a ranch, has told her boss about it. "She comes here and orders tons of it," she says.

Hurricane Katrina victims housed for a while in Victoria also got a taste of the barbecue when Mumphord donated both food and his cooking skills to the relief effort. Among the certificates on his wall is one from New Orleans Mayor Ray Nagin.

Mumphord's is open Tuesday through Saturday and closes down when the family wants to take a vacation cruise or clean house, as it did recently. "It's a business where you have to be

here," Mumphord says. "Keith and I are here all the time." On Sundays, Mumphord sings in his choir at Bethlehem Baptist Church in Victoria.

Although the family has no plans to leave the current location, which is a popular downtown venue, Mumphord wants to enlarge the restaurant and put in a drive-through across town. People keep asking him when he's going to do that, he says. "Everybody comes here," he says. Someone told him it was because "Ya'll take time to talk to people. My dad taught me that."



Mumphord's Place Restaurant, 1202 East Juan Linn St., Victoria

CONDENSED BALANCE SHEET

August 31, 2007 and 2006

ASSETS	2007	2006
Current Assets		
Unrestricted Assets	\$ 9,068,103	\$ 7,319,554
Restricted Assets	10,450,877	17,650,238
Long-Term Assets		
Restricted Assets	2,514,214	2,015,774
Capital Assets	180,893,117	174,081,804
Other Assets	10,738,775	10,279,532
Total Assets	<u>\$ 213,665,086</u>	<u>\$ 211,346,902</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Payable from Current Assets	\$ 3,529,501	\$ 3,281,444
Payable from Restricted Assets	7,007,492	7,438,235
Long-Term Liabilities		
Bonds and Loans Payable	141,944,806	146,275,246
Advances for Operations	488,203	564,705
Deferred Income	7,269,516	4,529,814
Total Liabilities	160,239,518	162,089,444
NET ASSETS		
Investments in Capital Assets Net of Related Debt	36,361,304	38,506,620
Restricted for Construction	1,098,804	1,081,749
Restricted for Debt Service	4,087,722	1,585,363
Restricted for Insurance	1,034,689	982,190
Unrestricted	10,843,049	7,101,536
Total Net Assets	<u>53,425,568</u>	<u>49,257,458</u>
Total Liabilities and Net Assets	<u>\$ 213,665,086</u>	<u>\$ 211,346,902</u>

Note 1 - The Condensed Balance Sheet is not presented in accordance with Generally Accepted Accounting Principles. It is derived from GBRA's Combined Balance Sheet found in the Comprehensive Annual Financial Report for the Fiscal Year Ended August 31, 2007.

The Comprehensive Annual Financial Report for FY 2007 is available upon request.

NUMBER of EMPLOYEES by DIVISION

Last 10 Fiscal Years

Number of Authorized Positions
Full Time Equivalent
Fiscal Year Ended August 31

Division	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General	30.5	31.5	32.5	28.5	30	33.5	34.5	35.5	35.5	36
Guadalupe Valley Electric	23	23	24	24	24	24	25	25	25	25
Rural Utilities	8	8	5	5	5	5	6	5	6	6
Water Resources	11	11	26	33.5	34	39	41.5	45.5	45	45
Western Canyon	0	0	0	0	0	0	0	7	7	8
Port Lavaca WTP	8	8	8	8	8	8	8	8	8	8
Calhoun County RWSS	4	4	4	4	4	4	4	4	4	4
Victoria Regional WWRS	19	19	19	20	20	21	21	21	21	21
Coletto Creek Park and Reservoir	16.5	16.5	16.5	16.5	16.5	16	16	16	16	16
Luling WTP	5	5	5	5	5	5	5	5	5	5
Canyon Hydroelectric	2	2	2	2	2	2	2	2	2	2
Lockhart WWTP & WTP	4	4	4	9	10	10	10	11	11	11
Total	131	132	146	155.5	158.5	167.5	173	185	185.5	187

Notes: A full-time employee is scheduled to work 2,088 hours per year (including vacation and sick leave).

GUADALUPE-BLANCO OPERATING

Operating Statistics:

	FY 1998	FY 1999	FY 2000	FY 2001
Water Treatment Customers:				
Total Water Distributed (Gal.)				
Calhoun County Rural Water Supply Division	122,060,000	124,442,000	137,396,000	83,603,000
Total Water Treated (Gal.)				
CRWA-Hays/Caldwell Water Treatment Plant System	--	--	--	--
Lockhart Water Treatment System	--	--	--	519,389,102
Luling Water Treatment Plant Division	315,536,000	302,674,000	315,290,000	321,077,000
Port Lavaca Water Treatment Plant Division	687,460,000	653,726,000	723,545,000	798,749,000
San Marcos Water Treatment Plant System	--	--	946,459,000	1,498,437,000
Western Canyon Water Treatment Plant System	--	--	--	--
Waste Water Treatment Customers:				
Total Wastewater Treated (Gal.)				
Buda Wastewater Treatment Plant	--	--	--	--
Crestview Subdivision Wastewater Treatment Plant	--	--	1,660,552	2,846,072
Lockhart Wastewater Reclamation System	500,658,000	503,700,000	430,700,000	459,200,000
Rural Utilities Division	168,630,000	148,256,246	130,715,651	148,990,000
Victoria Regional Wastewater Reclamation Division	2,533,000,000	2,951,400,000	2,867,800,000	2,687,800,000
Village of Wimberley Wastewater Treatment Plant	--	--	--	--
North Hayes County MUD #1	--	--	--	--
Water Sales Customers:				
Rice Irrigation (Acres)				
Calhoun Canal System	3,458	3,040	1,758	1,458
Water Delivered (Gal.)				
Guadalupe Power Partners	--	--	--	599,209,000
San Marcos Pipeline	--	--	952,000,000	1,525,000,000
Power Sales & Other Services:				
Total Generation (kWh)				
Guadalupe Valley Hydroelectric Division	62,804,200	55,357,700	29,738,100	74,338,600
Canyon Hydroelectric Division	21,767,770	18,087,200	5,509,240	25,930,989
Annual Permits				
Lake Wood Recreation Area	56	41	66	59
Coletto Creek Regional Park	251	271	229	211
Camping Permits				
Lake Wood Recreation Area	2,145	1,372	2,548	2,459
Coletto Creek Regional Park	10,571	11,839	12,051	11,255
Camping Cabins				
Coletto Creek Regional Park	--	--	--	--
Day Use Permits				
Lake Wood Recreation Area	2,535	2,114	3,248	3,127
Coletto Creek Regional Park	17,841	18,408	17,055	15,455

RIVER AUTHORITY STATISTICS

FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
70,348,000	70,501,000	72,392,000	76,710,000	75,334,000	62,684,000
--	331,000,000	225,000,000	89,818,289	--	--
614,466,054	560,814,000	527,260,000	557,882,000	581,087,000	479,150,000
306,271,000	286,951,000	256,335,000	470,651,000	802,677,000	651,263,000
753,453,000	642,047,000	686,938,000	692,600,000	666,085,000	592,510,000
1,401,515,000	1,656,000,000	1,586,000,000	1,645,448,005	1,711,018,000	2,129,290,000
--	--	--	--	1,041,235,000	2,713,775,000
102,900,000	125,300,000	110,470,000	120,300,000	119,580,000	198,200,000
1,867,506	1,910,945	2,433,849	2,523,245	2,404,060	3,256,203
516,100,000	588,700,000	542,930,000	609,430,000	491,100,000	489,000,000
152,410,000	147,100,000	150,410,000	153,054,000	149,520,000	190,740,000
2,155,900,000	2,741,000,000	2,788,000,000	2,811,000,000	2,741,000,000	2,390,000
--	--	1,760,000	2,974,000	4,381,000	5,385,000
--	--	--	--	3,641,000	23,790,000
1,475	1,897	2,488	2,430	2,634	2,086
821,496,000	846,695,620	898,443,000	966,788,000	1,129,607,000	974,680,000
1,445,000,000	1,965,000,000	1,713,000,000	2,151,367,000	1,811,222,000	2,129,290,000
77,361,500	64,974,600	77,975,500	86,911,400	44,412,900	64,980,700
16,493,895	--	14,930,325	24,371,501	7,906,746	9,102,504
45	34	35	13	23	11
241	246	262	260	258	274
2,105	2,323	2,030	2,264	3,235	2,112
12,326	11,856	12,736	11,800	12,554	13,376
425	568	573	692	664	542
2,501	2,671	2,641	2,686	2,860	2,164
15,056	15,052	14,771	16,051	16,378	14,177

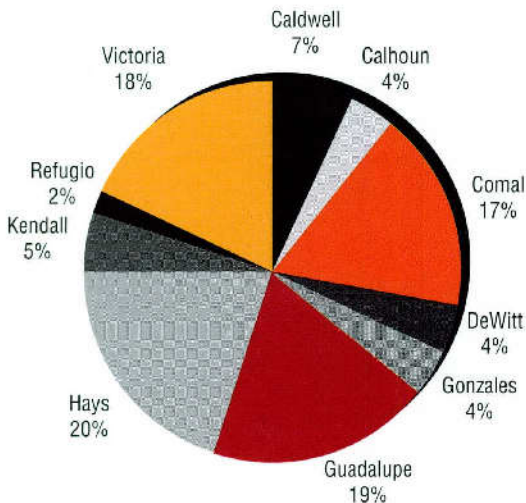
GBRA's service area is geographically part of south central Texas. It stretches from the Hill Country through the I-35 Corridor and into the Gulf Coast. GBRA's service area includes 10 counties and more than 70 cities and communities.

GBRA provides a variety of services to rural water corporations, electric cooperatives, industries and individuals within this ten-county district. The array of services includes water sales and distribution, water treatment, wastewater treatment, hydroelectric generation, laboratory analysis and recreation opportunities.

This diversity allows the local economy to be among the State's growth leaders and outpace the national economy as well as weather the effects of any global economic problems better

than other areas may. The local economy is also being spurred by tremendous population growth along the I-35 Corridor. Indicative of this population boom is the fact that the cities of Austin and San Antonio are the 3rd and 5th fastest growing metropolitan areas in the state. The graphs below and on the following page portray the population and economic base within GBRA's 10 county district.

District Population by County

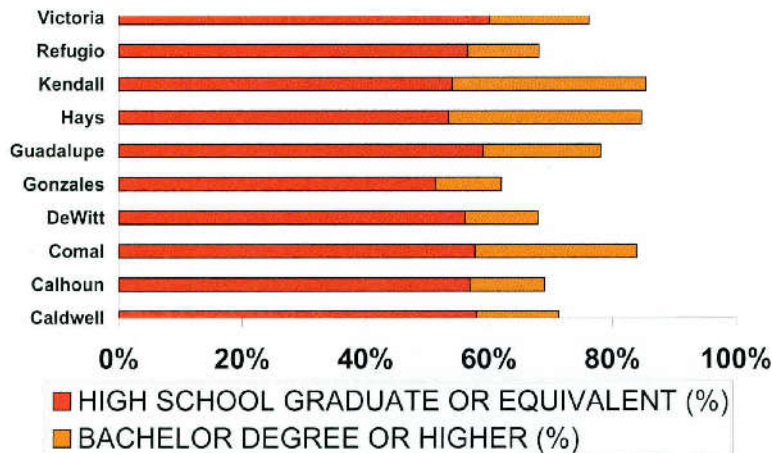


County Population

Hays	97,589
Guadalupe	89,023
Victoria	84,088
Comal	78,021
Caldwell	32,194
Kendall	23,743
Calhoun	20,647
DeWitt	20,013
Gonzales	18,628

Source: U.S. Census Bureau, Census 2000

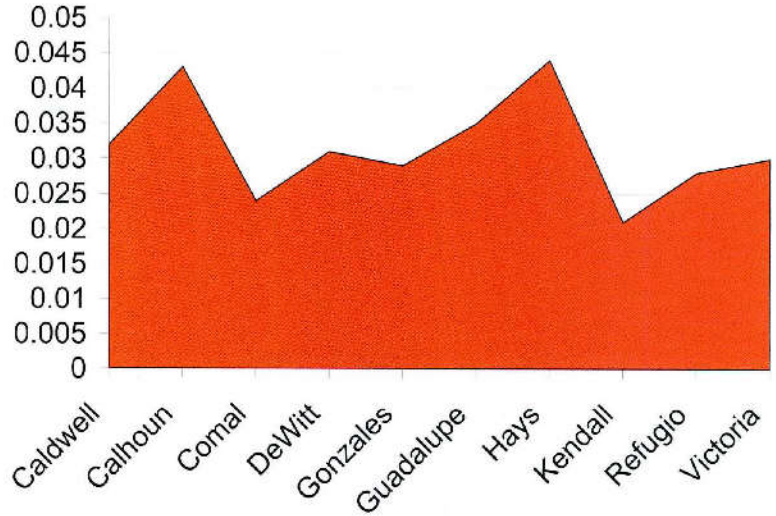
Educational Attainment



Source: U.S. Census Bureau, Census 2000

DEMOGRAPHICS

Unemployment Rate



Source: U.S. Census Bureau, Census 2000

Educational Attainment by County

County	High School Graduate or Equiv.	Bachelor Degree or Higher
Caldwell	58%	13%
Calhoun	57%	12%
Comal	58%	26%
DeWitt	56%	12%
Gonzales	51%	11%
Guadalupe	59%	19%
Hays	53%	31%
Kendall	54%	31%
Refugio	57%	12%

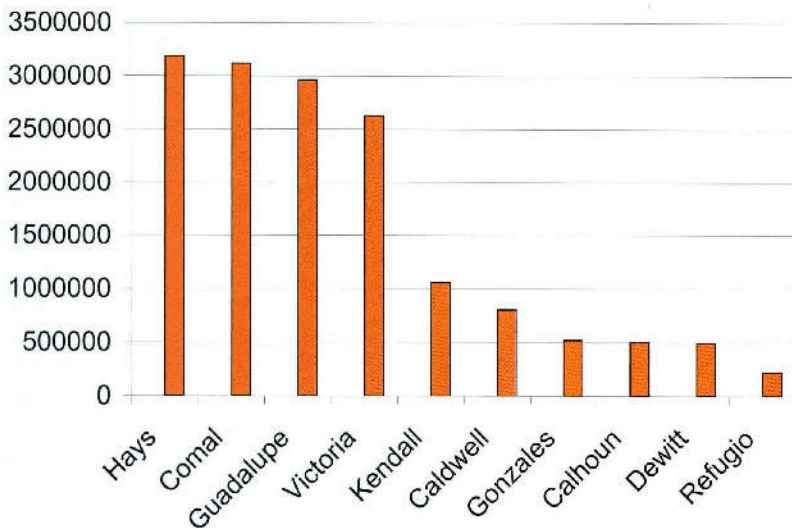
Source: U.S. Census Bureau, Census 2000

Per Capita Income (\$) by County

Kendall	24,619
Comal	21,914
Hays	19,931
Guadalupe	18,430
Victoria	18,379
Calhoun	17,125
Refugio	15,481
Caldwell	15,099
DeWitt	14,780
Gonzales	14,269

Source: U.S. Census Bureau, Census 2000

Total Personal Income



Source: U.S. Census Bureau, Census 2005

September 2006

- The KIDFISH Foundation stocked 500 pounds of channel catfish in the GBRA's Lake Wood Recreation Area for children to catch during its event in September. KIDFISH is a non-profit outreach program designed to give children age 16 and under the chance to experience the sport of fishing and the outdoors. Local sponsors helping to bring the free KIDFISH event to the Gonzales community were GBRA and Guadalupe Valley Electric Cooperative (GVEC). Free boat rides, hot dogs, and many prizes will be provided by American Rodsmiths, Anchor Marine in San Antonio, and the Skeeter Boat factory demo team.
- Citing continued extreme drought conditions, the GBRA supported a request by the Texas Commission on Environmental Quality (TCEQ) that encouraging landowners who were allowed reasonable use of water from rivers and streams adjoining their property for domestic and livestock use, to voluntarily suspend lawn and landscape watering.

October 2006

- The GBRA's Luling Water Treatment Plant was awarded a "Certificate for Outstanding Performance" from the TCEQ for the five-year period from 2001-2005. The plant received a letter from Buck Henderson, manager of the Public Water Section of TCEQ, indicating "the purpose of the award is to recognize those water systems showing initiative to exceed minimum acceptable TCEQ standards; focus public attention on importance of water system enhancement activities; serve as an example to other water systems; and recognize those water systems that have voluntarily taken the extra steps to protect their public drinking water."
- Also in October, GBRA constructed a temporary delivery station at its Amman Road Pump Station to provide relief to residents in Kendall County and western Comal County whose domestic water supplies were affected by the drought. The Amman Road Pump Station delivers water to customers from the GBRA Western Canyon Water Treatment Plant at Canyon Lake.

November 2006

- The GBRA board of directors voted to support the Guadalupe Basin Coalition's resolution calling for Edwards Aquifer management legislation that would allow increased pumping if the state used the Recovery Implementation Program (RIP) process. The concession would have cleared the way for the EAA to fulfill the approximately 549,000 acre-feet per year permitted obligations and possibly avoid litigation that had cost millions in the past. The Coalition's resolution requested the state to use the process to achieve a consensus agreement among all stakeholders to insure that the Comal and San Marcos spring flows are protected. The GBRA board voted to approve the resolution with the qualification that: "GBRA supports Resolution No. 2006-1 of the Guadalupe Basin Coalition, provided the proposed critical period withdrawal reductions are adjusted so that adequate continuous springflows from both the Comal and San Marcos Springs will be protected at all times, including throughout a repeat of the drought of record."

December 2006

- The GBRA and the Gulf of Mexico Foundation sponsored a field trip for Travis Middle School and Calhoun High School Science and Spanish Club to the 3,440-acre Myrtle Foester-Whitmire Division, a land management unit of the U.S. Fish and Wildlife Service Aransas National Wildlife Refuge Complex in December. The event was intended to emulate the Christmas Bird Count that takes place annually at the Aransas National Refuge.



GBRA File Photo



Photo by Cinde Thomas-Jimenez

January 2007

- GBRA's General Manager Bill West began a two-year term as president of the National Water Resources Association. NWRA is a non-profit federation of state associations, individuals, and agencies whose mission is to advocate federal policies, legislation and regulations promoting protection, management, development and beneficial use of water resources that represent the interests of its members.
- GBRA's Wilfred Korth of Coleta Creek Park and Reservoir received the Barbara Sheppard Award from the Texas Coastal Bend Regional Tourism Council. The award is one of two presented annually to individuals who demonstrate the most outstanding contributions to promoting tourism in the Coastal Bend. The Texas Coastal Bend Regional Tourism Council is a 60-plus member organization made up of Chambers of Commerce, organizations and businesses in that region.



- Also on Jan. 23, the final party of a four-entity Memorandum of Understanding (MOU) was approved at a Boerne City Council Meeting, completing a cooperative agreement process among the GBRA, Kendall County Commissioners Court, the City of Boerne and Cow Creek Groundwater Conservation District (CCGCD). This cooperative effort was intended to insure that the rules and regulations regarding future growth and development in the area would remain in place by each entity.

February 2007

- In February, the Guadalupe-Blanco River Trust landed more than \$600,000 in federal and private grants. Grants totaling \$213,000 from the National Fish and Wildlife Foundation and ConocoPhillips will support the Wetland Habitat Restoration at the Myrtle Foester-Whitmire Unit of the Aransas National Wildlife Refuge. Another U.S. Fish and Wildlife Service grant of \$398,637, leveraged by GBRA partner funding, was used to help conserve key breeding, stop-over and wintering habitat for migratory birds in the Guadalupe River Delta.

March 2007

- The annual Guadalupe River Basin Steering Committee meeting for the Clean Rivers Program was held Mar. 22, 2007, at the GBRA River Annex. Each year, GBRA and the Upper Guadalupe River Authority convene the meeting to provide direction for the general Clean Rivers Program activities in the Guadalupe River Basin, as well as development of the work plan, monitoring plan, and review of major reports.

- Also in March, the GBRA and the Guadalupe Basin Coalition announced support for Senate Bill 1341, legislation by Senator Glenn Hegar that provided for implementation of a stakeholder process to determine the future management of the Edwards Aquifer. The stakeholder process, referred to as the Edwards Aquifer Recovery Implementation Program, could achieve a consensus agreement among all stakeholders to ensure that the Comal and San Marcos springs flows are protected during droughts, while encouraging conservation and the development of new supplies of water to meet the increasing demands of the region's rapidly growing population. This bill ultimately was rolled into Senator Kip Averitt's Senate Bill 3, an omnibus water bill that passed in the final hours of the 80th Legislative Session.

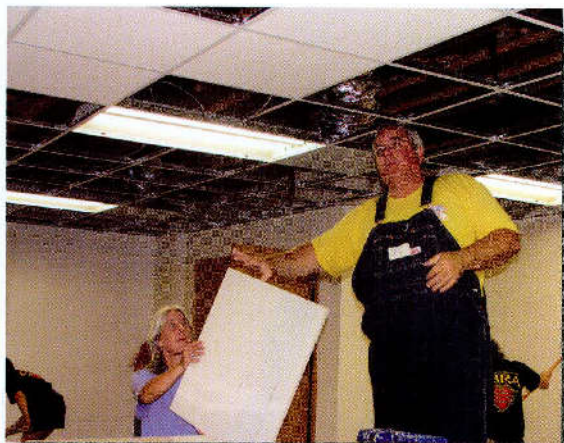


Photo by Connie Rothe

- GBRA's annual "Our Day to Shine" brought nearly 60 GBRA employees, family members and friends to Port Lavaca's old Harrison Elementary School to help remodel the facility. The remodeling was part of converting the building to be used as a branch of The Victoria College.

April 2007

- About 70 Texas Commission on Environmental Quality (TCEQ) inspectors convened at the San Marcos Water Treatment Plant on April 3, 2007, for environmental training. The plant, owned by the City of San Marcos and operated by the GBRA, provided a unique opportunity for training both new and seasoned inspectors.

- A 2006 Excellence in Construction Award was presented to GBRA and Flinto Contractors from the Central Texas Chapter of the Associated Builders (ABC) for the construction of GBRA's Western Canyon Water Treatment Plant facility. ABC also presented GBRA and Cajun Contractors with an award for the construction of the water treatment plant's intake structure and pump station. Gary Asbury, GBRA's manager of project engineering, traveled to Washington

D.C. to receive this award – one of only 40 awards given nationally.

- This year, GBRA replaced two traditional fleet vehicles with alternative fuel vehicles – a hybrid electric vehicle Ford Escape and a flex fuel Chevrolet Tahoe.

May 2007

- The GBRA Scholarship Program, which is part of the GBRA Employee Volunteer Program, awarded seven \$2,000 academic scholarships to students from GBRA's 10-county district. Scholarships were presented to: Michael Duncan McCallum, Ashley Williams, Nazish Tufail Malik, Jacob Hanzel, Lance M. Pacheco, Derek J. Pavlicek, and June Angela Prout.

- Significant rainfall in the Central Texas area during the spring prompted the U.S. Army Corps of Engineers (ACE) to increase the flow rate out of Canyon Reservoir to 5,000 cubic feet per second (cfs) beginning May 30, 2007 for nearly 14 days. At the time, Canyon Reservoir elevation was in flood pool stage at an elevation of 917.32 feet above mean sea level (msl) and the inflow at the Spring Branch gauge entering Canyon Reservoir was 3,100 cfs. Rains continued and flash flooding occurred periodically throughout the Guadalupe River Watershed into the summer.

- The Print Media Competition cited the GBRA's 2006 Annual Report design for "Award of Excellence" and the Graphic Design, USA, cited the publication for its "2007 American Inhouse Design Awards."



Photo by LalMarriot Smith



Photo by Connie Rothe



Photo by Tammy Beutnagel



Photo by Tammy Baurtagel

June 2007

- GBRA's Coletto Creek Park and the Texas Parks and Wildlife Department sponsored the 14th Annual Coletto Creek Kids Fishing Tournament on June 2 at Coletto Creek Park in Fannin as part of a celebration for National Fishing & Boating Week. The event was open to all youth ages 2-16.
- Lake Placid (TP-4) was lowered approximately 12 to 18 inches below the normal elevation for GBRA hydroelectric crews to perform routine maintenance to the dam.
- In June, the 80th Legislative Session closed with the passage of several important pieces of legislation, including Senate Bill 3, an omnibus water bill.
- The GBRA Ambassador Team swept first-place awards at local parades, including the Yoakum Tom Tom Festival Grand Parade, the Lockhart Chisholm Trail Roundup Grand Parade, and the Luling Watermelon Thump Parade.

July 2007

- In July, about 60 percent of all GBRA employees underwent National Incident Management System (NIMS) training. This training, a directive of the U.S. Department of Homeland Security in cooperation with federal, state, and local governments, is intended to provide a consistent approach to the effective management of situations involving natural disasters, man-made disasters, or terrorism.

August 2007

- GBRA's deputy general manager and chief operations officer retired after over 33 years with the organization. Fred M. Blumberg's retirement from GBRA became effective in August. A seasoned professional in the water resources field, Blumberg then joined Malcolm Pirnie, an environmental engineering and science consulting firm as its state water resources leader.



Photo by Connie Rothe



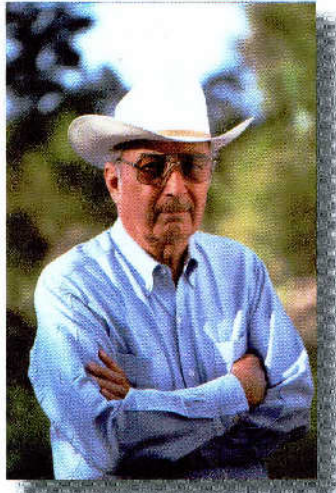
Photo by Ginde Thomas-Jimenez

- GBRA staff members organized two well-attended "Wonders of Water" (WOW) and "Wonders of Water in the Environment" (WOW-E) teacher workshops over the summer. These week-long institutes were designed to engage teachers within GBRA's 10-county statutory district in a variety of fun, indoor and outdoor activities that expose them to the many challenges in the Guadalupe River Basin that today's students will face in the future.

GBRA BOARD of DIRECTORS



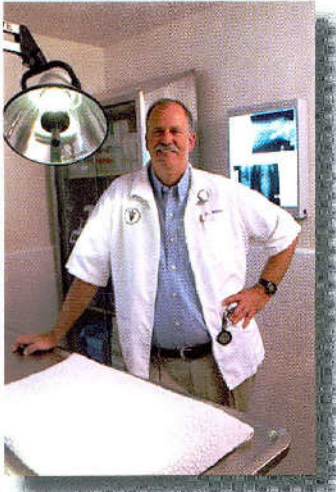
John P. Schneider, Jr., Chair
Caldwell County
Appointed: 1999, Gov. George W. Bush



Jack R. Gary, Vice-Chair
Hays County
Appointed: 2001, Gov. Rick Perry



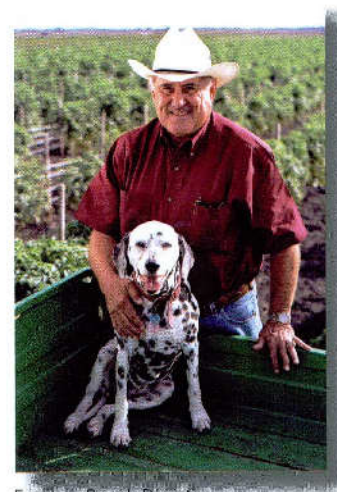
Margaret M. Grier, Secretary/Treasurer
Kendall County
Appointed: 2004, Gov. Rick Perry



Stephen F. Wilson, DVM, Director
Calhoun County
Appointed: 1999, Gov. George W. Bush



Myrna P. McLeroy, Director
Gonzales County
Appointed: 2001, Gov. Rick Perry



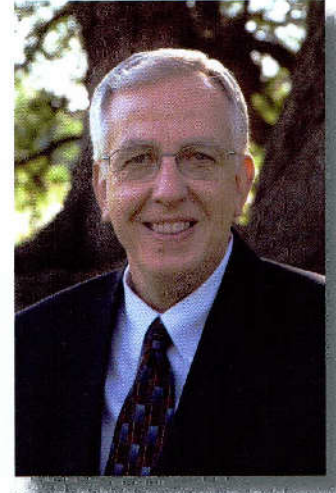
Frank J. Pagel, Director
Refugio County
Appointed: 2001, Gov. Rick Perry



Clifton L. Thomas Jr., Director
Victoria County
Appointed: 2004, Gov. Rick Perry



Grace G. Kunde, Director
Guadalupe County
Appointed: 2006, Gov. Rick Perry



Tilmon Lee "T.L." Walker,
Comal County
Appointed: 2006, Gov. Rick Perry

GBRA is governed by nine directors, appointed by the Governor of the State of Texas and confirmed by the Senate. The 10 counties in GBRA's statutory district are represented on a rotating basis. Each director serves a six-year term with three directors appointed or re-appointed every two years.

