Town Hall Meeting

with

Commissioner Rich Paces

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Agenda

- 2026-27 Approved County Budget & Tax Rate
- July 16th Flood Response & Recovery Efforts
- Courthouse Restoration & New Office Space Needs
- BESS Update & Proposed Senate Bill 3 Amendment
- Questions & Answers

Kerr County 2026-27 Budget – Another Deficit Budget?

	Approved 2023-24	Approved 2024-25	Approved 2025-26	Approved 2026-27
• Approved Tax Rate	0.4300	0.4233	0.4024	0.4081
• Starting Reserve Balance	$24.0 mm	$32.2 mm	$27.3 mm	$27.6 mm
• Estimated Property Tax Revenue	$31.8 mm	$32.6 mm	$31.8 mm	$34.6 mm
• Estimated Non-Property Tax Revenue	$23.5 mm	$19.8 mm	$19.1 mm	$20.0 mm
• Total Revenue	$55.3 mm	$52.5 mm	$50.9 mm	$54.6 mm
• Non-Recurring Major Expenditures	$16.9 mm	$14.5 mm	$8.7 mm	$8.7 mm
• Recurring Expenditures	$46.1 mm	$52.5 mm	$54.8 mm	$58.1 mm
• Total Expenditures	$63.0 mm	$66.9 mm	$63.5 mm	$66.9 mm
• Deficit	$7.7 mm	$14.5 mm	$12.7 mm	$12.3 mm
• Est. Ending Reserve Balance	$16.3 mm *(25.9)*	$17.8 mm *(26.6%)*	$14.6 mm *(23.0%)*	$15.3 mm *(22.8%)*

Kerr County department heads have a history of over budgeting and under spending.

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	(25.9)	*(26.6%)*	*(23.0%)*	*(22.8%)*

- *All of the above budgets were approved with **No New Revenue Tax Rates.***
- *All were deficit budgets.*

July 16th Flood – Response & Recovery Efforts

What has your County Commissioner been doing to help?

- 3:00 am - Removing Trucks & Gear from CPVFD Fire Station.
- 3:30 am - Evacuating people along China St. in Center Point then diverting traffic from flooded roads.
- 7/17 – 7/18 Cleaning the fire station and gear.
- Welfare Checks along the river and elsewhere having flood damage.
- CP Disaster Relief Center - connecting people to resources.
- Private Road Repairs – surveying damaged roads and securing contractors & heavy equipment to help.
- Gravel Recovery – clearing gravel downstream from Lions Dam – and providing it free of cost to CPVFD, CPISD, CPAHPA, & various individuals for road & driveway repairs.
- River Cleanup – removing debris from the river with CPVFD.
- Writing letters to the President requesting a Major Disaster Declaration and FEMA assistance for flood effected individuals.

Flood Response – with CPVFD

July 16th - 18th







Flood Response & Recovery at DRC

Center Point Disaster Relief Center
(CP Historic Park)



Flood Response & Recovery at DRC

Center Point Disaster Relief Center
(CP Historic Park)





Flood Response - Gravel Recovery



Gravel deposits on both sides of Crossing St. bridge



Flood Response - Gravel Recovery







Flood Response - Gravel Recovery





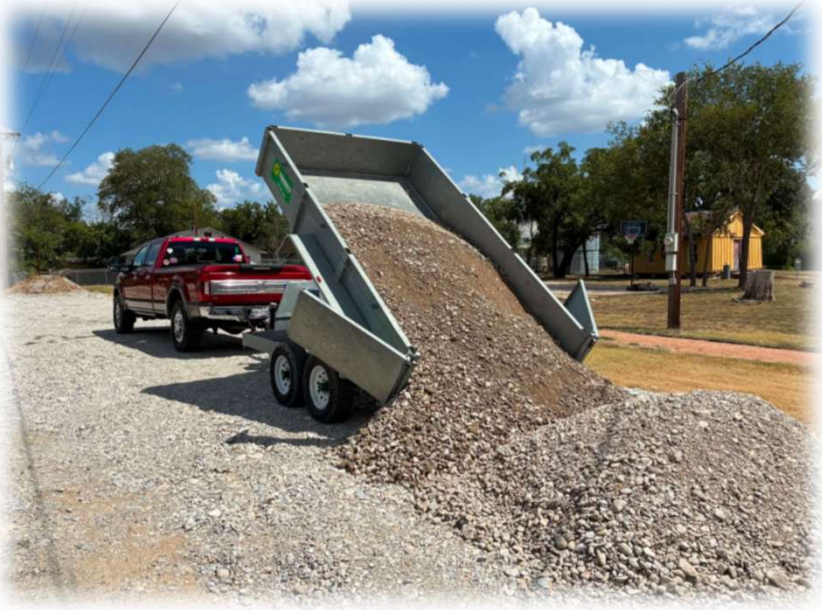
Flood Response - Gravel Recovery

Beneficiaries

- CPISD Stadium Parking – 500 t
- CPVFD Future Station – 456 t
- Mosty Nurseries – 240 t
- Willie Sturgis – 200 t unsorted
- CP Historic Park – 88 t
- Central Provisions – 12 t
- Misc. Individuals – 80 t

- TOTAL = 1576 Tons







Thanks to:
Terry Masucci,
Michelle Bruninga, AHH,
Mike Butler, Jr.,
TNT Services, and
Armour Excavating

Flood Recovery - Private Road Repairs

- Started with a call from Mark Ward re. Tierra Grande
- After seeing Tierra Grande and a few other damaged roads, I asked the Kerr Together Board for help!
- They connected me with several heavy equipment operators
- Facebook post resulted in requests to repair 60 private roads
- Eventually I turned it over to Kerr Together
- **24** roads have been repaired to date
- Additional repairs are pending funding

Thanks to:

- TNT Services
- McDermott Construction
- Armour Excavating
- David Crews
- Kerr Together
- Hunt Preservation (John Dunn)
- Annies Helping Hands

Flood Recovery - Private Road Repairs

Tierra Grande



Flood Recovery - Private Road Repairs



Nick Mortensen,
McDermott Construction

David Crews & Team



Flood Recovery - Private Road Repair



Flood Recovery - Private Road Repair





Flood Recovery - Private Road Repairs

Private drive off Avery Road, a major challenge





Flood Recovery Efforts with CPVFD



Trash removal downstream
from CP River Road RV Park



Commissioner Jeff Holt,
Coral Barrett,
Stan Nickell &
Rich Paces

FEMA Flood Recovery Assistance

- July 17 – Gov. Abbott requested a Presidential **Major Disaster Declaration** (MDD) for Kerr County and 27 other Texas counties following widespread flooding that began July 12, seeking federal assistance to support response and long-term recovery efforts.
- July 30 - made a personal appeal to President Trump for an MDD for Kerr County. *(letter is available on www.RichPaces.com)*
- Sept. 3 – President Trump approved a MDD for 19 counties in Texas, including Kerr County, providing Public Assistance - making FEMA resources available to assist in repair or replacement of disaster-damaged facilities and infrastructure.
- Sept. 8 – made a personal appeal to amend the MDD to include FEMA Individual Assistance. *(letter is available on www.RichPaces.com)*
- Sept. 22 - 1496 households reported flood damage with 467 homes sustaining major damage or destroyed. 123 businesses were affected with 25 incurring major damage or destroyed.

Courthouse Restoration & Lost Space

- On July 16th, the Courthouse basement flooded.
  - Over 6’ of water invaded the basement.
- The entire courthouse had to be closed for 6 weeks while the basement was cleared, dried and remediated for mold.
- Basement office space lost = 16,000 sq ft.
  - Permanently displaced 23 employees who have been accommodated in temporary office space.
  - Insurance underwriters have indicated that they will not reinsure anything in the basement.
- 1st floor offices have been reoccupied.
- 2nd floor offices are also now reoccupied.

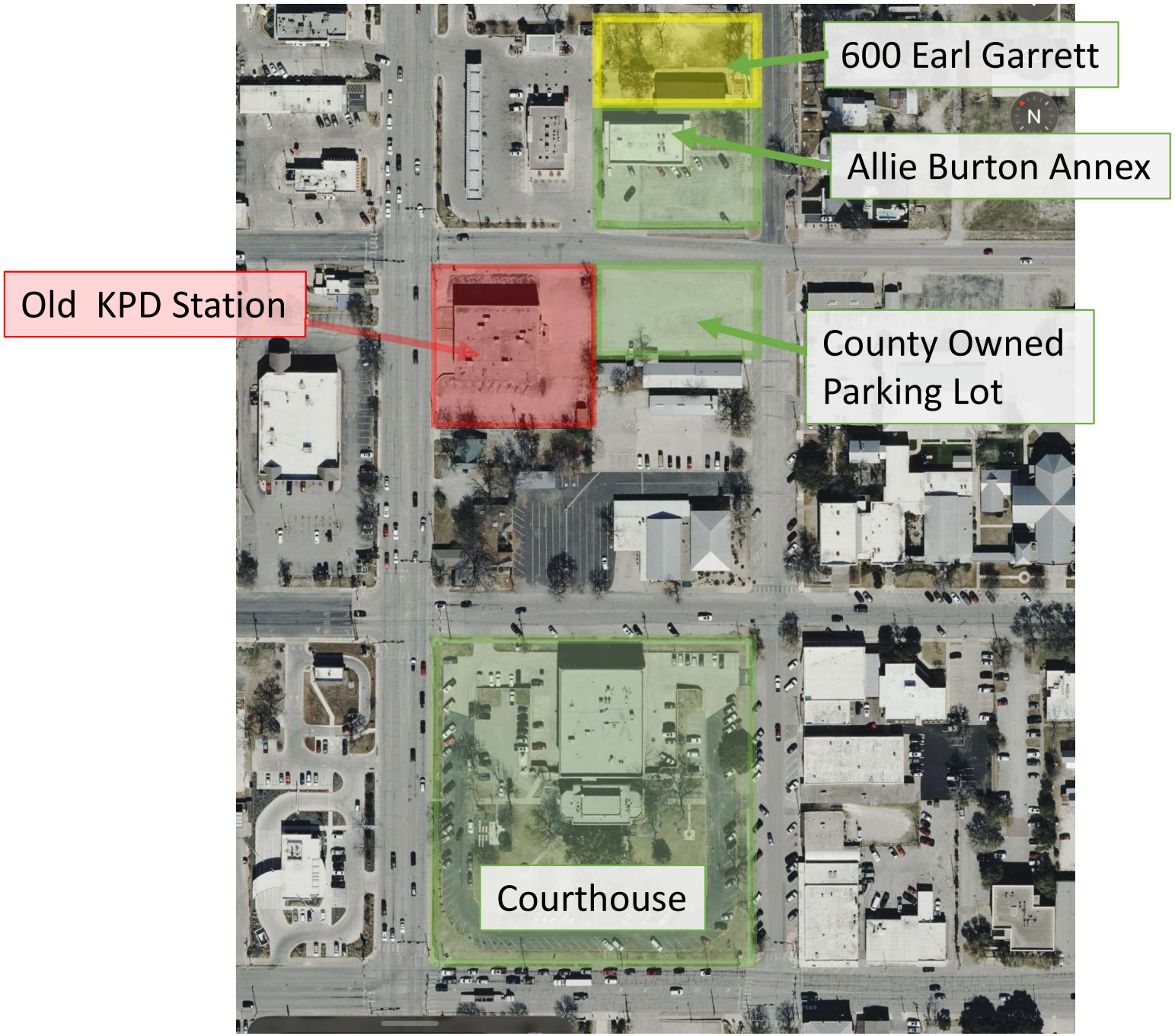
New Office Space Considered

- Allie Burton Annex (550 Earl Garrett) is being utilized – 1/3rd of the 1st floor and all of the 2nd floor were unoccupied.
- Juvenile Detention Facility (3501 Legion Drive) was considered but is not suitable for long term office use.
- Kerr County issued a Non-Binding Letter of Intent expressing an interest in the old Kerrville Police Station at 429 Sidney Baker St. that was accepted by the City of Kerrville.
- Both parties have now signed a purchase-sales agreement.
- The county has 60 days from 10/7 to conduct thorough due diligence to understand the current condition and likely cost to repair and renovate the building.
- A committee of county employees will be formed to recommend floor space usage for flood displaced personnel.

Old Police Station – Pros & Cons

- **Pros:**
  - More than enough space - 15,604 sq ft.
  - Proximity to courthouse, Allie Burton Annex, and county owned parking lot at 424 Earl Garrett.
  - Acquisition and renovation costs will be largely covered by our insurance settlement.
  - Pre-stressed concrete structure is in sound condition?
- **Cons:**
  - Roof replacement required.
  - Asbestos remediation required.
  - Elevator replacement required.
  - Electrical upgrade / modifications required?
  - Plumbing / Sewer repairs?
  - If we decide against the building, the county will be out all costs associated with inspections.

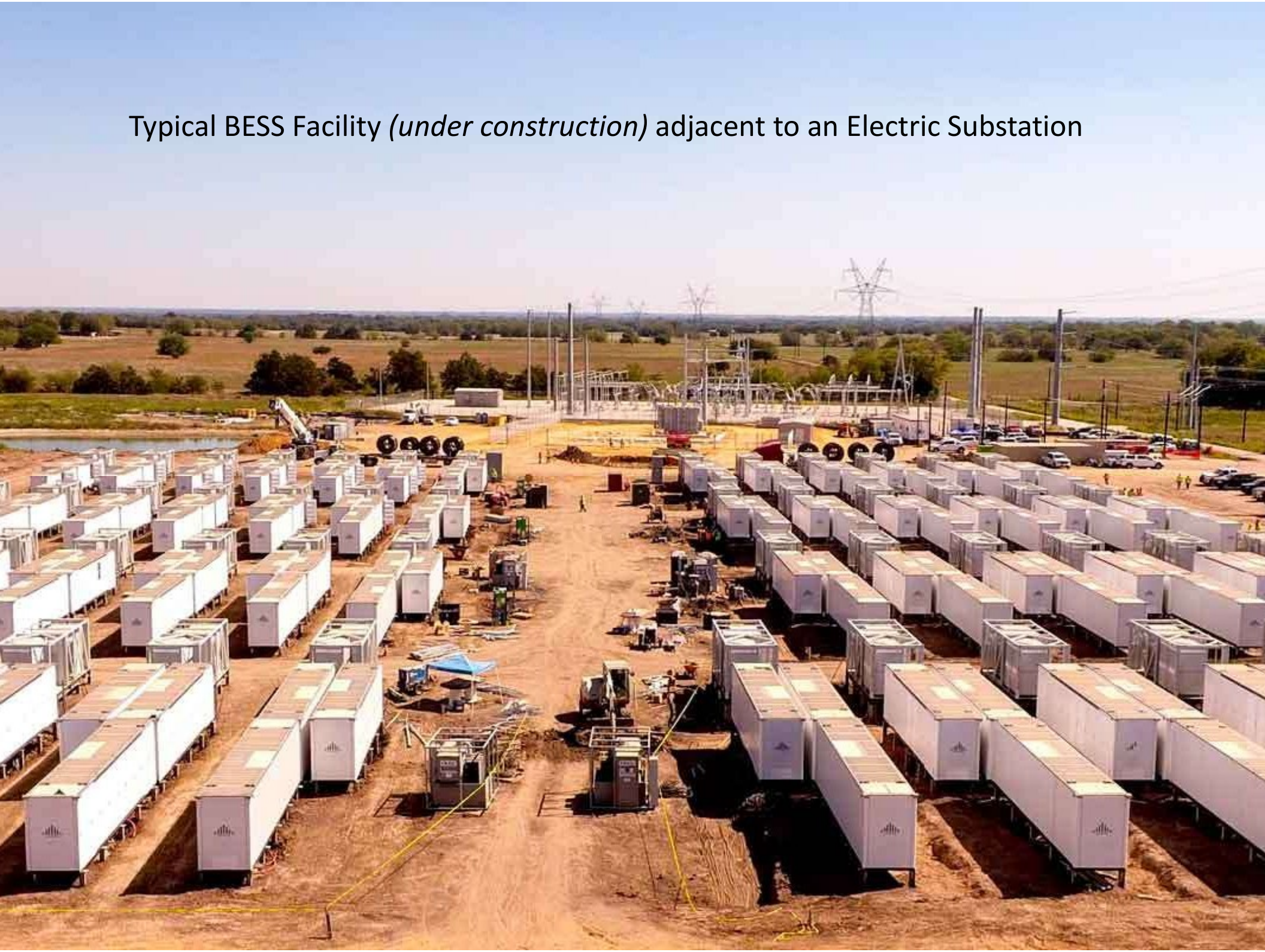
Potential County Campus?



Other Real-Estate Optimization

- Old Animal Control Shelter on Hwy 534 – sold
- 600 Earl Garrett (old church building) – for sale
- Maintenance Facility at 500 Hayes (half block of prime real-estate) – for sale
- 500 Ranchero Road – for sale
- 115 Valley View – for sale

Typical BESS Facility *(under construction)* adjacent to an Electric Substation



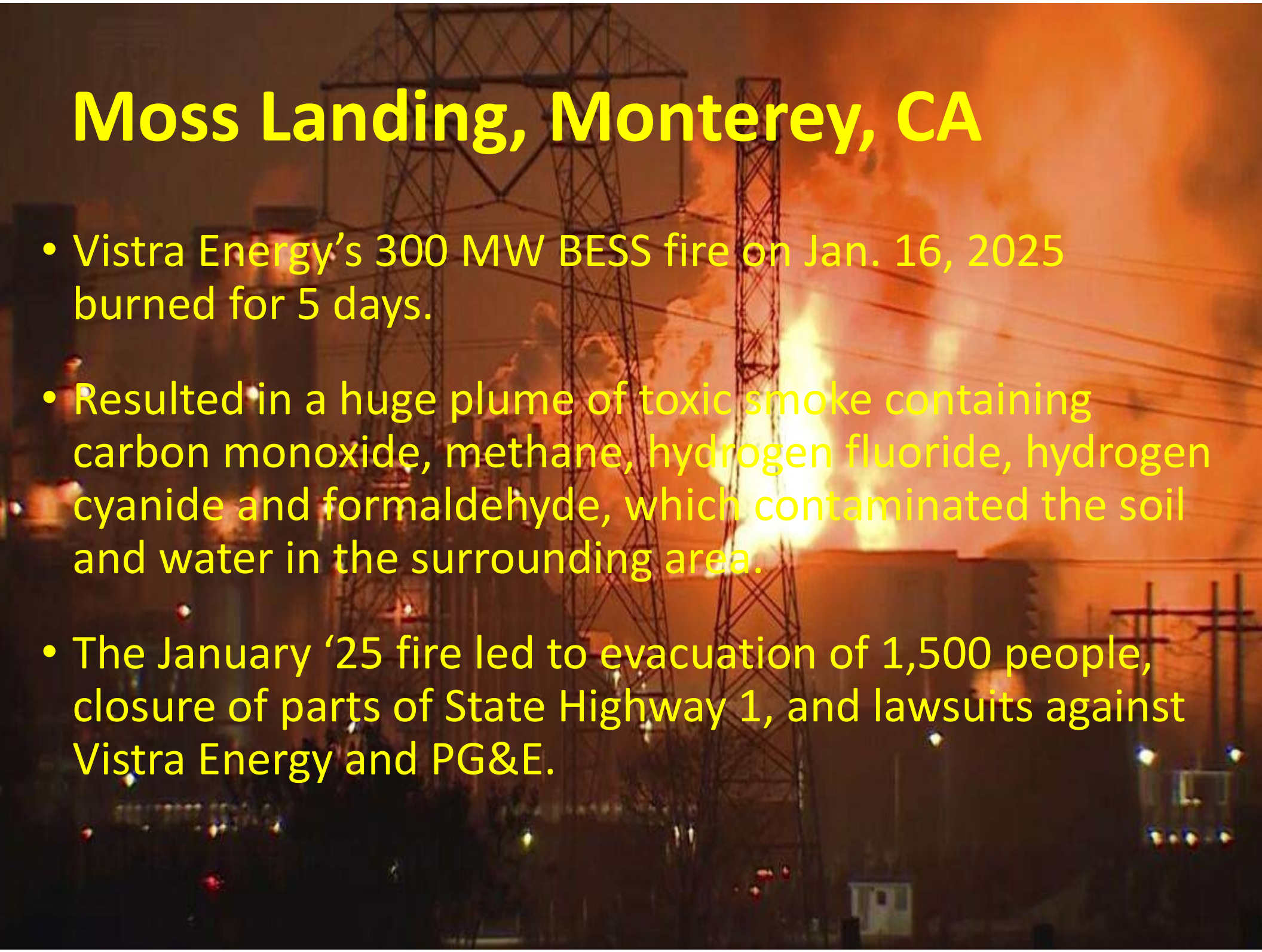
Battery Energy Storage System Concerns

- Lithium batteries have a history of instability and overheating, leading to thermal runaway, fires and explosions (e.g. Moss Landing, CA).
  - Raises concern regarding their installation in the pristine Texas Hill Country that is prone to frequent severe drought and to rapidly spreading wildland fires.
  - Extremely difficult to extinguish a lithium battery fire.
  - Our rural volunteer firefighters lack sufficient foam and water to extinguish a BESS fire and US DoT recommends all personnel, including first responders, be evacuated at least 500 meters from a lithium-ion battery fire.
  - Environmental impact from a BESS runaway fire - toxic gases are released & contaminants would find their way into our creeks, rivers & precious shallow groundwater on which we all rely.
  - Risks far outweigh any benefit associated with BESS power stabilization or tax revenue.

Battery Energy Storage System Concerns

- Inadequate regulations on eventual disposal of BESS lithium batteries.
- BESS facility dramatically lowers the property value of the adjacent land.
- BESS do not generate energy and has a power discharge cycle limited to 2-3 hours, rendering it useless in any prolonged power outage.
- Lithium battery components are mined and manufactured abroad, primarily benefiting foreign adversaries.
- Many BESS components, controllers & circuit boards are manufactured in China, creating major cybersecurity and grid vulnerability concerns.
- BESS facilities are remotely controlled, making them vulnerable to cyber attacks, and unmanned with no long-term local jobs associated.
- Property taxes are the only benefit for our local community.
- BESS developers target unincorporated areas of small counties, acquiring land adjacent to electricity transmission substations, because no local approvals are needed, unless the county has a fire marshal permit requirement.

Moss Landing, Monterey, CA



- Vistra Energy's 300 MW BESS fire on Jan. 16, 2025 burned for 5 days.
- Resulted in a huge plume of toxic smoke containing carbon monoxide, methane, hydrogen fluoride, hydrogen cyanide and formaldehyde, which contaminated the soil and water in the surrounding area.
- The January '25 fire led to evacuation of 1,500 people, closure of parts of State Highway 1, and lawsuits against Vistra Energy and PG&E.

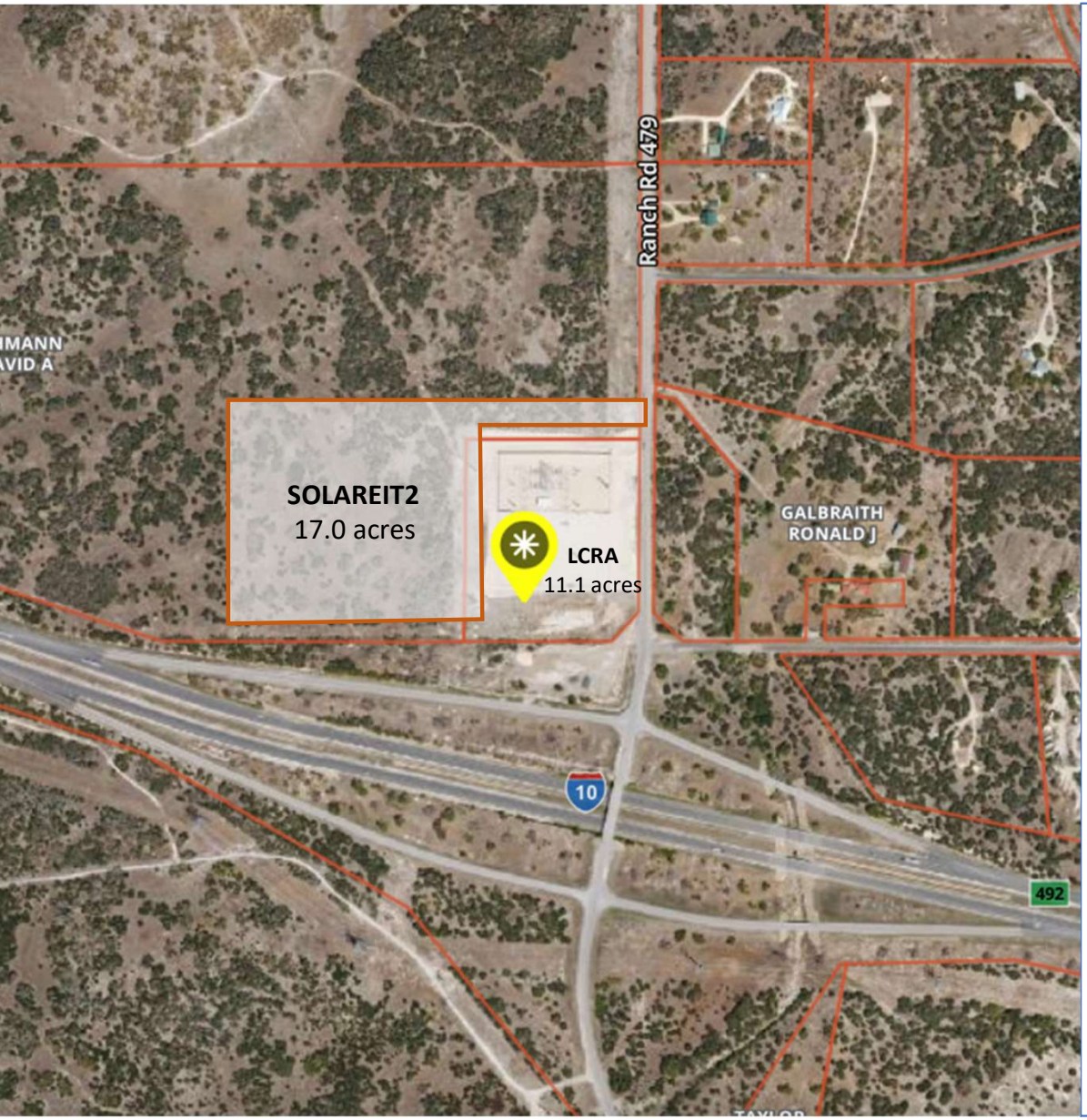
Other BESS Fires

- South Korea (2018-2019) – A series of **23** BESS fires led to extensive investigations and safety improvements.
- Surprise, Arizona (2019) – A thermal runaway event caused an explosion, injuring four firefighters.
- Gunwi-gun, South Korea (January 2022) – Firefighters entered a burning BESS facility unaware of explosion risks, sparking controversy.
- Chandler, Arizona (April 2022) – A fire in a containerized BESS unit lasted over ten days, requiring continuous sprinkler use and robotic intervention.
- Chaumont, New York (July 2023) – A fire at a solar farm's lithium-ion battery storage facility burned for four days before being extinguished.
- May, 2023 a NextEra Energy Resources BESS in East Hampton, New York caught fire.
- June, 2023 a Convergent Energy and Power BESS in Warwick, New York caught fire.
- Otay Mesa, San Diego (June 2024)
- Dec. 2025, the Convergent Energy & Power Church Street BESS caught fire in Warwick, New York. The fire was confined to a single container, but burned for two days, requiring a multi-agency response.

State Fire Marshall's Presentation to Kerr Commissioners Court 1/27/25

- "Are battery energy storage systems safe?"
  - …."However, when malfunctions occur, data shows they happen in less than **2%** of the installations."
- The problem is that ERCOT & PUCT are planning for +/-1069 *(and growing)* BESS facilities across Texas
  - **Are 20+ thermal run-away fires acceptable?**
- One thermal run-away fire in the environmentally sensitive hill country would be disastrous.

Kerr County BESS Project in Mt. Home



NAME: EAST-WEST ENERGY BESS
7750 MOUNTAIN HOME LCRA SUBSTATION

LOCATION:RANCH ROAD 479 AND I-10

PROJECT: 2026-27 $90M LITHIUM BESS PLANT
PROPOSED BY ESVOLTA / EAST WEST ENERGY.
120 MW BESS PROVIDING 2 HR POWER.
OPERATIONAL 6/30/2027 - ?

LANDOWNERS: SOLAREIT2-A-III LLC

CONCERNS:
PROXIMITY TO I-10 IN CASE OF FIRE

CONSIDERABLE DEVELOPED & UNDEVELOPED LAND ADJACENT

THERMAL RUNAWAY OF LITHIUM BATTERY AGGREGATION

VFD CONTAINMENT OF FIRE, SMOKE, REQUIRING EXCESSIVE WATER USAGE IN A “PGMA”

CYBER SECURITY OF KEY INFRASTRUCTURE

BESS Root Cause

- Texas increasingly relies on intermittent renewable energy.
- Both wind & solar energy failed Texas in 2021 winter storm Uri.
- Renewables benefit from government subsidies, tax abatements, and transmission company guaranteed RORs.
- Inconsistent power from renewables creates the need for BESS.
  - *"BESS facilities are NOT storing power during the day to be used at night. They are providing artificial inertia to the grid, as well and frequency control and ancillary services. None of these services would be required absent wind and solar power" (per Francis Menton, Manhattan Contrarian)*
- Instead of unreliable wind & solar energy, Texas should expand power generation capacity using reliable natural gas.

Green Energy? – Sweetwater, TX Boneyard

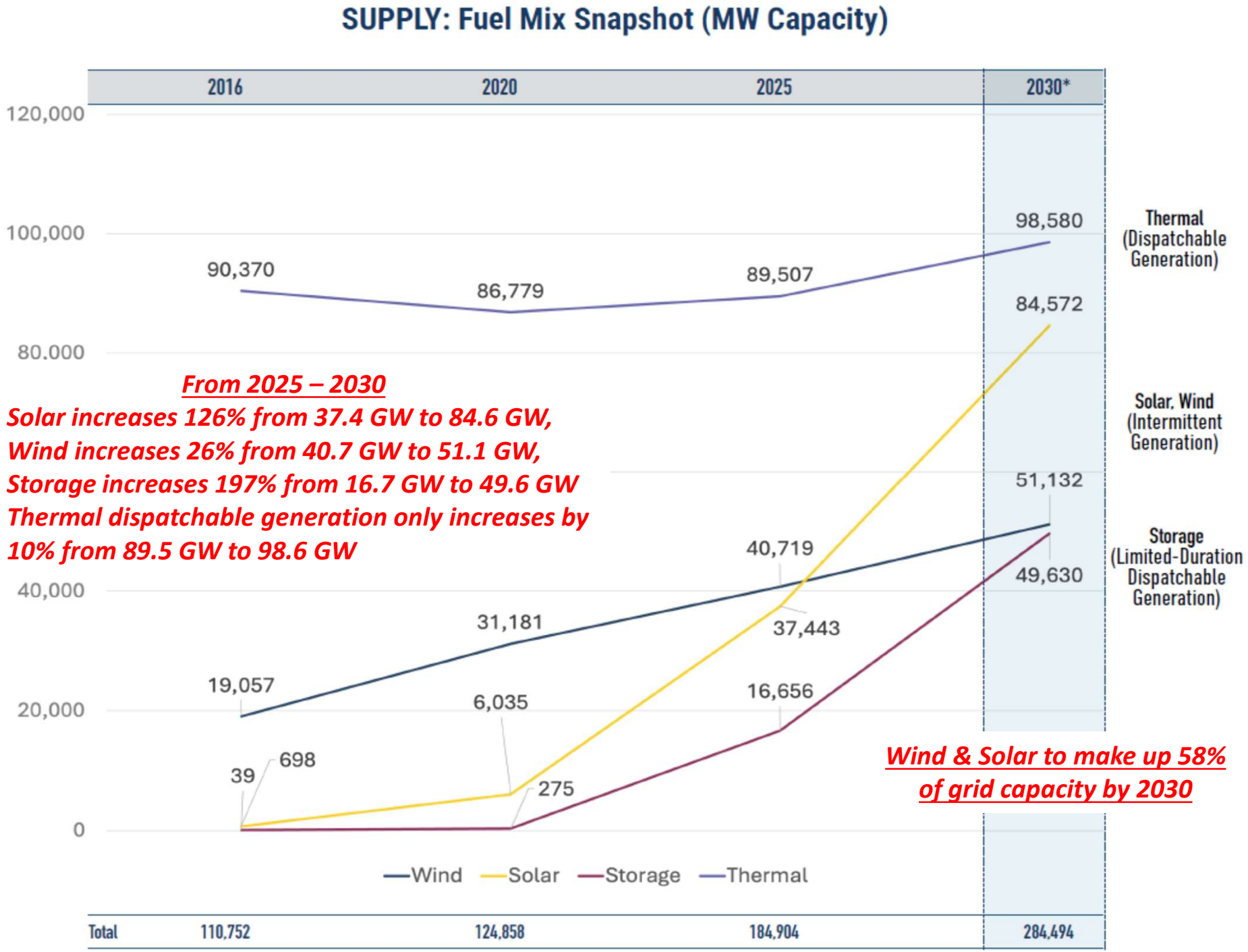


- *Both wind & solar energy failed Texas in 2021 winter storm Uri*

ERCOT Grid Fuel Mix (*as of: June 3, 2026)*

	Current Generation		**Monthly Capacity *(max)***	
Solar	20,887 MW	(29.6%)	39,378 MW	(20.7%)
Wind	6,556 MW	(9.3%)	40,586 MW	(21.3%)
Hydro	61 MW	(0.1%)	579 MW	(0.3%)
Power Storage	-889 MW	(-1.3%)	20,704 MW	(10.9%)
Other	51 MW	(0.1%)	643 MW	(0.3%)
Natural Gas	32,481 MW	(46.1%)	69,756 MW	(36.6%)
Coal and Lignite	6,299 MW	(8.9%)	13,705 MW	(7.2%)
Nuclear	5,016 MW	(7.1%)	5,268 MW	(2.8%)
	70,462 MW	(100.00%)	190,619 MW	(100.00%)

Extract from ERCOT's "2025 State of the Grid"



From 2025 – 2030

- ***Solar increases 126% from 37.4 GW to 84.6 GW,***
- ***Wind increases 26% from 40.7 GW to 51.1 GW,***
- ***Storage increases 197% from 16.7 GW to 49.6 GW***
- ***Thermal dispatchable generation only increases by 10% from 89.5 GW to 98.6 GW***

Wind & Solar to make up 58% of grid capacity by 2030

391 HCESRPC was formed to fight BESS

- Texas **Local Government Code Section 391.009** (c) states: *"in carrying out their planning and program development responsibilities, state agencies shall, to the greatest extent feasible, coordinate planning with commissions to ensure effective and orderly implementation of state programs at the regional level".*
- 391 Sub-Regional Planning Commission with Kendall County
  - First HCESRPC Board meeting was held Feb. 14, 2025
  - Gillespie County joined HCESRPC on Nov. 18, 2025
- Held a coordination meeting with TCEQ to understand their approval process, make them aware of our concerns and move them to proactively study the worst case (major thermal runaway fire).
- Tried to hold coordination meetings with LCRA, PUCT and ERCOT on BESS development in Kerr & Kendall Counties.
- Now focused on creating awareness of the issues and on working with legislators to pass Bills to regulate BESS facilities, promote safety and cybersecurity, and ensure responsible disposal of used batteries.

PUCT Correspondence - *"the Problem"*

- Starting with HCESRPC's initial notification sent to PUCT on February 14, 2025, four notices were sent calling for a coordination planning meeting with our commission. PUCT responded with one letter dated March 31, 2025 and one email dated May 8, 2025 as follows:
- "PUCT does not have the ability to affect the location or type of electric generation, including batteries. **In the ERCOT region, power generation is largely deregulated.** Companies do not need permission from PUCT. **The type and location of electric generation is made by developers and investors of each project**... A power generator must secure an interconnection agreement from the local electric distribution utility and ERCOT…the interconnection agreement does not dictate the location or type of electric generation."
- "Participation in these 391 Commissions is dependent on the jurisdiction of the state agencies involved. In the situation relating to battery projects, we are not aware of any existing state programs related to battery storage facilities that involved PUCT administration. We are unable to participate as requested."
- *Copies of all correspondence are available on the commission's website at **www.HCESRPC.com** under the Correspondence Page in chronological order.*

Cybersecurity Concerns!

- Department of Energy's Office of Cybersecurity, Energy Security, and Emergency Response (CESER) found that **over 90% of grid-scale BESS deployed in the U.S. contain critical components manufactured in China**, including battery management systems (BMS), power conversion systems (PCS), and supervisory interfaces."
- DOW prohibits all BESS and China made control systems on their bases.
- On August 26, 2026, President Donald J. Trump issued Executive Order 14420, “Declaring a National Emergency to Secure the United States Bulk-Power System.” Section 5(b) expressly includes battery energy storage systems within “bulk-power system electric equipment” and recognizes associated software, firmware, remote-access capabilities, lifecycle maintenance and update mechanisms, and other supply-chain dependencies as potential sources of unacceptable risk.
- *PUCT and ERCOT have not been enforcing Texas Business & Commerce Code Chapter 117 and GA 48 & 49 to ensure that the grid is protected from cybersecurity threats.*
- *Over 700 attestations from BESS developers are missing!*

What Has Been Done to Protect Kerr County?

1. Established a Chapter 391 SRPC with Kendall & Gillespie Counties.
2. Appointed Dr. Robert Steele*, President of Columbia Power Systems, Inc., as our technical expert to review all documents submitted by a developer for compliance with all applicable codes and standards.
3. Established a Kerr County Fire Marshal Permit & Fee Schedule, which will pay the costs of the application review.
4. Contracting a part-time Fire Marshal to oversee the permit application and review process.
5. Asked TxDOT to conduct an emergency traffic management study to determine how 16,000 vehicles per day would be re-routed and what the impact would be on Texas commerce assuming a Mt. Home BESS fire that would close I-10 for up to a week.
6. Requested Texas Parks and Wildlife Dept. to assess the potential impacts of a BESS thermal runaway fire on threatened and endangered species in the Texas Hill Country.
7. Provided numerous comments on various bills & proposed regulations.

Our Proposed Senate Bill 3 Amendment

- In 1999, the Texas Legislature passed Senate Bill 7 and restructured the electric market toward competition, which became effective in the ERCOT region January 2002. That competitive framework left a huge gap: developers are free to choose the type and location of new generation and battery storage without real oversight.
- Our 391 working group prepared a proposed amendment to Senate Bill 3 (from the 87th Legislature) to close that gap — **addressing not only BESS, but the root cause: the lack of clear regulation and evaluation of whether the best type and location of new power generation is being proposed**.
- Our Amendment would give PUCT/ERCOT clearer, enforceable oversight over large generation and BESS, by requiring a mandatory Large Resource Public Interest Finding *(at the developer's cost).*
- The finding would require PUCT, with ERCOT and transmission-provider technical support, to evaluate the generation type, location, deliverability, reliability contribution, total system cost, ratepayer-funded transmission impact, cybersecurity, foreign-adversary critical-infrastructure compliance, emergency preparedness, and storage-facility safety risks.

Senate Bill 3 Amendment

- **Why should Legislators support this Amendment?**
- Because it preserves the benefits of Texas's competitive electricity market while strengthening accountability for reliability, system cost, ratepayer impact, security, and public safety.
- It helps ensure that Texas builds not only more capacity, but the right capacity in the right locations, with the right reliability value, at a total system cost Texans can afford.
- **Every Texas ratepayer will appreciate all legislators who make this amendment a priority in the upcoming Legislative Session.**
- ***"Texas needs the right generation, in the right locations, with the right reliability—at a total system cost Texas ratepayers can afford."***

Tonight, I wanted you to know four things:

1. **I’m keeping your property taxes as low as possible.**
2. **I’m still working hard on flood recovery.**
3. **We're solving the courthouse space problem carefully.**
4. **I’m protecting Kerr County from BESS hazards and fighting for stronger state oversight of our grid.**

Questions?

Thank You!

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