

to: Mayor Ron Nirenberg
From: Carol Patterson, EAA Board member
Date: August 18, 2020 on-line meeting, 8:00 am

Subject: Helping prepare a win-win alternative to EAPP sales tax funding
EAPP-COSA
DISCUSSION CONCERNING EAPP SALES TAX
ALTERNATIVE FUNDING METHODS

1. An alternative providing continued full funding for aquifer protection afforded by the aquifer sales tax is absolutely required - presently \$20 million per year.

Reduced funding is unacceptable. The old proposal for \$109 million over 10 years presented in City Council B Session in February 2020 is not adequate to protect quality and quantity.

An alternative starting with \$20 million per year would be acceptable, if allowed to renew and if tied to a funding source that increases with inflation over time, as the aquifer sales tax did during its 20-year existence.

2. The funding source must be renewable as long as aquifer scientists say it needs to be renewed.

Both for aquifer water quality and aquifer water quantity, it makes no sense to terminate the EAPP program in 10 years when very serious threats persist. This is especially important for Edwards water supply permits, which are subject to review and revision in 2028 under the Incidental Take Permit from US Fish & Wildlife Service issued to both EAA and SAWS. That renewal of the ITP permit in 2028 will determine water supply available from the Edwards in the future, based on effects on minimum springflow at Comal Springs and San Marcos Springs, taking into account the effects of Climate Change and any changed conditions such as increase impervious cover in the aquifer watershed - both Recharge Zone and Contributing Zone = affecting recharge, especially in the event of a repeat of the Drought of Record of the 1950's.

Therefore, it is completely unacceptable to terminate the EAPP after ten years, as was previously contemplated. It must be renewable after 10 years and more, until aquifer scientists for the EAA and City indicate the EAPP is no longer needed to protect Edwards water supply permits and Edwards water quality

3. The funding source must increase in the future to keep up with inflation in program costs.

Costs of acquiring protective conservation easements have been proven to increase with time. LMI - the City's own EAPP consultant - put these increasing costs at 5% per year compounded for land outside Bexar County and at 6% per year compounded for land inside Bexar

County.

Increasing funding sources to cover inflation is important because inflation in land values has occurred and is still occurring for acquiring conservation easements in both the Recharge Zone and Contributing Zone. These increases have been greater than originally anticipated.

In its 2013 real estate evaluation, LMI determined that with continued full funding through the sales tax and 5% annual inflation in conservation easement costs, the EAPP program objectives in the Recharge Zone only could have been achieved by the year 2037 to cover the current permitted withdrawals to SAWS (p.4-9, Table 4-4, LMI 2013) under average recharge conditions (not drought year conditions).

However, what happened is that between 2013 and 2017, the cost of purchasing conservation easements jumped from \$1871/acre to \$2696/acre. (p. 4-3, LMI, 2018). This increase vastly exceeded the inflation in real estate costs that had been predicted at 5% year compounded overall, and put achievement of the goal of 100% protection of SAWS permits under average conditions (not drought conditions) out of reach, even with full continued funding. Protection in drought conditions was simply impossible, under the deeply flawed metric the LMI study had adopted for defining when aquifer pumping permits were "protected."

It is essential that the City of San Antonio continue its contribution to aquifer protection at present full levels, even if the EAA is to add its recently proposed aquifer protection plan to the City's EAPP. This is because:

- 1) The full continuation of present funding is essential to encourage other permit holders from the around the Edwards region to make similar contributions to that of the City of San Antonio.
- 2) The budget of the EAA would have to be doubled in order to pay for the program just at present \$20 million/year level. That would require 9 years of maximum allowable fee increases (8% per year) during which time increases in real estate costs would likely have outstripped the increase by another 84%.
- 3) The EAA plans on protecting more than the watershed above San Antonio. The EAA also must protect the entire watershed above the springs, which is much larger than the area covered by the present EAPP of the City of San Antonio.
- 4) The EAA can use its money to acquire easements and pursue strategies in the entire contributing zone, but it needs at least the present full funding from the City of San Antonio to achieve its goals. This is in everyone's interest across the region, including COSA and SAWS.
- 5) The cost of not protecting the contributing zone, where 80% of the rainfall occurs, puts the cost of protection in

perspective. First, Robert Puente has estimated the cost of two treatment plants at approximately \$700 million each, if there is a water quality disaster requiring treatment of the Edwards Aquifer.

Secondly - and even more expensive - the cost of replacing diminished Edwards permits due to failure to protect minimum springflow due to loss of drought time recharge with alternative new non-Edwards water supplies has already been demonstrated at about \$3 billion per 50,000 acre feet (Vista Ridge cost estimates). This is what would happen if US Fish & wildlife were to require a 8% reduction in Edwards pumping permits beyond the 44% maximum reduction in drought of record conditions presently set forth in the Incidental Take Permit issued to EAA, SAWS, New Braunfels, San Marcos and Texas State University.

BOTTOM LINE:

If the EAPP is not to be funded at full continuation of present funding levels afforded by the half of the 1/8th cent sales tax of the City of San Antonio, there must be an Alternative Funding Method put on the table for consideration by both the EAPP's CAB (CITIZENS ADVISORY BOARD) and San Antonio City Council.

No such Alternative has been offered yet, since the \$109 million over ten years, debt financed and secured with a portion of SAWS 4% revenue sharing with COSA is clearly insufficient. This was the alternative funding offered in the February City Council B Session. It fails to meet all three tests discussed above in this memorandum.

However, we believe a win-win can be found by working together with all affected and interested parties - including myself.

One possibility is to put forth a Funding Alternative that would use a certain percentage portion of the present SAWS 4% Revenue Sharing that it is required to share with the City to produce an EAPP revenue stream of \$20 million per year at the outset, allow that amount to increase automatically each year as SAWS total revenues increase, and subject it to a review every ten years when aquifer scientists working for the EAA and City of San Antonio could weigh in with an updated assessment of what is needed to protect water supply (EAA Aquifer pumping permits) and water quality from the Edwards Aquifer.

I stand ready to work with the City's Chief Financial Officer as well as the Chair and members of the EAPP's CAB and City Council and the EAA to find such a Funding Alternative as expeditiously as possible.

And I am willing to get that job done right away working with all interested and affected parties right now - in August 2020. There is no need to wait until September to do the job of putting an acceptable Funding Alternative on the table for CAB and City Council consideration.

Please call on me and the other EAA Board members and EAA staff to get the job done with a win-win for all parties.

CAROL PATTERSON,
EAA BOARD MEMBER from Bexar County District 1.

Phone: (210) 824-3407, (210) 771-0895

E-mail: cgp@mygrande.net

https://www.researchgate.net/publication/272023526_ASSESSMENT_OF_THE_CURRENT_STATUS_AND_LONG-TERM_VIABILITY_OF_THE_CITY'S_EDWARDS_AQUIFER_PROTECTION_PROGRAM, (LMI 2013)

LMI 2018 attached to email