

# EDWARDS AQUIFER PROTECTION PROGRAM FUNDING ALTERNATIVE

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Photo: Seco Sinkhole, Hammond Ranch, Medina County

# BACKGROUND ON THE EDWARDS AQUIFER

- Most of San Antonio's drinking water comes from the Edwards Aquifer, a massive underground limestone formation
- The Edwards Aquifer receives water from rainfall on the Edwards Plateau, known as the Hill Country to the north and west of Bexar County
- Runoff from the Drainage Area flows into the ground through natural formations along the Recharge Zone





# EDWARDS AQUIFER PROTECTION PROGRAM

- Protects the Quality and Quantity of Water Recharging into the Edwards Aquifer
  - Land Purchase
  - Conservation Easements
  - Water Quality Projects
- Scientific Evaluation Team



EAPP Partners



# EAPP PROPERTY EVALUATION PROCESS



## PROPERTY MODELING & RANKING

GIS model ranks properties based on geological features, such as size and location



## BOARD REVIEW

Conservation Advisory Board (CAB) considers properties



## STAGE (1) DUE DILIGENCE

Geological assessment and property appraisal



## STAGE (2) DUE DILIGENCE

Phase I  
Environmental Site Assessment completed and property negotiations



## FINAL APPROVAL

Final CAB approval & City Council consideration



## CONSERVATION ADVISORY BOARD (CAB)

- Created in April 2000
- Provides input and advice to City Council on the Program
- 9 City Council-Appointed Members

## CAB Representatives

- Edwards Aquifer Authority
- Parks and Recreation Board
- Parks and Recreation Department Director
- San Antonio River Authority
- San Antonio Water System
- San Antonio Economic Development Foundation
- Texas Parks and Wildlife Department
- Medina County
- Uvalde County



# EAPP FUNDING PROPOSITION HISTORY

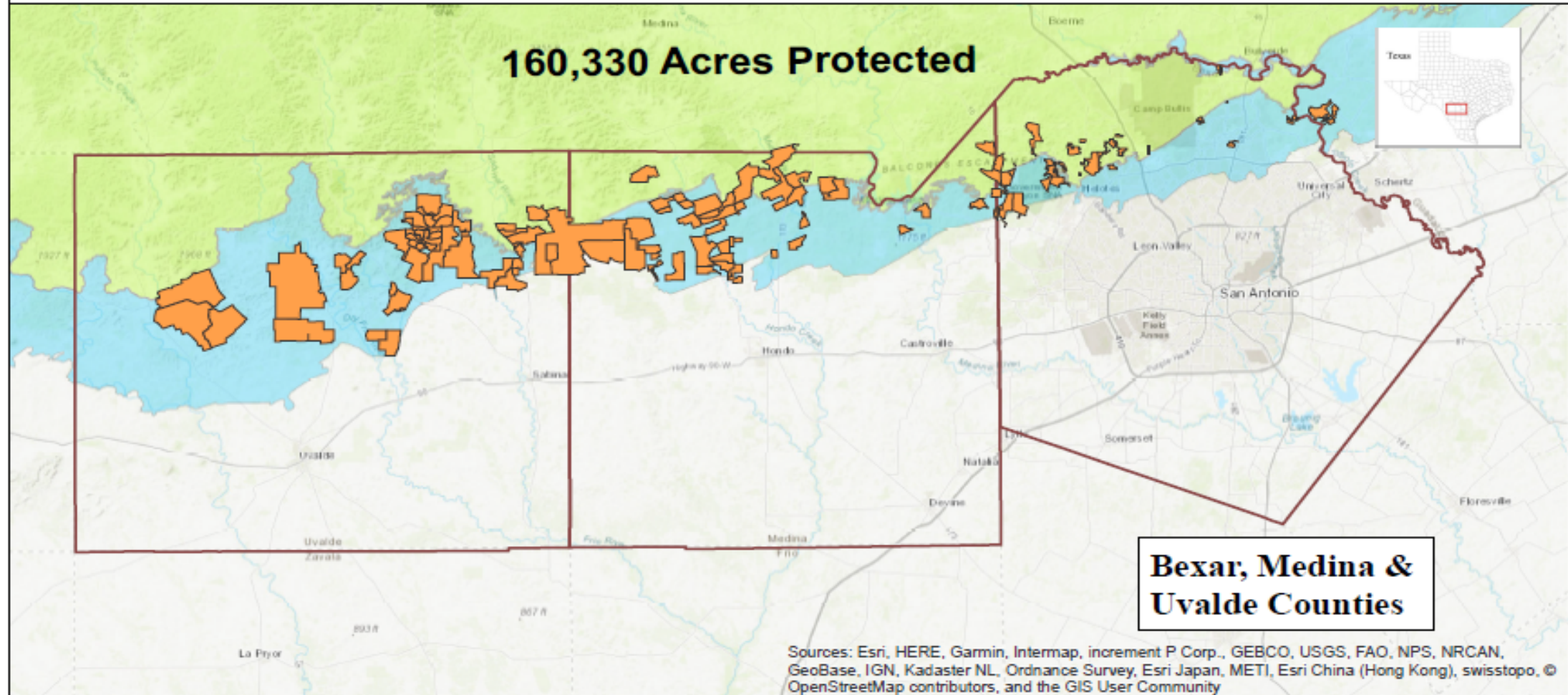
Year	Proposition	Tax Rate	Proceeds
2000	Prop. 3	1/8 cent	\$45 million
2005	Prop. 1	1/8 cent	\$90 million
2010	Prop. 1	1/8 cent	\$90 million
2015	Prop. 1	1/8 cent	\$100 million*
<b>TOTAL</b>			<b>\$325 million</b>



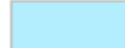
\*Includes \$10 million for Demonstration (Water Quality) Projects

*Funds expended to date have been used to protect over 160,000 acres located across the Contributing and Recharge Zones*



# City of San Antonio Edwards Aquifer Protection Program



-  Proposition 1 & 3 Properties
-  Edwards Aquifer Contributing Zone
-  Edwards Aquifer Recharge Zone

0 4.5 9 18 27 36 Miles



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# FUNDING ALTERNATIVE



The 2015 EAPP sales tax is projected to reach the \$100 million cap in Spring 2021



At that time there will be approximately \$20 million which will have been collected, but not spent. Those funds are expected to carry the program through FY 2022.



Proposed alternative funding structure would begin in FY 2023



City would contract with existing Municipal Facilities Corporation (MFC) to carry out the EAPP



Mayor & Council are the Board of Directors of the MFC, per City ordinance and MFC Articles of Incorporation



# KEY TERMS OF MFC AGREEMENT

## Total Commitment: \$100 million

- Program funding up to 10 years
- Excludes interest costs, financing costs, & maintenance and support costs
- Program objective: same as current program
- Begins in City's FY 2023

## Annual Program Funding

- Approximately equal amounts over program term
- Can be adjusted based on:
  - EAPP needs
  - Financial capacity of City taking into consideration other budget needs

## Conservation Advisory Board

- Will continue to advise on EAPP
- Collaborative process outlined to determine annual program amount with input from CAB
- Current Parks Dept. staff will continue to support EAPP



# KEY TERMS OF MFC AGREEMENT

## Program Funding

- Funded through the issuance of debt:
  - Short-term commercial paper (\$30M capacity)
  - Long-term fixed rate debt (20-25 year amortization)
- Cash funding at City's discretion from other sources
- Can be used to leverage grant funds
- Any lawful available revenues can be used to pay for debt or cash fund

## Debt Security

- City pledges a portion of City payment from SAWS (City's General Fund)
- No approval or coordination from SAWS required
- Security to bondholders
- Creates ability to issue debt for EAPP

## City Operating Budget

- Through Annual Budget, City provides funding to MFC
  - Debt service
  - Cash funding for program
- Program expenses such as monitoring or SET model update funded from City Operating Budget



# KEY TERMS OF MFC AGREEMENT

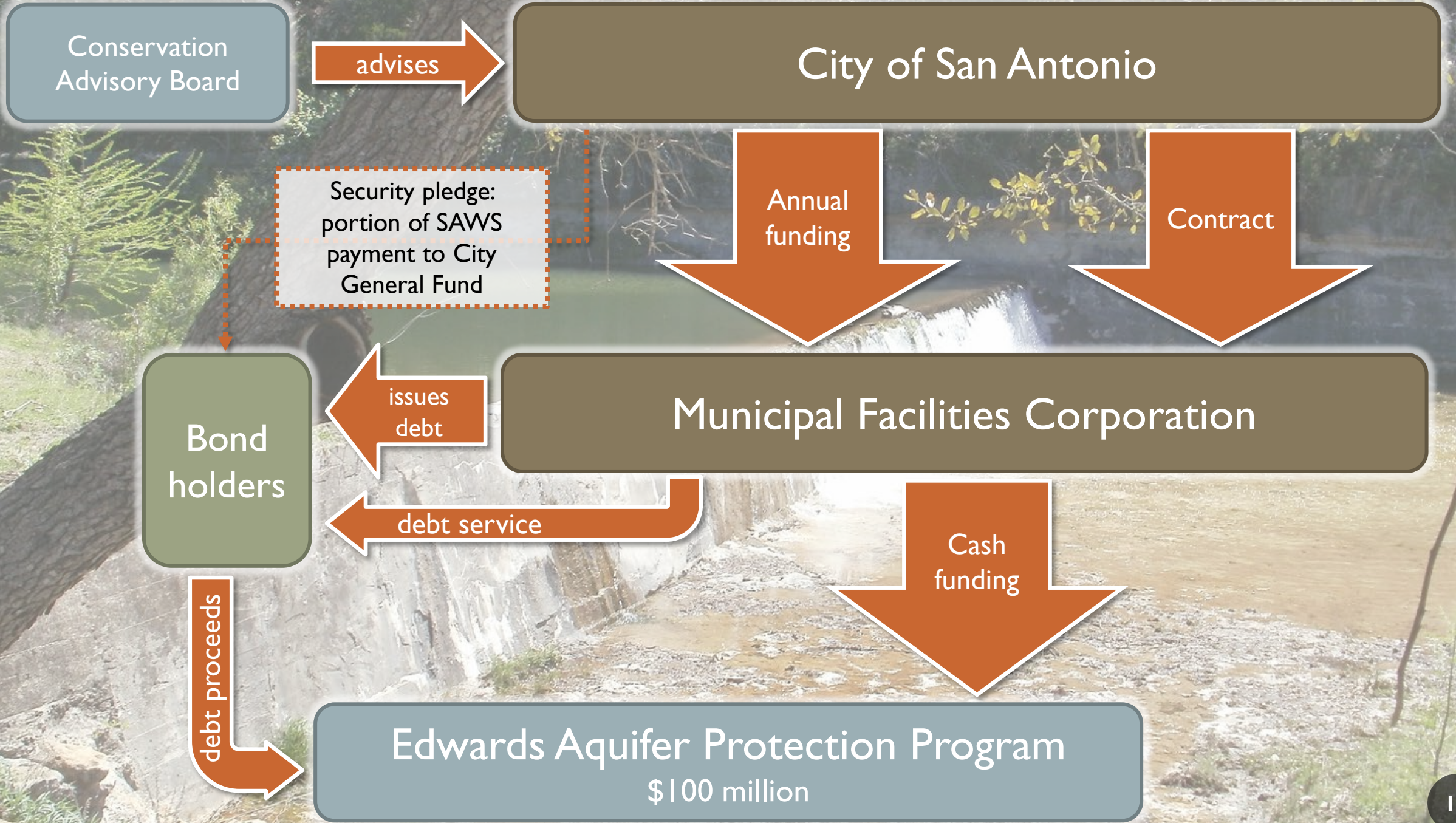
## Third Party Assistance

- Allows continued partnership with other entities, i.e. :
  - monitoring for compliance,
  - technical assistance
- Costs can be allocated as program costs or expense based on type

## Material Change in Program

- Material change cannot be made through budget process
- Ordinance & financing agreement would need to be amended by City Council action
- Would occur only after two public hearings at least 30 days apart









## NEXT STEPS

- Approval of ordinance and financing agreement with MFC
  - These documents establish the financing structure
- Other financing documents to support financing structure to be approved in FY 2022
- Program funding begins in FY 2023