



## MEMORANDUM

**To:** Nathan Pence, Program Manager, EAHCP

**From:** Roland Ruiz, General Manager, Edwards Aquifer Authority

**Date:** June 11, 2015

**Subject:** EAHCP Budget Planning Within Table 7.1

In follow up to the discussion at the Implementing Committee Meeting of May 21, 2015, I want to reiterate for your benefit and that of fellow committee members my commitment to assuring a higher level of transparency, justification and, ultimately, accountability in the tracking, reporting, and consideration of funding requests for EAHCP projects through the work plan process.

Given the nature of Table 7.1 within the EAHCP, which serves as our budgeting plan, it was contemplated that actual costs would vary from the particular budget line items and the total budget identified in Table 7.1 from year to year. However, it is important to remember that according to the EAHCP and the Funding and Management Agreement, the Edwards Aquifer Authority (EAA) is obligated to fund only up to, but not more than the 2013 Annual Funding Obligation, adjusted for a 2 % increase, compounded annually for the years thereafter. In other words, Table 7.1 represents a maximum limitation (ceiling) for funding of EAHCP activities; not a minimum guarantee (floor) for funding.

Therefore, please consider this as notice that I as the EAA representative on the Implementing Committee will not be able to support any recommended work plans that cause EAHCP expenditures to exceed the aggregate budget amount of Table 7.1. However, I will remain supportive of reprioritizing and/or reallocating expenditures within Table 7.1, as may be necessary, based on actual experience and real costs according to the following criteria:

1. Zero net impact to Table 7.1 -- any proposed changes (increases in budget line items) do not result in the aggregate costs exceeding the EAA's funding obligation. With any proposed change, a demonstration of savings within Table 7.1 must be shown that allows for the reallocation of funds from one budget line to another such that there is no net increase to the budget; and
2. High priority needs only-- a budgetary change is justified by demonstrating that such a change is critical to addressing a high priority need within the EAHCP.

I bring this matter forward now so as to raise the level of diligence among the Implementing Committee in holding to the financial limits to which we agreed within Table 7.1 of the EAHCP and the FMA. My intent in this is to ensure we maintain a reasonable approach to achieving our goals within the EAHCP by balancing it with our fiduciary responsibility to the various publics we represent. In particular, I believe it critically important to maintain and build upon the high level of trust granted to us in this endeavor, in particular by those who are funding these activities through the assessment of aquifer management fees.

cc: EAHCP Implementing Committee, EAA Board of Directors