

San Antonio River Authority as Leasing Agent for Edwards Aquifer HCP ASR leases

Philosophy

- Develop, operate and maintain leasing program in accordance with EAA and HCP Implementing Committee requirements

Experience

- SARA has been the administrator for the Regional Water Resources Development Group (RWRDG) since its inception in 1999, and has been in the role of agent and administrator since 2006
- SARA is in a position to act immediately, given SARA's established market relationships with potential Lessors/Permit Holders in all counties,
- SARA has an established professional working relationship with EAA, and a proven system in place that would allow for the process to commence smoothly
- As a public agency, SARA offers a transparent process, and a level of accountability not found in the private sector.

Acquisition Strategy

- Maintain a stable market with minimal price disruptions
- Develop an acquisition plan to acquire 50,000 AF utilizing market strategies that may include:
 - Commencement of leasing activity in 2012
 - Long and short term leases
 - Laddering of leases with different term lengths
 - Guaranteed renewals after expiration of primary term of lease
 - Options for lease of water needed in Tiers 2 and 3
 - Preferential schedule for acquiring Tier 1 leases versus Tier 2 and 3 options
 - Pricing structure of market strategies to maintain market integrity and manage cost of program
- Available pool of prospective leases includes unrestricted irrigation rights as well as rights in inventory from cities, water utilities and industry
- Due to pending higher Aquifer Management Fee structure, municipal and industrial permit holders may be incentivized to participate

Current RWRDG activity

- RWRDG has experienced a decrease in lease requests, with no requests in 2010 or 2011, and one request for 150 AF in 2012/2013
- Current RWRDG lease inventory totals 9,327.07 AF, all of which will expire by 2017
 - SAWS/former Bexar Met leases - 6,333.72 AF
 - Remaining RWRDG Participants leases - 2,993.35 AF
 - Over the next two years 1,605 AF of remaining RWRDG Participants leases will be expiring; of that, only 519 will potentially be renewed
- RWRDG's current pricing structure has remained stable for five years:
 - Five years or less: \$110/AF
 - Ten-year leasing structure:
 - \$136/AF level term; or
 - \$115/AF for first five years and \$140/AF for second five years

Billing

- SARA would bill EAA for actual expenses based on services requested. Billing could be on a monthly basis or other mutually agreed upon terms.