

**October 8, 2010 Addendum**

**Dry Year Option Program for the Edwards Aquifer Implementation Program (EARIP)**

**SUMMARY**

The Dry Year Option work group met on October 8 to discuss the program and consider modifications. By consensus, the group recommended four program modifications:

1. Change the name to Irrigation Suspension Program Option
2. Increase the target acre-feet enrolled to 40,000 acre-feet as follows:
  - a. Bexar – 5,000 acre-feet
  - b. Medina – 20,000 acre-feet
  - c. Uvalde – 15,000 acre-feet
3. All enrollees, including those in Uvalde County will paid the same amount.
4. All enrollees, including those in Uvalde County will use a J-17 for triggering suspension.

**NAME CHANGE**

The group would like to consider changing the name of the program to the Irrigation Suspension Program Option (ISPO) for a couple of reasons. First, irrigation suspension reflects who the target enrollees are and what they will be doing under prescribed conditions. This change will also avoid any confusion for situations in which the trigger level is activated on September 1, suspension occurs the following calendar year, implementation payments are made and improved rainfall occurs the following calendar year. Second, retaining the word “Option” continues to reflect the voluntary nature of program participation.

**PROGRAM ELEMENTS**

**Revised Target Volume**

The revised volume goal for the ISPO program has been increased to 40,000 acre-feet and includes an additional 5,000 acre-feet in Medina County plus 15,000 acre-feet from Uvalde County. The intent of the ISPO program is to leave water in the aquifer for the benefit of springflow and not to allow withdrawals by another party. The financial offering for the program are clearly aimed at base irrigation groundwater rights; however, all permitted irrigation water rights (base and unrestricted) will be accepted in the program. Any permitted irrigation water rights, are eligible for enrollment in the program since all modeling scenarios assume total permitted Edwards Aquifer withdrawal rights are pumped when aquifer or spring conditions allow. Further, irrigators whose withdrawals are monitored by real time automated meters will be allowed to enroll a portion of their water rights in the program. If there is a larger-than-expected participation in the program, enrollees can, if necessary, be divided into lots to mitigate local economic impacts of reduced irrigation.

**Estimated Program Benefits**

The original benefits for the program were modeled by HDR and presented at the September 9, 2010, work session meeting and can be found on p. 17 of a PowerPoint at the following link:

[http://earip.tamu.edu/EARIPMeetings/Sep0910/EARIP\\_Tech%20Analyses\\_9-9-2010,%20Abrev,%20FINAL.pdf](http://earip.tamu.edu/EARIPMeetings/Sep0910/EARIP_Tech%20Analyses_9-9-2010,%20Abrev,%20FINAL.pdf)

HDR is preparing a new model run and evaluation to estimate the revised benefits of a program with the recommended enrolled acre-feet and will make a presentation at the October 21, 2010, meeting.

### Estimated 10-year Program Costs

The ISPO Workgroup recommends that the EARIP consider a starting point with two programmatic offerings; a five-year a ten-year program. Both programs will have an annual standby fee and an implementation fee equal to three times the annual standby fee as follows:

- Five-year program
  - initial standby fee of \$50/acre-foot that increases 1.5% per year
  - initial implementation fee of \$150/acre-foot that also increases 1.5% per year.
- Ten-year program
  - initial standby fee of \$57.50/acre-foot for years 1-5 and a step-up to \$70.20/acre-foot for years 6-10
  - initial implementation fee of \$172.50/acre-foot for years 1-5 and a step-up to \$210.60/acre-foot for years 6-10.

Estimating the cost and benefit of the ISPO program is difficult as it is dependent on the volumes of water and number of permit-holders electing each option (five or ten year programs) and the number of years the program will be implemented during a ten-year period. However, the table below shows the estimated ten-year drought of record program costs based on four potential enrollment scenarios.

Scenario #	Program Name	% of ac-ft Enrolled	Scenario Cost
1	Five Year Option (+1.5% Increase/Yr) (2 terms)	100	\$81,616,080
2	10-Year Option (Year Five Step-Up)	100	\$102,160,000
3	Five Year Option (+1.5% Increase/Yr) (2 terms)	75	\$61,212,060
	10-Year Option (Year Five Step-Up)	25	\$25,540,000
	<b>TOTAL</b>	<b>100</b>	<b>\$86,752,060</b>
4	Five Year Option (+1.5% Increase/Yr) (2 terms)	50	\$40,808,040
	10-Year Option (Year Five Step-Up)	50	\$51,080,000
	<b>TOTAL</b>	<b>100</b>	<b>\$91,888,040</b>

### DETERMINING INTEREST

From the outset of the work group’s deliberation on this subject, it was assumed that an effort will be made early on to determine program interest. Therefore, it is also the recommendation of the group that, pending support and approval of the program by the EARIP Steering Committee and stakeholder group, an aggressive plan that includes surveys and town hall-type meetings be organized to explain and solicit feedback from likely program participants be initiated.