

PROPOSED LETTER FOR SEEKING INTERIM FUNDING

RE: Funding For The Edwards Aquifer Recovery Implementation Program

The Project Director has presented the Steering Committee with an estimated budget for the Recovery Implementation Program (“RIP”) process through September 2012 of \$2.67 million (*see* Attachment 1). Dr. Gulley estimates that the Steering Committee will need to spend approximately \$432,000 between March 2008 and February 28, 2009 for the essential work of the RIP. *Id.* The expenses include just over \$243,000 in project management costs, including Science Subcommittee expenses, approved at the April 10, 2008 Steering Committee Meeting. (*see* Attachment 2).

As of March 1, 2008, EAA has collected \$125,000 and has commitments for an additional \$55,000 for project management costs (*see* Attachment 3). To date, we have spent or encumbered approximately \$140,794 for project management expenses including commitments for Dr. Gulley’s salary and fringe benefits through August 2008 and Anna Munoz’s salary for June through August (*see* Attachment 4). Approximately \$41,237.77 was spent prior to March 1, 2008, principally for Dr. Gulley’s salary and fringe benefits as well as office establishment. *Id.*

The bottom line should be apparent - - we do not have adequate funds even for project management costs through February. Indeed, unless the commitments are paid promptly, we will have a cash shortfall late in the summer. We will need an additional \$188,333 to pay for additional activities of the RIP. To cover the project management expenses and the other essential activities, we must immediately collect the funds that have been committed but not paid and raise an additional \$292,753 to cover the RIP process through next February (*see* Attachment 5).

The Finance Workgroup recommended and the Steering Committee has approved the following approach to raising the money necessary to meet the needs of the RIP process. First, we need to have the commitments paid immediately. Second, we will seek to raise the \$293,000 needed for work through February 28, 2009, from the Steering Committee and RIP Participants. This will allow us (1) to retain a consultant to assist in the development of the biological information for the jeopardy analysis, (2) to have an independent review of the initial work of the Expert Science Subcommittee, (3) to have a consultant review the EAA draft EIS and HCP and recommend what parts can be retained and what additional work needs to be done, and (4) to maintain the project management function, including some of the costs of the Expert Science Subcommittee.

Third, we will make a concerted effort to raise additional funds from outside sources to cover the costs of the RIP for 2009-2012. Attachment 6 is a list of sources of additional public funds that we intend to seek. We will also intend to inform the Texas Legislature of our funding

needs and our efforts to obtain outside funding. We will ask for their assistance in funding some of the RIP costs if our current efforts are not fully successful. In addition, we will promptly contact private foundations to see if funding can be obtained.

Fourth, the Finance Workgroup will make a recommendation at the end of the year as to how to raise the remaining money. That recommendation will be informed by the success we have had in seeking additional funding.

To fund our work for through February 2009, we need to promptly raise \$293,300. We ask each member of the Steering Committee to make a significant contribution towards funding that amount. We also believe that the participants should contribute to the costs of the collaborative process in which they are participating and who ultimately will be beneficiaries of the process if we are successful. The Finance Workgroup decided not to specify an amount from each participant but instead to let that decision be left to each of you individually.

The RIP process is expensive. However, the costs are insignificant compared to the potential benefits to the region and the federally listed species. The RIP provides us an opportunity as stakeholders to mutually solve a problem that has vexed the region for many years. Many of the participants currently spend greater annual amounts on work related to the aquifer problem. Please notify the Robert Gulley promptly regarding the amount of your contribution and when we may expect to receive the money.

We will appreciate your prompt response to this request.

Sincerely,

Chair of the Edwards Aquifer Recovery
Implementation Program Steering
Committee