

Discussion of the 2% Escalator of Table 7.1 Conservation Measure Amounts

The FMA authorizes a 2% increase to the Funding Obligation if necessary to fully fund the program.

Section 3.2. Each Party's Individual Duties and Responsibilities.

Each Party has sole responsibility for: (a) undertaking and performing each of the specific Conservation Measures assigned to that Party in Chapter 5 of the HCP; (b) if the Party determines to issue Certificates of Inclusion as provided in Section 9.2 of the Implementing Agreement, taking action as may be appropriate for such issuance and monitoring and enforcing the terms of any Certificate of Inclusion issued; (c) undertaking and performing each additional duty and responsibility that may be assigned to that Party as a result of decisions made under the AMP; and (d) complying with the terms of this Agreement to implement the Program. **Subject to the limitations to the 2% annual increase from the 2013 Annual Funding Obligation as provided in Subsection 5.2.1, the EAA has responsibility for fully funding implementation of the Program, as the Program may be adjusted pursuant to the AMP.**

Section 5.2. Annual Funding Obligation of the EAA.

5.2.1. Level of Funding.

The 2% increase is to be compounded annually.


Any excesses resulting from the 2% increase will be applied to future years.

The EAA will provide funding for the costs of implementing the Program during each year of Phase I and Phase II (Annual Funding Obligation) in accordance with each Annual Program Budget approved by the Implementing Committee and the EAA Board. As long as adequate to implement the Program, the Annual Funding Obligation for 2013 will be at the amount indicated for 2013 in Table 7-1 of the HCP. The Annual Funding Obligation for 2014, and each Program year thereafter, may be increased or decreased from the Annual Funding Obligation for 2013 based on the Annual Program Budget developed for the year in accordance with Article Four. **The Annual Funding Obligation for any Program year will be limited to the 2013 Annual Funding Obligation, adjusted for a 2% increase, compounded annually for the years that have elapsed since 2013. The EAA will ensure that any funds collected or received for the Program that are in excess of Program Expenditures during any year and result in a Fund Balance, as provided in Subsection 5.5.4, will be applied to Program Expenditures in subsequent years, subject to the provisions of Subsection 5.5.4.**

Program Totals -

Entity	Table 7.1a Projected Program Totals	Table 7.1 Program Totals	Escalated Table 7.1 Program Totals*
Edwards Aquifer Authority	\$ 208,382,466	\$ 238,483,955	\$ 256,131,725
City of San Marcos- Texas State University	\$ 12,649,485	\$ 11,894,000	\$ 12,613,928
City of New Braunfels	\$ 11,033,131	\$ 11,530,000	\$ 12,221,461
Program Totals	\$ 232,065,082	\$ 261,907,955	\$ 280,967,114

* 2% Compounded annually and applied to all Conservation Measures beginning in 2018



Estimated Increase to the AMF to Pay for Escalated Costs

Table 7.1 Program Totals = \$261,907,955

Table 7.1 Escalated Totals = \$280,967,114

Difference = \$19,059,159

Average increase needed to make up the difference
= ~\$5.06/AF/year for the remainder of the ITP