



Edwards Aquifer Habitat Conservation Plan
Report of the 2026 Budget Work Group



To: Edwards Aquifer Habitat Conservation Plan Implementing Committee

From: Edwards Aquifer Habitat Conservation Plan Budget Work Group

Date: September 3, 2026

Overview:

On September 3, 2026, an annual meeting of the Edwards Aquifer Habitat Conservation Plan (EAHCP) Budget Work Group was held to receive a report from Edwards Aquifer Authority (EAA) staff pertaining to the EAA's Financial Forecast and to make recommendations regarding the EAHCP program budget. The Budget Work Group has been charged by the EAHCP Implementing Committee to "collaborate with and inform the EAA budget process, as it relates to the EAHCP, EAHCP Reserve and EAHCP Aquifer Management Fee and to address fiscal issues as they arise and are referred by the Implementing Committee."

Members of this Work Group include:

- Roland Ruiz, EAA designee (Chair)
- Robert Mace, EAHCP Implementing Committee (IC) Member (Texas State University)
- Myron Hess, EAHCP Stakeholder member (Living Waters Project)
- Benjamin Benzaquen, San Antonio Water System designee
- Adam Yablonski, EAHCP Stakeholder member, Medina County Farm Bureau

Work Group Discussions:

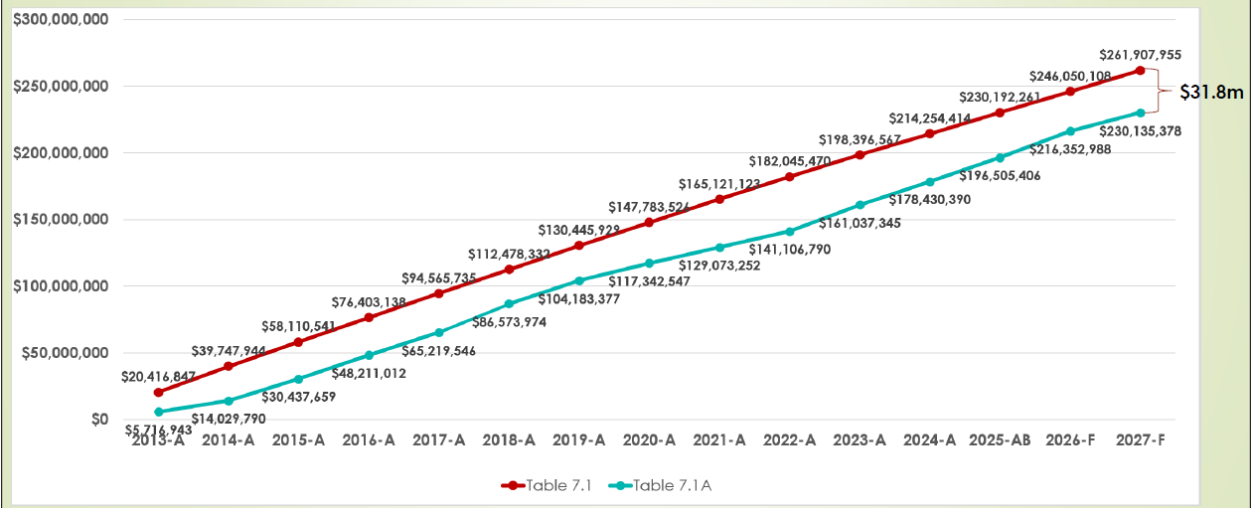
EAA staff presented information on the following items at the meeting:

- Receive presentation and consider possible action associated with the EAHCP ITP Forecast

Financial Forecast (2027):

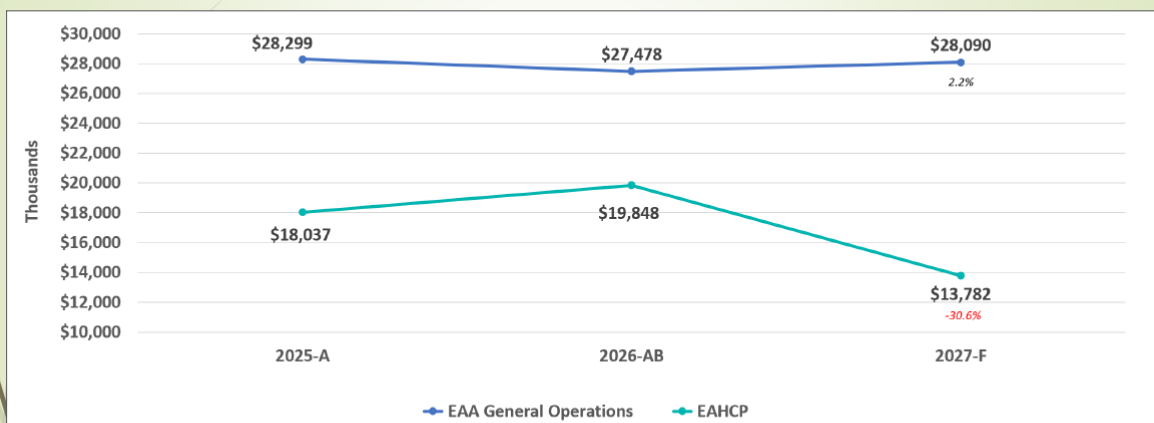
EAA staff presented a projected Financial Forecast for the EAA, including both the EAA General Operations and Habitat Conservation Program budgets. A detailed illustration was given of how the 7.1 Budget compares to actual expenses (Table 7.1A) thus far and as projected through 2027. Excluding costs for additional triggering events of VISPO or ASR recovery in 2027, the current projections show the EAHCP will be about \$31.8 million under budget by the end of 2027.

TABLE 7.1 AND TABLE 7.1A COMPARISON



A comparative look at the combined EAA/EAHCP expense projections through 2027 was provided. The EAA operating budget is forecasted to incur a small increase in 2027 whereas the EAHCP budget is projected to see a sharp decline as it reaches the end of the current Incidental Take Permit (ITP). By design, this decline in EAHCP budget is largely a result of the expected decrease in programmatic expenses but, as noted above, it does not provide for any additional VISPO trigger occurrences after 2026 (for forbearance in 2027 or 2028) or any ASR recovery expenses.

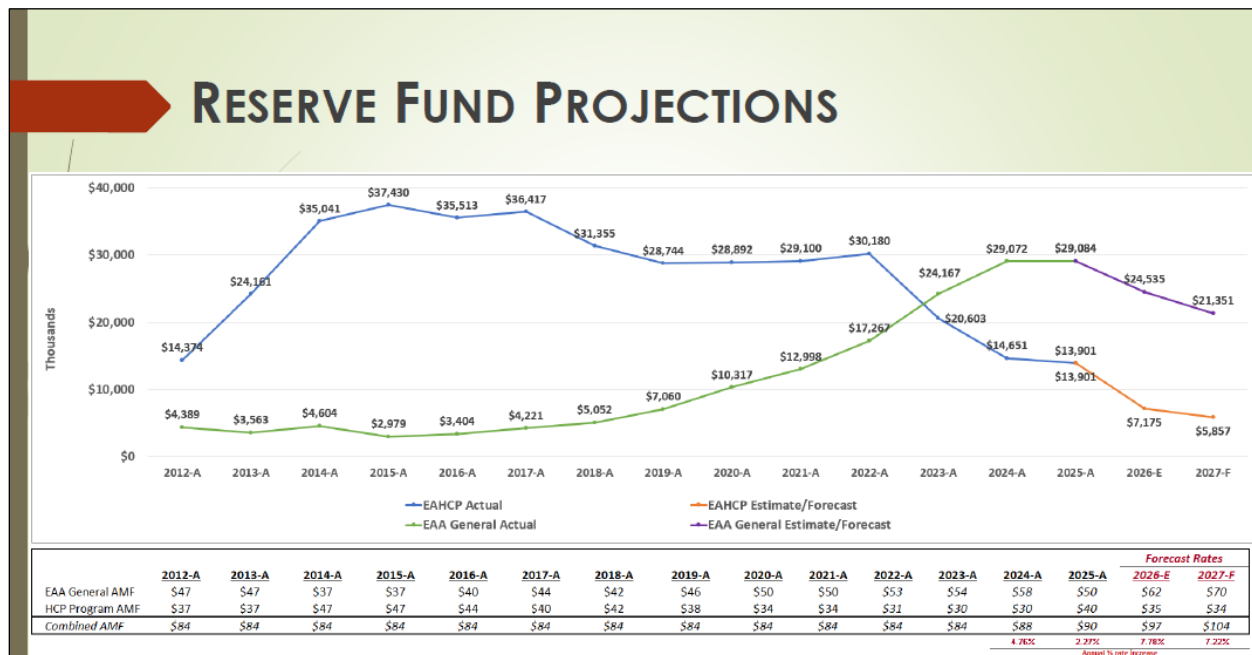
EXPENSE PROJECTIONS



Note: Percentages indicate year-to-year percentage change in budget/forecast.

A concise look into the Reserve Fund Projections was provided for the Workgroup to discuss the combined EAA Aquifer Management Fee (AMF) rate and Reserve Forecast. In recent years, the Work Group has been consistently evaluating the declining AMF portion allocated to HCP vs. EAA operations and any correlating, negative effect on the reserve balance. Similar to 2026, the EAA has proposed a \$7 *overall* increase to the combined AMF rate for 2027, going from \$97 to \$104. As discussed in previous years, this increase is in response to current inflationary costs and maintaining a combination of fund reserves capable of absorbing future potential VISPO trigger events.

It is noteworthy to add that the HCP Program AMF rate portion is projected to slightly decrease to \$34 in 2027, from \$35 in 2026, which is based on projections that HCP Program expenses are expected to significantly decrease as we near the end of the current ITP. With this decrease in programmatic costs, which is premised on the assumptions noted above regarding no additional VISPO forbearance events in 2027 or 2028 and no ASR recovery expenses, the HCP Reserve Fund balance is projected to be approximately \$5.8 million at the end of 2027. The overall EAA General Reserve Fund, which can be used to help cover EAHCP expenses, is projected to be at just over \$21 million at that point, based on the same assumptions. The EAA staff indicates its intent to continue to evaluate program expenses and how they affect the reserve fund each year.



EAA staff provided additional information regarding current trigger probabilities for both VISPO and ASR. Given aquifer conditions as of July 1, 2026 (642.8 ft msl), the probability of a VISPO trigger for 2026, with forbearance in 2027, was characterized at approximately 11%. It was noted that based on historical frequency of occurrence of over 91 years on record in which the J-17 index well was above 640 ft msl on July 1st, 74 of those years did not result in a VISPO trigger threshold on Oct 1st. The cost of a potential VISPO trigger for forbearance in 2027 is not currently included in the 2027 proposed budget. The determination of whether VISPO forbearance is triggered for 2027 trigger

will be made by October 1, 2026, based on J-17 levels. ASR forbearance will be triggered for 2026, given that the 10-year rolling recharge average as of June 1, 2026 fell to 464,000 AF, which is below the 500,000 AF criterion. Furthermore, the chance of additional ASR forbearance is 94% for 2027 and 87% for 2028. It was noted that, because of the structure of ASR forbearance agreements, which build forbearance payments into the annual rate, ASR forbearance does not automatically result in additional program costs. Additional program costs potentially would be incurred if J-17 levels fell below 630 feet msl before the 10-year rolling recharge average recovered to above 500,000 AF, resulting in ASR recovery expenses.

At the end of the meeting, Workgroup members noted uncertainty about how the VISPO and ASR springflow protection programs will be structured during the ITP transition phase and beyond. Hence, the EAA was requested to provide additional clarity on the EAA's approach towards this and EAA staff provided the following statement that was not provided at the workgroup meeting:

As the EAHCP and associated ITP near expiration, the EAA has been working to secure long-term leases of groundwater rights to be used to bridge the gap as the permittees transition to a new EAHCP. Leasing rights will continue to be the focus of the organization during 2026 and early 2027. In the meantime, the EAA is working to consider some economic studies to help determine the appropriate price points for forbearance agreements as we move into the future. The plan is to have several forbearance contract options hit the market in the summer of 2027 so that at least a good portion of contracts can be in place before the issuance of the new EAHCP/ITP.

In the meantime, the organization will continue to explore alternative avenues to control groundwater rights that can work in harmony with leases and forbearance agreements to help meet the goals of the EAHCP.

Findings:

- The current financial projections and cost estimates presented to the Budget Work Group indicate an adequate budget for the EAHCP program for fiscal year 2027.
- The work group acknowledged that there will be a proposed \$7 overall AMF rate increase in 2027 coinciding with a \$1 decrease in the HCP Program allocation.
- The work group understands that even with the EAHCP Budget Reserve Fund decreasing over the final years of the current ITP, any future potential trigger-based expenditures prior to the end of the current ITP will be addressed through the toggling, and/or adjustment, of AMF Rates and usage of the EAA General Reserve fund.

Recommendations:

The Work Group makes no formal recommendations for the EAHCP Implementing Committee to forward to the EAA Board this year.

APPENDIX A

SLIDE PRESENTATIONS

EAHCP BUDGET WORK GROUP



SEPTEMBER 3, 2026





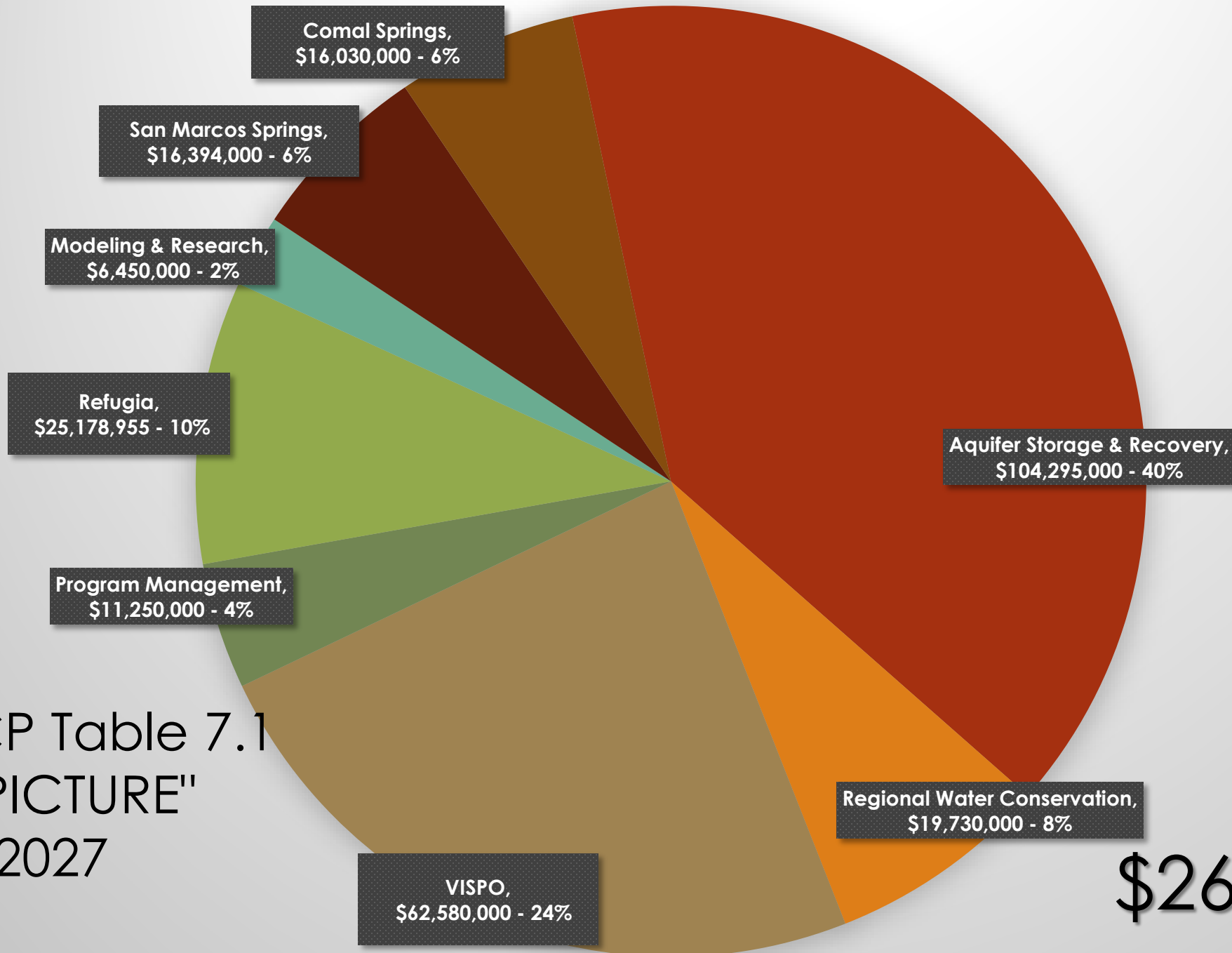
CHARGE OF THE EAHCP BUDGET WORK GROUP

- Collaborate with and inform the EAA Budget Process, as it relates to the EAHCP, EAHCP reserve and EAHCP aquifer management fee.
- Address fiscal issues as they arise and are referred by the Implementing Committee.

EAHCP 7.1A ANALYSIS AND FORECAST



- Aquifer Storage & Recovery
- Regional Water Conservation
- VISPO
- Program Management
- Refugia
- Modeling & Research
- San Marcos Springs
- Comal Springs



EAHCP Table 7.1
"BIG PICTURE"
2013-2027

\$261,907,955

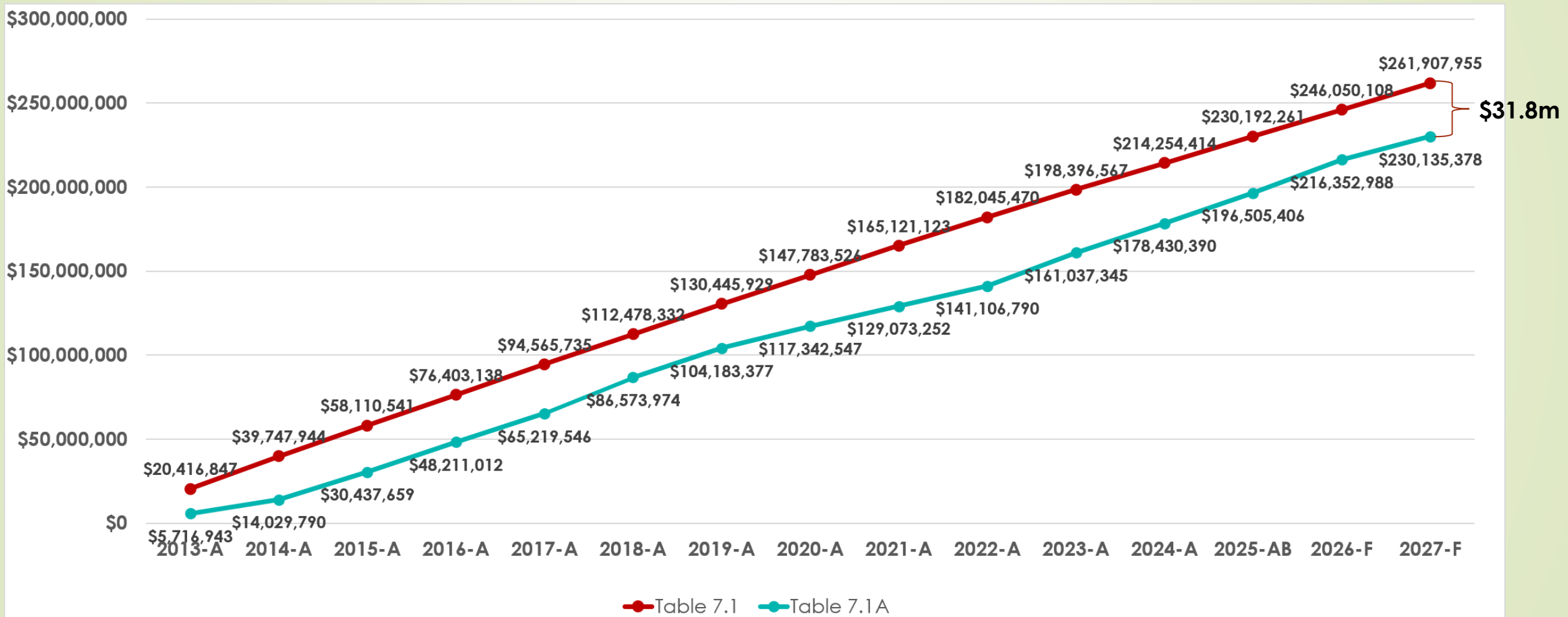


7.1 ADJUSTED

“TABLE 7.1A”

*TRACKS ACTUALS FOR CLOSED YEARS AND
FORECASTED PERIODS THROUGH THE END OF THE ITP.*

TABLE 7.1 AND TABLE 7.1A COMPARISON



PROGRAM TOTALS

TABLE 7.1 AND TABLE 7.1A COMPARISON

EAHCP Measure	Table 7.1 Totals	Table 7.1A Projected Totals	▲ Between Table 7.1 to 7.1A
Program Administration	\$11,250,000	\$14,576,679	(\$3,326,679)
ASR - Leasing/Forbearance	71,385,000	72,160,829	(775,829)
ASR - O & M	32,910,000	4,709,262	28,200,738
Regional Water Conservation	19,730,000	19,414,103	315,897
VISPO	62,580,000	61,239,065	1,340,935
San Marcos Springs	16,394,000	17,874,999	(1,480,999)
Comal Springs	16,030,000	16,001,590	28,410
Modeling & Research	6,450,000	5,610,564	839,436
Refugia	25,178,955	18,548,289	6,630,666
Total	\$261,907,955	\$230,135,378	\$31,772,577

Entity	Table 7.1 Totals	Table 7.1A Projected Totals	▲ Between Table 7.1 to 7.1A
Edwards Aquifer Authority	\$238,483,955	\$206,504,956	\$31,978,999
City of San Marcos - Texas State University	11,894,000	12,900,344	(1,006,344)
City of New Braunfels	11,530,000	10,730,079	799,921
Total	\$261,907,955	\$230,135,378	\$31,772,577



TABLE 7.1 AND TABLE 7.1A COMPARISON

EDWARDS AQUIFER AUTHORITY

EAHCP Measure	Table 7.1 Totals	Table 7.1A Projected Totals	▲ Between Table 7.1 to 7.1A
ASR - Leasing/Forbearance	\$71,385,000	\$72,160,829	(\$775,829)
ASR - O & M	32,910,000	4,709,262	28,200,738
Regional Municipal Water Conservation	19,730,000	19,414,103	315,897
VISPO	62,580,000	61,239,065	1,340,935
Biological Monitoring	6,000,000	7,628,586	(1,628,586)
Water Quality Monitoring	3,000,000	2,617,580	382,420
Ecological Modeling	1,150,000	1,097,758	52,242
Applied Research (Research & Facility)	4,750,000	3,154,293	1,595,707
Refugia	25,178,955	18,548,289	6,630,666
Program Management	11,250,000	14,576,679	(3,326,679)
Science Review Panel	550,000	1,358,513	(808,513)
Total	\$238,483,955	\$206,504,956	\$31,978,999

TABLE 7.1 AND TABLE 7.1A COMPARISON

CITY OF SAN MARCOS/TEXAS STATE UNIVERSITY

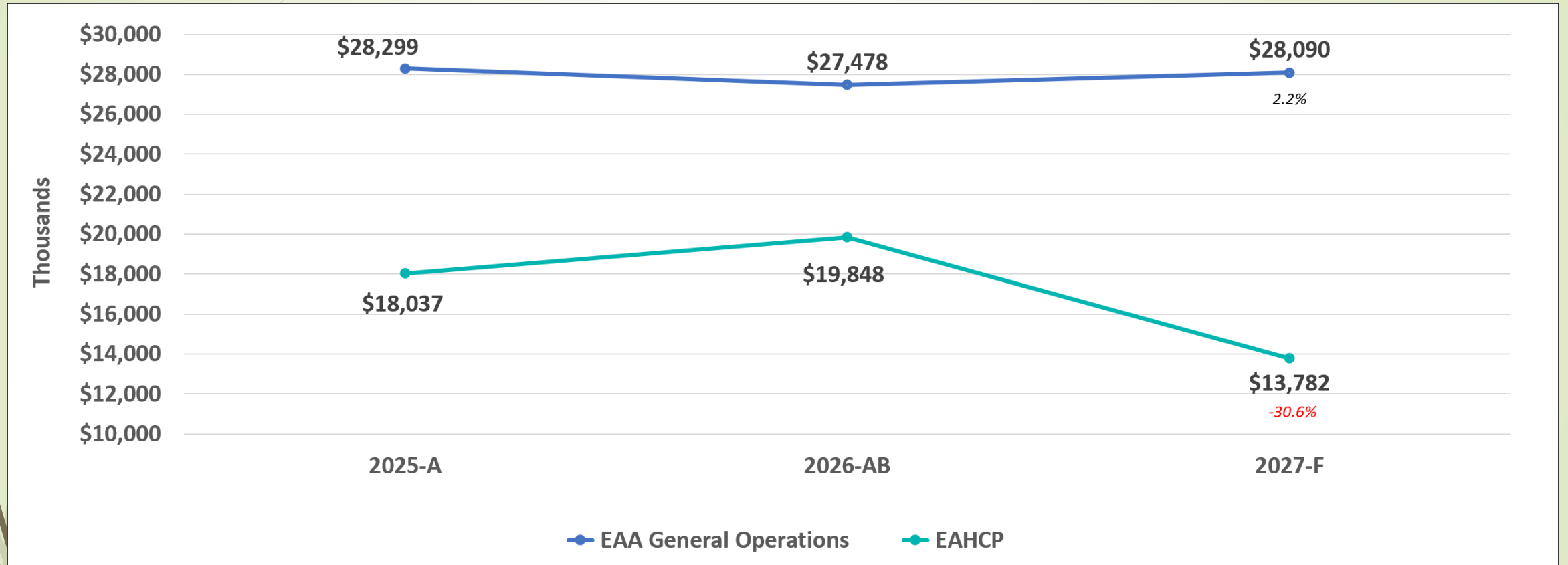
EAHCP Measure	Table 7.1 Totals	Table 7.1A Projected Totals	▲ Between Table 7.1 to 7.1A
TX Wild Rice Enhancement/Restoration	\$1,850,000	1,220,664	\$629,336
Sediment Removal	850,000	744,292	105,708
Non-Native Plant Species Control	1,375,000	3,107,721	(1,732,721)
Litter Control/Floating Vegetation	1,200,000	755,164	444,836
Non-Native Animal Species Control	525,000	338,468	186,532
Bank Stabilization/Perm Access Points	780,000	1,153,492	(373,492)
Restoration - Riparian Zones	380,000	671,836	(291,836)
Management - Key Public Rec Areas	784,000	881,298	(97,298)
LID/BMP Management	3,600,000	3,449,635	150,365
Household Hazardous Waste Program	450,000	412,426	37,574
Sessom Creek Sand Bar	100,000	100,000	0
Prohibition - Hazardous Materials Route	0	50,000	(50,000)
Education	0	15,349	(15,349)
Total	\$11,894,000	12,900,344	(\$1,006,344)

TABLE 7.1 AND TABLE 7.1A COMPARISON

CITY OF NEW BRAUNFELS

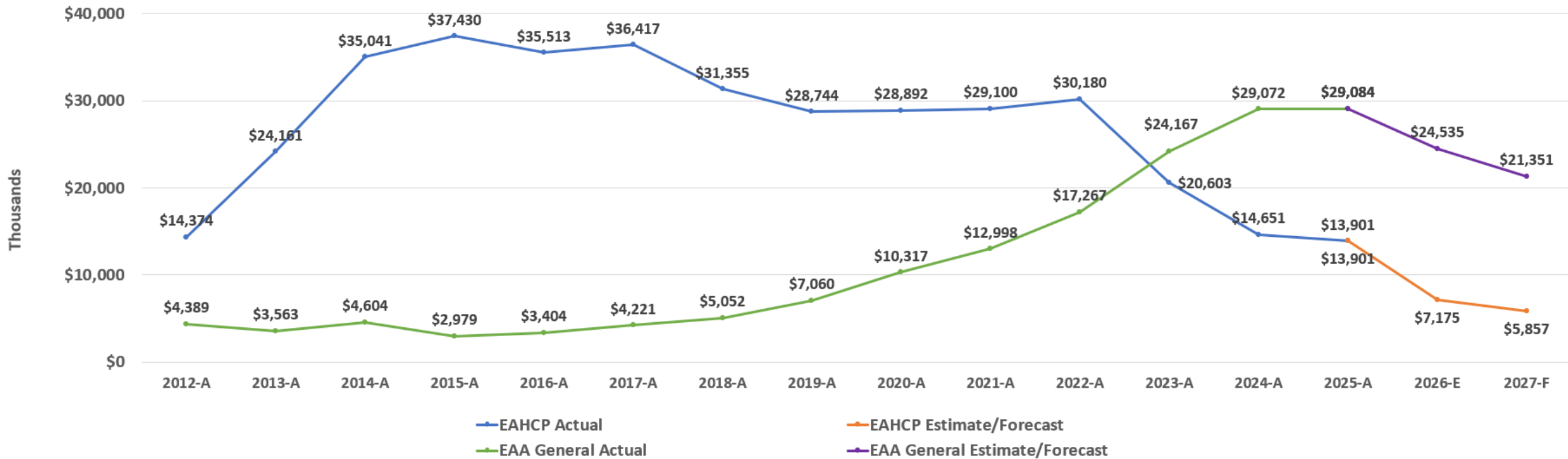
EAHCP Measure	Table 7.1 Totals	Table 7.1A Projected Totals	▲ Between Table 7.1 to 7.1A
Old Channel Restoration	\$2,000,000	\$1,571,404	\$428,596
Flow Split Management	270,000	322,878	(52,878)
Aquatic Vegetation Restoration	1,245,000	1,568,181	(323,181)
Non-Native Animal Species Control	1,245,000	834,065	410,935
Decaying Vegetation Removal	960,000	389,886	570,114
Riparian Impr - Riffle Beetle	525,000	539,803	(14,803)
Gill Parasite Control	1,325,000	554,723	770,277
Restoration - Riparian Zones	1,600,000	1,942,604	(342,604)
LID/BMP Management	1,900,000	2,053,642	(153,642)
Household Hazardous Waste Program	450,000	492,169	(42,169)
Litter Control/Floating Vegetation	0	457,376	(457,376)
Prohibition - Hazardous Materials Route	10,000	0	10,000
Education	0	3,349	(3,349)
Total	\$11,530,000	\$10,730,079	\$799,921

EXPENSE PROJECTIONS



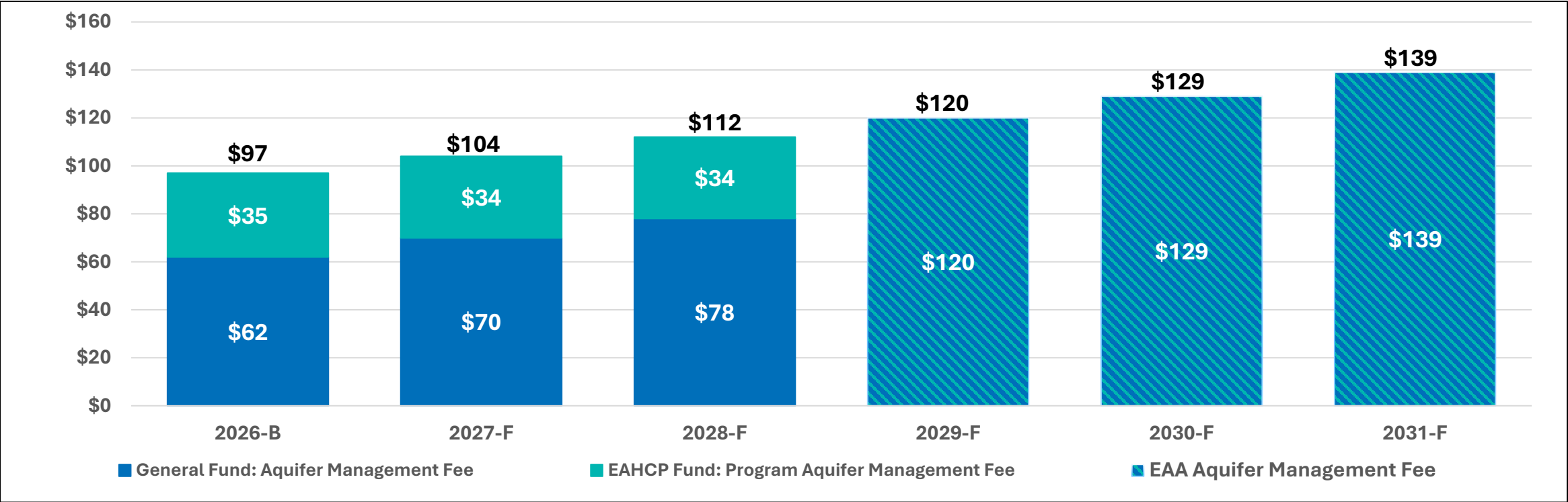
Note: Percentages indicate year-to-year percentage change in budget/forecast.

RESERVE FUND PROJECTIONS



	2012-A	2013-A	2014-A	2015-A	2016-A	2017-A	2018-A	2019-A	2020-A	2021-A	2022-A	2023-A	2024-A	2025-A	Forecast Rates	
															2026-E	2027-F
EAA General AMF	\$47	\$47	\$37	\$37	\$40	\$44	\$42	\$46	\$50	\$50	\$53	\$54	\$58	\$50	\$62	\$70
HCP Program AMF	\$37	\$37	\$47	\$47	\$44	\$40	\$42	\$38	\$34	\$34	\$31	\$30	\$30	\$40	\$35	\$34
Combined AMF	\$84	\$84	\$84	\$84	\$84	\$84	\$84	\$84	\$84	\$84	\$84	\$84	\$88	\$90	\$97	\$104
													4.76%	2.27%	7.78%	7.22%
													Annual % rate increase			

Rate & Reserve Forecast



Municipal & Industrial AMF rates

Forecasted Ending Reserves (in Millions)

	2026-Est	2027-F	2028-F	2029-F	2030-F	2031-F
General Fund	\$24.5	\$21.4	\$19.7			
EAHCP Fund	\$7.2	\$5.9	\$1.5			
EAA All Funds				\$18.9	\$12.4	\$2.8
Total	\$31.7	\$27.2	\$21.1	\$18.9	\$12.4	\$2.8

EAHCP DROUGHT PROBABILITIES: VISPO & ASR FORBEARANCE

VISPO FORBEARANCE

- ❖ **VISPO Trigger:** *“If, on October 1st of a year, the J-17 Index well water level is at or below 635 feet msl, the General Manager of the EAA shall issue a notice of a Forbearance Year. A Forbearance Year commences on January 1st of the year following the year in which the General Manager issued a notice of a Forbearance Year.”*
- As of July 1, 2026, the water level in J-17 was 642.8 ft msl. Over the 91 years on record, when J-17 was above 640 ft msl on July 1 (74 times) VISPO was not triggered.
 - Thus, the probability of reaching the VISPO trigger in 2026, for forbearance in 2027, is about 11% or less, based on the historical frequency of occurrence.

EAHCP DROUGHT PROBABILITIES: VISPO & ASR FORBEARANCE

ASR FORBEARANCE

- ❖ **ASR Trigger:** *“If, on June 1st of a year, the Ten-year Rolling Average of the Estimated Annual Recharge to the Aquifer is equal to or less than 500,000 AF/annum, the General Manager of the EAA shall issue a notice of a Forbearance Year. A Forbearance Year commences on January 1st of the year following the year in which the General Manager issued a notice of a Forbearance Year.”*
- The June 1, 2026, 10-year rolling average recharge, based on recharge estimates for years 2016–2025, was **464,600** acre-feet.
- Probability of an ASR Forbearance Year for years 2027 – 2029:
 - 1 or more ASR forbearance years >95% percent
 - 2027: 94%
 - 2028: 87%
- Recharge in 2026 would have to be at least 1,575,000 AF to raise the 10-year average to 500,000 AF. Recharge has reached or exceeded 1,575,000 AF in only 5 of the 91 years on record.



QUESTIONS?

THANK YOU!



APPENDIX B

MEETING AGENDA

2026 EAHCP Budget Work Group

Meeting Agenda
Thursday, September 3, 2026
11:00 a.m. - 12:00 p.m.

1. **Confirm attendance**
 2. **Public comment**
 3. **Receive presentation and consider possible action associated with the EAHCP ITP Forecast**
 4. **Public comment**
 5. **Future meetings**
 6. **Adjourn**
-

APPENDIX C

MEETING MINUTES

2026 EAHCP Budget Work Group

Meeting Minutes Thursday, September 3, 2026

Members of this Work Group include Roland Ruiz (Chair - Edwards Aquifer Authority, Benjamin Benzaquen (San Antonio Water System),), Adam Yablonski (Medina County Farm Bureau), Myron Hess (Texas Living Waters Project), and Robert Mace (Texas State University).

1. Confirm attendance.

Roland Ruiz called the meeting to order at 11:00 a.m. All Work Group members were present.

2. Public comment.

There were no comments from the public.

3. Receive presentation and consider possible action associated with the EAA's Financial Forecast (2027)

EAA Controller Shelly Hendrix presented the EAA's financial forecast that was presented to the EAA Board on 7-14-26. That forecast provided an overview of how the EAHCP budget is allocated amongst its various programs and expense categories. It should be noted that the forecast is predicated on assumptions about future expenses, rate considerations & reserves. A comparative look at the projections between Table 7.1 and Table 7.1A indicates expected cumulative expenditures at \$31.8 million below Table 7.1 values for the EAHCP through 2027 at a total of \$230 million. These forecast updates are based on estimates of expenditures through the end of 2027, including the 2027 proposed EAHCP budget.

It was noted that the proposed 2027 Budget does not include suspension payments for a VISPO trigger, although that formal determination of a suspension is made on Oct 1st each year. If triggered on Oct 1st, EAA staff will adjust the budget accordingly before it goes before the EAA Board for adoption in November 2026.

The combined EAA General Operations/EAHCP expense projections through 2027 were provided. The annual expenses for EAA General Operations are projected to hold steady at approximately \$28 million whereas the EAHCP expenses are forecasted at \$13.7 million in 2027. However, those amounts would change with additional VISPO suspension and/or ASR recovery.

Myron asked if the current VISPO forbearance agreements in place are set to expire at the end of 2027. Shelly clarified that they will terminate on January 1, 2029, covering any forbearance needed in 2028. Myron further inquired if these current agreements are enough to meet to reach our VISPO program goal and EAA Deputy GM Marc Friberg commented that we are just a little short of this goal but that the EAA has leased additional water to address this deficit during the permit roll-over timeframe. Marc further remarked that the EAA will be using non-EAHCP budgeted funds to serve as a bridge between ITP permits for any potential VISPO triggers. Roland added that a buffer is intentionally being built into the EAA Reserve Fund to cover such expenditures. Marc also acknowledged that expense projections for forbearance-type projects under the renewed EAHCP term are still being developed.

The EAHCP Budget Reserve Fund projections were presented to the Work Group. The combined AMF rate is proposed to increase from \$97 to \$104 in 2027. This marks the 4th consecutive year of AMF rate increases, which is a result of the decision made in 2023 to intentionally raise rates to prepare for the permit rollover and its associated costs. It should be noted that there is an annual 8% cap on any increase in the combined AMF rate. Ben asked Shelly if she could share the future rate projections (beyond 2027) that was recently shared with the EAA Board. Shelly obliged and provided the Rate and Reserve forecast information through 2031. She gave the caveat that the projections provided are conservatively budgeted for future expenses and any future savings will be returned to the EAA Reserve fund.

Myron compared the reserve fund balance projections given at last year's meeting to actual values in the presentation and asked about the drivers for the increases from about \$22.4 million projected for the General Reserve to about \$29 million shown as actuals for FY 2025 and for an increase of almost \$4 million for the EAHCP Reserve as actuals for FY 2025 compared to projected. Shelly replied that it is simply due to cost savings, such as salaries/benefits savings or projected contractual costs being lower than expected. Marc added that some strategic use of long-term leases in lieu of VISPO forbearance also contributed to the savings. Those reserve fund balances are being built up to help in bridging the transition to the next iteration of the HCP.

The Drought Probabilities for VISPO and ASR Forbearance for 2027 were provided to the Work Group. For VISPO, it was noted that as of July 1, 2026, water levels in J-17 were fairly low (642.8 ft msl). Using this same scenario when J-17 was above 640 ft msl on July 1 over the 91 years on record, 74 of those years would not have resulted in a VISPO trigger level at or below 635 ft msl on October 1st. Thus, the probability of reaching the VISPO trigger in 2026, for forbearance in 2027, is about 11% or less based on the historical frequency of occurrence. It was reiterated that if water levels reach the VISPO trigger level on

October 1, the EAA will include the VISPO forbearance payments in the projected 2027 expenditures.

For ASR Forbearance, it has been determined that there is a 100% chance of forbearance in 2027 because the rolling 10-year average recharge value was 464,000 AF as determined on June 1st for the 10-year period ending 12/31/2025 which sits below the ASR forbearance trigger amount of 500,000 AF. It would require at least 1,575,000 AF in recharge for 2026 to raise the 10-year average back above 500,000 AF and that amount of recharge has only happened in 5 of the 91 years on record, which makes additional ASR forbearance in 2028 extremely likely. For the 2027 - 2029 period, there is a 95% probability that there will be one or more additional ASR forbearance year. More specifically, there is a 94% chance of triggering in 2027 for forbearance in 2028 and an 87% chance of triggering in 2028 for forbearance in 2029. Marc confirmed that current ASR forbearance agreements do not result in additional payments during forbearance years because compensation for forbearance is built into the regular annual payments.

Shelly also noted that there is a secondary trigger for the ASR program for additional forbearance that would raise Operations and Maintenance (O&M) withdrawal cost considerations. Ben requested more clarification on this and Marc stated that if the 10-year rolling average falls below 500,000 AF *and* the J17 index well hits 630 msl in the same year, SAWS could be subjected to additional forbearance obligations, with the EAA paying for the associated withdrawal/recovery costs consistent with an existing interlocal agreement.

Myron asked if future ASR and VISPO agreements beyond 2027 are being considered now, which Marc stated that this process has already begun, with intentions to have all ASR forbearance-type agreements/leases formally set-up at the beginning of 2027 to begin in 2028 and beyond. Existing ASR forbearance agreements will cover forbearance occurring in 2027 and 2028.

Roland asked if there is anything that the Work Group would like to pose as a formal recommendation to the Implementing Committee. Robert stated that he did not feel that any recommendations should be made. Myron agreed that based on the information provided there did not appear to be a need for specific recommendations to be forwarded to the EAA Board. He also suggested it would be greatly beneficial if Marc could incorporate an additional summary in the Budget Work Group final report of the approach that the EAA is taking towards securing future forbearance-type agreements.

After discussion, Budget Work Group members acknowledged that a Final Report would be developed with assistance from Damon and finalized through email communications without any recommendations for specific action by the Implementing Committee with the Final Report to be provided to the Implementing Committee at their next meeting on October 8, 2026.

4. Public comment

There were no comments from the public.

5. Future meetings

No date was set for any additional Work Group meetings in 2026.

6. Adjourn - 11:34 a.m.