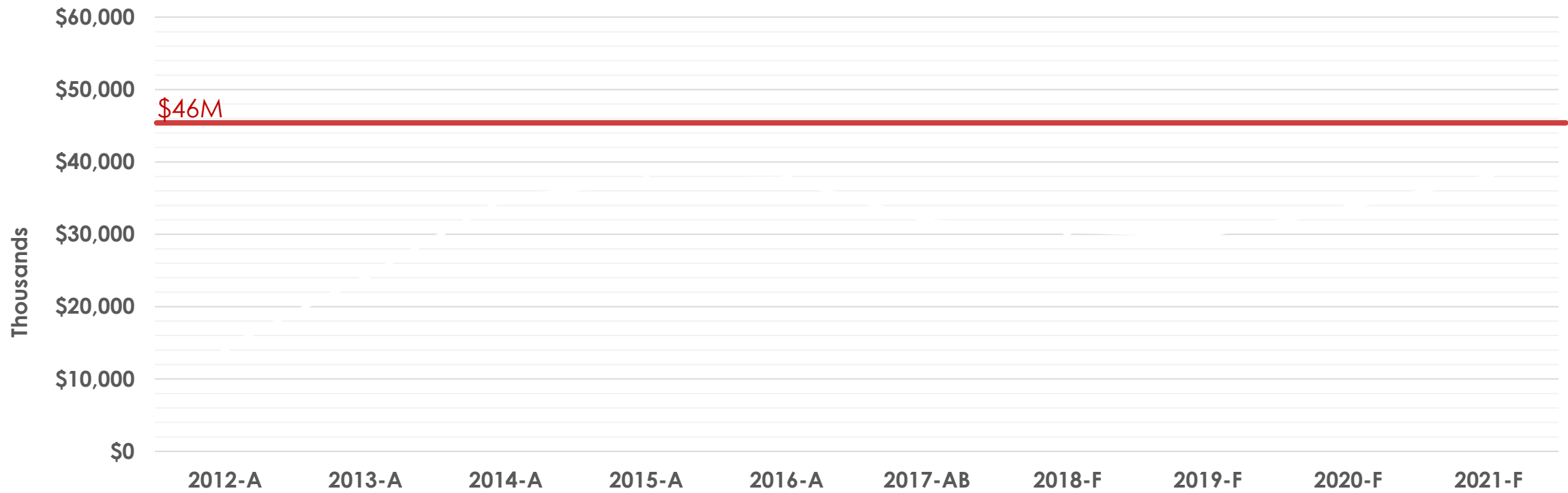




FMA Guidance on HCP Reserve

(EAHCP FMA § 5)

- ▶ In recognition that Program Expenditures **may be higher in years** in which Edwards Aquifer levels are low....
- ▶accumulation by the EAA of a Fund Balance. The accumulated Fund Balance will be **capped** at **\$46 million** (Fund Balance Cap)....
- ▶ unless **amended by the Implementing Committee.**



Springflow Protection DOR Expense Calculation

assumptions and criteria are detailed in the workgroup handout 5/11/2017

DOR Year	Year	ASR Mode	ASR Tier 1	ASR Tier 2	ASR Tier 3	ASR O&M	VISPO Trigger	VISPO	Total
1948	1	filling	\$2,333,380	\$2,166,580	\$833,300	\$760,000	standby	\$2,208,835	\$7,542,095
1949	2	filling	\$2,333,380	\$2,166,580	\$833,300	\$798,000	standby	\$2,208,835	\$7,542,095
1950	3	recovery	\$2,333,380	\$2,166,580	\$2,166,580	\$44,800	triggered	\$8,835,339	\$15,501,879
1951	4	recovery	\$2,333,380	\$2,166,580	\$833,300	\$268,800	triggered	\$8,835,339	\$14,168,599
1952	5	recovery	\$2,333,380	\$2,166,580	\$2,166,580	\$940,000	triggered	\$8,835,339	\$15,501,879
1953	6	recovery	\$2,333,380	\$2,166,580	\$2,166,580	\$627,200	triggered	\$8,835,339	\$15,501,879
1954	7	recovery	\$2,333,380	\$2,166,580	\$2,166,580	\$1,646,400	triggered	\$8,835,339	\$15,501,879
1955	8	recovery	\$2,333,380	\$2,166,580	\$2,166,580	\$3,348,800	triggered	\$8,835,339	\$15,501,879
1956	9	recovery	\$2,333,380	\$2,166,580	\$2,166,580	\$5,152,200	triggered	\$8,835,339	\$17,059,879
1957	10	recovery	\$2,333,380	\$2,166,580	\$2,166,580	\$2,083,200	triggered	\$8,835,339	\$29,613,879

Total Springflow DOR Expenditure = \$153,435,942

EAHCP DOR Revenue Collection

as set per Table 7.1

ASR \$	ASR O/M \$	VISPO \$	Total
\$4,759,000	\$2,194,000	\$4,172,000	\$11,125,000
\$4,759,000	\$2,194,000	\$4,172,000	\$11,125,000
\$4,759,000	\$2,194,000	\$4,172,000	\$11,125,000
\$4,759,000	\$2,194,000	\$4,172,000	\$11,125,000
\$4,759,000	\$2,194,000	\$4,172,000	\$11,125,000
\$4,759,000	\$2,194,000	\$4,172,000	\$11,125,000
\$4,759,000	\$2,194,000	\$4,172,000	\$11,125,000
\$4,759,000	\$2,194,000	\$4,172,000	\$11,125,000
\$4,759,000	\$2,194,000	\$4,172,000	\$11,125,000
\$4,759,000	\$2,194,000	\$4,172,000	\$11,125,000
\$4,759,000	\$2,194,000	\$4,172,000	\$11,125,000
\$4,759,000	\$2,194,000	\$4,172,000	\$11,125,000

Total DOR Revenue Collection = \$111,250,000



EAHCP Funding Requirement for DOR

assumptions and criteria are detailed in the workgroup handout 5/11/2017

DOR Revenue Collection =	\$111,250,000
Springflow Protection DOR Expenditure =	\$153,435,942
DOR Funding Requirement =	\$42,185,942



EARIP Calculation of EAHCP Reserve

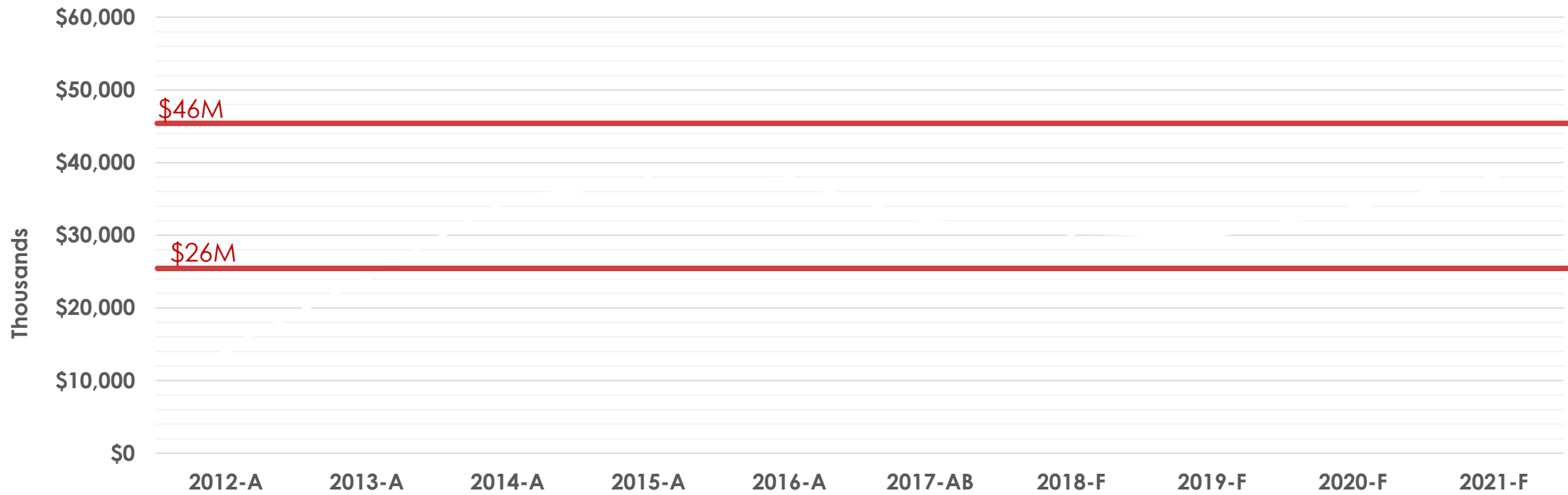
- ▶ Quote from Original EARIP Presentation

“Designed to ensure adequate funding of annual operating costs and minimize fluctuation in EAA/HCP fee during Drought of Record (DOR)”

- ▶ EARIP established EAHCP Reserve Cap = \$46 million

EARIP Calculation of EAHCP Reserve (approved by consensus of EARIP)

➤ Operating Reserve	\$20 million	
➤ One year of operating cost		
➤ Most costs will be paid at beginning of year		
➤ ASR Operations	\$10 million	} \$26 million
➤ Amount to cover SAWS production costs during 4 worst years of the DOR in excess of budgeted amounts		
➤ VISPO	\$16 million	
➤ Amount to cover 4 years of full VISPO payments (\$200/ac.ft.) in excess of budgeted amounts		
➤ Total HCP Fund Balance Cap	\$46 million	



EAHCP Reserve Discussion

- ▶ FMA caps the reserve at \$46 million
 - EARIP did not calculate the reserve cap based on the 10 yr DOR
 - EARIP calculated the reserve cap based on 4 yr DOR and operating expenses

- ▶ FMA does not establish any reserve minimum

- ▶ Currently the EAHCP Reserve is ≈ \$30 million

- ▶ The Reserve has been impacted (2012-2017):
 1. VISPO triggered
 2. Refugia front loaded payments
 3. NAS authorized expense
 4. Regional Conservation front loaded payments