



January 7, 2026

Via Electronic Communication

Ms. Laura Martin
General Manager
Gonzales County UWCD
522 Saint Matthew Street
Gonzales, Texas 78629

Re: Proposed Revisions to the Gonzales County Underground Water Conservation District Mitigation Fund Procedure Manual

Dear Ms. Martin:

San Antonio Water System (SAWS) appreciates the opportunity to comment on the District's proposed edits to the District's Mitigation Fund Procedure Manual. After reviewing the suggested changes, SAWS asks the Gonzales County Underground Water Conservation District (GCUWCD) to consider the following:

Proposed Edits to Section 1.4

1. **Maintain the Current Well Drilled and Well Registration Dates in Section 1.4**
The dates for wells to be drilled on or before January 1, 2010, and wells to be registered with the District on or before June 1, 2010 as provided in the Gonzales County Underground Water Conservation District's Mitigation Fund Procedure Manual, are a fundamental component of the Mitigation Agreement between SAWS and the District, and should be maintained. This provision was negotiated and incorporated to ensure fairness and clarity in determining eligibility for mitigation. Any alteration to this requirement would materially change the terms of the agreement and therefore cannot be made unilaterally; it would require SAWS Board approval.
2. **Oppose the Addition of Municipal Wells in Section 1.4**
SAWS' Participation Agreement in the Western Gonzales County Dedicated Mitigation Fund includes language in Section 4 stating "wells that qualify for mitigation by the Fund do not produce water for a public water supply." Municipal wells should not be included under the general mitigation provisions because mitigation of some municipal wells has

already been addressed. SAWS already has a special provision in its permit addressing mitigation for the City of Smiley. "In the event the City of Smiley's Well Number 1 ceases to produce water due to groundwater level decline, and, if written request is timely provided by the City of Smiley, SAWS shall investigate the feasibility of installing a pump in the City of Smiley's Well 1, and, if feasible and consent is given, install such a pump at the lowest feasible level not to exceed 200 feet below land surface and pay the City of Smiley a one-time payment of \$28,500.00 to offset anticipated increased power costs through 2060."

SAWS has also entered into a Statement of Mitigation and Settlement Agreement with the City of Nixon to "lower the pumps/motors in the City of Nixon's three Gonzales County wells by 200 feet from the existing water level... and will pay to the City of Nixon a one-time power cost of \$328,300.00 to offset the anticipated increase in power cost through 2060..." The City of Nixon acknowledged completion of mitigation in February 2018.

Additionally, SAWS entered into a Settlement Agreement with the Gonzales County Water Supply Corporation (GCWSC) to drill and equip a new Carrizo Aquifer well, which resulted in the completion of the Saturn well in 2016. Subsequently, SAWS issued payment to the GCWSC of \$890,000.00 for construction of its own system enhancements and in lieu of purchasing surplus water. Final payment was issued in 2023.

SAWS is not aware of public comment from a municipality or utility advocating for this change to the Mitigation Fund Procedure Manual, and including municipal wells in the fund could create duplication.

3. Oppose the Inclusion of Oil and Gas Conversions (P-13) Wells as being Covered by the Mitigation Fund

Oil and gas wells converted for groundwater production should remain outside the scope of the mitigation fund because their design and construction differ fundamentally from groundwater wells, posing significant engineering and regulatory challenges.

4. Review and Consider Increasing the Export Fee Surcharge

Since 2010, the District has applied a surcharge of \$0.0175 per one thousand (1,000) gallons of water exported during the previous calendar year when additional funds are required. Due to rising costs for materials required for mitigation, SAWS requests that the District evaluate current expenses and consider recommending an increase to this surcharge.

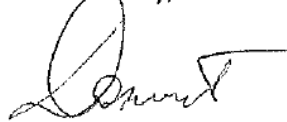
Ms. Laura Martin

January 7, 2026

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Thank you for the opportunity to provide these comments. SAWS looks forward to participating in the January 20th workshop. We respectfully request the opportunity to submit additional comments as discussions regarding revisions to the mitigation manual progress and in the event that the district provides additional opportunities for public comment. Please feel free to contact me if you have any questions or require further clarification.

Sincerely,

A handwritten signature in black ink, appearing to read "Donovan", with a long horizontal flourish extending to the right.

Donovan Burton

Sr. Vice President

Water Resources & Governmental Relations

cc: Linda Bevis, Director, Water Resources
Steven Siebert, Manager, Water Resources
Jennifer Windscheffel, Senior Corporate Counsel



Your Trusted
Water Resource

2225 E. Common Street
New Braunfels, TX 78130
830-379-5822

GBRA.ORG

January 7, 2026

Ms. Laura Martin-Preston
General Manager
Gonzales County Underground Water Conservation District
522 Saint Matthew Street
Gonzales, Texas 78629

Dear Ms. Martin-Preston,

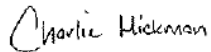
The Guadalupe-Blanco River Authority (GBRA) appreciates the opportunity to review and comment on the proposed changes to the Gonzales County Underground Water Conservation District's (GCUWCD) Mitigation Manual. GBRA, as a successor entity to the Texas Water Alliance, is party to a Participation Agreement in the Eastern County Dedicated Mitigation Fund, which has made mitigation funding available to eligible participants since January 2013. GBRA believes a robust and effective mitigation program is a cornerstone of our relationship with Gonzales County landowners and GCUWCD. With that in mind, GBRA offers the following comments to the draft proposed changes to the Mitigation Manual.

1. It is not clear how the proposed revisions to the Mitigation Manual are applicable to GBRA as GBRA and GCUWCD have executed a Participation Agreement in the Eastern Gonzales County Dedicated Mitigation Fund that outlines the mitigation requirements relevant to GBRA.
2. Section 1.3 of the proposed Mitigation Manual describes a Mitigation Fund Area that is not applicable to GBRA.
3. Section 1.4 of the proposed Mitigation Manual seeks to remove the requirement that wells eligible for mitigation were drilled on or before January 1, 2010 and extend the eligibility date in perpetuity. This proposed revision may pose problems for both permittees and GCUWCD, for a few reasons:
 - a. The Participation Agreement in the Eastern County Dedicated Mitigation Fund between GBRA and GCUWCD establishes an eligibility date of January 29, 2013.
 - b. GBRA's understands that since the time the mitigation program began, GCUWCD has been providing all permittees with information on anticipated 50-year water level declines in the Carrizo Aquifer. Wells that were not constructed consistent with water level declines anticipated at the time of well construction should not be eligible for mitigation. The removal of the eligibility date would allow new permittees to construct a relatively inexpensive, shallow well and automatically shift the cost burden to others for the drilling of a deeper replacement well as water levels decline.

- c. Additional discussion is warranted to understand the purpose and intent of removing any eligibility date from the mitigation requirements.
- 4. Consistent with the practice of other groundwater conservation districts, the previous Mitigation Manual included a requirement that wells producing water for a public water supply were ineligible for mitigation. Section 1.4 of the proposed Mitigation Manual seeks to reverse this requirement and allow certain Municipal Wells to be eligible. A few comments related to this proposed revision:
 - a. The Participation Agreement in the Eastern County Dedicated Mitigation Fund between GBRA and GCUWCD clearly establishes eligibility does not extend to any wells that produce water for a public water supply.
 - b. Additional discussion is warranted to understand what the purpose and intent of allowing certain Municipal Wells to be eligible under the program.
 - c. If a valid purpose for allowing certain Municipal Wells to become eligible is determined, a limitation on the number of connections served by the public water supply system should be considered to limit eligibility to small rural systems.
- 5. Section 1.4 of the proposed Mitigation Manual seeks to expand eligibility to oil and gas wells converted to groundwater production wells. When considering these wells were not originally designed or permitted to be domestic supply wells, it is not clear why the mitigation program should be responsible for any costs associated with long term production of groundwater. A properly planned conversion well should already extend the full depth of the targeted aquifer for production, so deepening of these wells should not be necessary. Additional discussion is warranted to understand the purpose and intent of allowing oil and gas conversion wells to be eligible under the mitigation program and to ensure that any mitigation money provided to address former oil and gas wells remains consistent with sound financial planning and groundwater policy.
- 6. Section 2.0 of the proposed mitigation manual is revised to allow for mitigation efforts to lower the pump gradually to extend the lifetime of the existing well. The mitigation program should not be designed with the intent of repeated mitigation claims on a single well. Section 5 of the Participation Agreement in the Eastern County Dedicated Mitigation Fund between GBRA and GCUWCD specifies "well[s] will be drilled or deepened or the pump lowered so that the well owner may produce water from the Carrizo formation even if a drawdown in the Carrizo exceeds 200 feet, where practicable." The approach to mitigation included in the Participation Agreement provides for a more effective use of dedicated mitigation funds and should continue to be the basis for the mitigation program.

7. Section 3.0 of the Mitigation Manual specifies a maximum mitigation reimbursement of \$40,000. GBRA believes the district should evaluate recent cost information to ensure this maximum reimbursement amount covers the cost of typical mitigation claims.

Sincerely,



Charles M. Hickman, P.E.
Executive Manager of Engineering
O: 830-560-3908
E: chickman@gbra.org

cc: Darrell Nichols, GBRA General Manager/CEO
Joe Cole, GBRA General Counsel



ALLIANCE WATER

January 7, 2026



Via email to: generalmanager@gcuwcd.org

Board of Directors and General Manager
Gonzales County Underground Water Authority
522 Saint Matthew Street
Gonzales, TX 78629

Re: Comments on Proposed Mitigation Fund Procedure Manual Revisions

Dear Board Members and Ms. Martin:

Thank you for the opportunity to comment on the proposed revisions to the Mitigation Fund Procedure Manual (the "Manual"). Below are some high-level questions and comments submitted on behalf of the Alliance Regional Water Authority and the Canyon Regional Water Authority on the current Manual followed by specific comments on the proposed changes. Included as an attachment are more detailed comments on the program as a whole.

High-Level Questions/Comments

1. The exporters each have Mitigation Agreements in place with the District. It is not clear how changes to the Manual impact the contractual requirements within those agreements – please clarify.
2. Our understanding is that the District is to meet with well drillers and convey to them the anticipated water levels in the Carrizo aquifer as a result of full production of all permittees in the District so that new wells are constructed to an appropriate depth – has this been the standard followed by the District?
3. What is driving the need to add municipal wells to the those covered by the program? No public entities have made comments at meetings stating that their wells have been impacted.
4. We would like an annual review/audit of how the District is following the Manual to ensure more transparency and accountability.

Specific Comments on Proposed Revisions


5. Section 1.3 "Mitigation Fund Area" should be updated to reflect the entirety of the District, not just the Western District area.
6. Section 1.4 – concerned with removal of all dates for mitigation eligibility. If the District is informing drillers of anticipated water levels, then newer wells should not be impacted.

7. Section 1.4 – Oil and Gas wells were never intended to be water wells – concerned with those now being covered by the Mitigation Program.
8. Section 2.0 – under what circumstances would lowering a pump gradually be selected? It may be less expensive initially but could be much more expensive after multiple different times of lowering the pump.
9. Section 3.0 – we would support increasing the maximum mitigation reimbursement of \$40,000 if the District provides information showing that the actual cost to mitigate wells is exceeding this value.

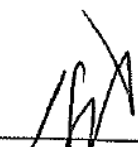
Again, thank you for the opportunity to review the proposed revisions to the District's Mitigation Fund Procedure Manual. We look forward to learning more and participating in the Workshop on January 20th. Should you have any questions or need clarifications on our comments, please do not hesitate to contact Graham Moore at 512-294-3214 or at gmoore@alliancewater.org, or Kerry Averyt at 830-609-0543 or kaveryt@crwa.org.

Sincerely,

ALLIANCE REGIONAL WATER AUTHORITY

By: 
Graham M. Moore, P.E.
Executive Director, Alliance Regional Water Authority
gmoore@alliancewater.org

CANYON REGIONAL WATER AUTHORITY

By: 
Kerry Averyt, P.E.
General Manager, Canyon Regional Water Authority
kaveryt@crwa.org

Attachment

cc: Trish Erlinger Carls, Special Counsel, via email to tcarls@tcarlslaw.com

MEMORANDUM

TO: Greg Ellis, General Counsel
Gonzales County Underground Water Conservation District

FROM: Law Offices of Patricia Erlinger Carls

SUBJECT: Mitigation Manual Revisions and Mitigation Program

DATE: January 7, 2026

CC: Board of Directors and General Manager
Gonzales County Underground Water Conservation District

This memorandum provides additional information for the Gonzales County Underground Water Conservation District ("District") to consider as it prepares for the January 20, 2026 Workshop and evaluates its mitigation program and the proposed changes to the Mitigation Fund Procedure Manual (the "Mitigation Manual").

As is stated in the Mitigation Agreements¹ and the District Rules, the mitigation program funded by exporters exists for one single purpose – to help mitigate adverse effects of pumping by certain large water producers on existing water well users. District Rule 10.E.3 requires permittees producing 3,000 acre-feet/year or more from wells connected to a common gathering system to have a plan to mitigate the adverse effects of their pumping on existing² water well users. To implement Rule 10.E.3, the District's Board required exporters to enter into Mitigation Agreements as a condition of original export permit issuance. Compliance with the terms of the Mitigation Agreement satisfies Rule 10.E.3.³

¹ As used herein, the term "Mitigation Agreements" refers collectively to the contracts entered into between each of the exporters (SAWS, SSLGC, CRWA, ARWA, and GBRA) and the District pertaining to either the Western Gonzales County Mitigation Fund and the Eastern Gonzales County Mitigation Fund, depending on which side of the San Marcos Arch (San Marcos River) their wellfields are located. Except for the GBRA agreement, all of Mitigation Agreements are included as attachments to the District's most current Mitigation Fund Report, available online on the District's website. Omission of the GBRA agreement seems to be an administrative oversight.

² See Rule 10.E.3 ("In order to ensure no unreasonable effects on existing groundwater and surface water resources or existing permit holders, the District shall require a mitigation plan, acceptable to the District, ...") Existing wells are those in effect on the date that the corresponding export permit was first issued. Each of the Mitigation Agreements have different dates: 2010 for SAWS and SSLGC; 2012 for CRWA and ARWA; and 2013 for GBRA.

³ Each of the Mitigation Agreements describes purpose of the agreement as follows:

"In the course of certain permitting actions, including contested case hearings, certain applicants and permittees, including [exporter], have agreed to assist the GCUWCD in creating a dedicated fund that would be used by the GCUWCD for the purpose of investigating and evaluating mitigation claims and implementing mitigation measures for qualifying wells in Eastern Gonzales County [or Western Gonzales County] in lieu of a permittee's obligations to perform its own mitigation under the District's Rules (the "Eastern Gonzales County Dedicated Mitigation Fund" [or, (the "Western Gonzales County Dedicated Mitigation Fund")]. or the "Fund"). A permittee's payment of the

Mitigation Agreements

If the District uses the mitigation funds as described in the proposed revisions to the Mitigation Manual, the District would be violating the Mitigation Agreements. The Mitigation Agreements contractually limit the use of mitigation funds⁴ to only the following wells:

- wells that were in existence on or before a date certain;⁵ and
- wells that do not produce water for a public water supply; and
- wells that meet the criteria for mitigation under the District's Rules and Policies (i.e., the Mitigation Manual)

The Mitigation Agreements expressly prohibit the District from using mitigation funds on wells drilled after the dates specified in the individual Mitigation Agreements. The Mitigation Agreements expressly prohibit the District from using mitigation funds to mitigate wells owned or used by a municipality (or other public water supplier). Repurposing oil and gas wells to become water wells is not an authorized use of mitigation funds under the Mitigation Agreements. This means that revising Section 1.4 of the Mitigation Manual to use mitigation funds as proposed would cause the District to be in anticipatory breach or actual breach of the Mitigation Agreements. Changing the Mitigation Manual or the District's Rules will not change the terms of the contractually-binding Mitigation Agreements. Further, from a policy perspective, as is explained in more detail below, the reasons for limiting the types of wells for which mitigation funds could be used are still valid and no changes to the Mitigation Agreements or Mitigation Manual are warranted.

Date Restriction

The rationale for restricting eligibility for use of mitigation funds to wells existing as of the date of issuance of the exporter's permit was that, after an exporter's permit was issued, water well drillers and landowners would be on notice that pumping from the exporter's wells would cause lower water levels or reduced artesian pressure over time. In response, new wells could be drilled deeper and any adverse effects could be mitigated from the start.⁶ The anticipated water level declines from large-scale producers are a matter of public record in the permit applications and other records of the District, and are conveniently summarized in Section 6.1 of the Mitigation

specified amount shall satisfy that permittee's obligations concerning mitigation for qualifying water wells pursuant to the Rules of the District."

⁴ As used herein, the term "mitigation funds" means funds paid to the District pursuant to the Mitigation Agreements between certain permittees (currently, only exporters) with the District.

⁵ Generally, this date is the date the export permit was approved. However, ARWA's Mitigation Agreement also allows, but does not require, the District to use money it contributes to the Mitigation Fund to mitigate wells owned by four (4) landowners whose wells otherwise would not have qualified for mitigation but for whom ARWA agreed to waive objection as part of a settlement agreement. The four additional landowners are Bruce and Joan Siebert, Rancho de Sueños, LLC/McCorvey/McCorvey Ranch Holdings, Ted Boriack, and Wayne LePori.

⁶ The exporters' permits and application materials, including modeling, are public information. The State Water Plan and Regional Water Plans contain information about the future needs of public water suppliers and are also public information.

Manual. However, existing water well owners did not have the information about the exporters' wells available to them when they drilled their wells. So the program was designed so that new well owners could adapt, and existing well owners could use mitigation funds to make adjustments. If this date restriction were not in place, the concern was and is that the fund could be abused by unscrupulous landowners who might purposefully drill shallow wells to save their own money, and then apply to the District funds to complete the job properly.

The current concern about the date restriction seems to be related to the eligibility of wells drilled after the date of permit issuance but before a permit amendment authorizing increased production is granted. In that situation, the proper time to address the concern is during the permit amendment process and can be accomplished by amending the dates in the affected exporter's Mitigation Agreement. It is an issue to be considered on a case-by-case basis as part of the permit amendment process, just as the original date was considered on a case-by-case basis during the original permitting process.

Municipal Water Supply Wells

Public water suppliers (including municipal public water suppliers) are in a wholly different position than an individual landowner when it comes to water system planning, operation, maintenance, and financing. The concerns expressed at the District's Board meetings about in-District municipally owned water supply systems were concerns about their actual or possible operational failures and maintenance shortcomings.⁷ Those concerns are unrelated to the effects of pumping by the exporters, are outside the scope of the mitigation program, and use of mitigation funds on municipal or other public water supply wells expressly violates the Mitigation Agreements.

The reasons for excluding all public water supply wells (including municipally-owned wells) from mitigation fund eligibility are several. First, a public water supplier's operational and maintenance expenses will eclipse those of any individual landowner and mitigation of a public water supply well would likely wipe out the funds in one claim, making the program unavailable to individual well owners and destabilizing the program irreparably.

Second, to meet their greater financing obligations, public water suppliers have access to funding sources that individual landowners do not, such as tax revenue, rate revenue, bond proceeds, and public grants and loan programs. Individuals do not have access to those funding sources.

Third, a public water supplier is required by state law to have the financial, managerial, and technical expertise to adequately maintain and operate their systems to protect public health and ensure water quality. If it is unable to do so, the Texas Commission on Environmental Quality, Public Utility Commission, and/or Attorney General have the authority to step in. No state agency programs exist to help individual landowners.

To reiterate, the mitigation program was established to be a resource for individual landowners with existing wells who actually experience or are expected to experience adverse impacts due to production by exporters. The mitigation program was never meant to be backstop

⁷ See, for example, discussion at the Dec. 9, 2025 GCUWCD Board Meeting, beginning at Minute 30:30.

for a public water supplier's duty to perform its financial, managerial, or technical obligations under state law.

Repurposed Oil and Gas Wells

Using mitigation funds to convert a landowner's old oil and gas well to a water well would also be an unauthorized use of mitigation funds under the Mitigation Agreements. This activity is unrelated to the effect of exporters' production on existing water wells. Perhaps, if such repurposing is determined to be the most cost-effective way to address a well impacted by an exporters' production, such work might qualify for mitigation funding if the other eligibility requirements are met. That would have to be determined on a case-by-case basis. But as a stand-alone use unrelated to mitigation of adverse effects caused by an exporter's pumping, use of funds to convert oil and gas wells into water wells for landowners would be a violation of the Mitigation Agreements.

Other Comments

Mitigation Fund Area

The Mitigation Fund Area described in Section 1.3 is wrong. It describes only the Western District area. It needs to be amended to also describe the Eastern District area, and simplified, as follows:

1.3 Mitigation Fund Area

The area of the District covered by ~~this~~ the western mitigation fund is the area within the District lying west of the middle of the San Marcos Arch (San Marcos River). The area of the District covered by the eastern mitigation fund is the area within the District lying east of the middle of the San Marcos Arch (San Marcos River). ~~bounded on the west by the Gonzales/Wilson/Karnes County lines, on the south by the southern boundary line of the District, on the north by the Gonzales/Guadalupe County Lines, and on the east along the middle of the San Marcos Arch (San Marcos River).~~

Additional Eligibility or Qualification Verification Requirements

We support the requirement for landowners to demonstrate two years of continuous groundwater production as a condition of eligibility. However, the District does not require all water well owners to file production reports or for all wells to be monitored. For landowners who have water service from a retail water supplier but also have water wells, objective, verifiable documentation of water well use may not exist. Please provide more information on how this eligibility criteria is to be demonstrated by a well-owner and verified by the District.

We also support the requirement for landowners to provide documentation that their well is a Carrizo well. For legally drilled wells, the well depth will be documented in the State of Texas Water Well Report. Illegally drilled wells should not qualify for mitigation.

Program Audit

Comments previously have been submitted to the District requesting an audit of the mitigation program, and we re-urge the District to engage a qualified professional to perform an audit of the nearly 13-year-old program. A program audit is the first step toward determining whether changes need to be made to the Mitigation Manual. As discussed above, ad-hoc changes to the Mitigation Manual create inconsistencies and deviations from the purpose of the program, and possibly trigger legal action for violations of the Mitigation Agreements. The scope of the audit should include evaluation of compliance with the Mitigation Agreements, review and analysis of all of the information in the Annual Mitigation Reports, procedures to increase transparency and accountability in the District's implementation of the program, and benchmarking of effectiveness and costs.

The currently proposed changes to the Mitigation Manual reflect unacceptable scope-creep. The program as funded by parties to the Mitigation Agreements has a very clearly defined scope and objective – to assist in mitigating existing wells adversely affected by pumping by large-scale producers. Attempting to expand the program funded by the Mitigation Agreements via the proposed changes to the Mitigation Manual will have adverse consequences going forward.

Thank you in advance for reviewing this information and for studying the Mitigation Agreements. If you have any questions, please feel free to contact me.

January 7, 2026 Mitigation Rules Revision

To: GCUWCD Board Members, Greg Ellis, GCUWCD Attorney

Changes to support the landowners, municipalities and taxpayers are needed for the GCUWCD mitigation rules. The current mitigation

rules favor the water exporters who are taking our water and selling it to other areas for unsustainable development. Please consider the

following that would lend support to the well owners and municipalities who need access to their water.

1. Prompt mitigation payments to landowners when a well is damaged due to exporters. The mitigation should not go on for years.
2. Do not set caps for well mitigation. The well should be repaired completely.
3. Plug all wells on properties that leased or sold their water.
4. The funds in the mitigation accounts should have a balance of \$400,000 at all times. If the balance is lowered due to a mitigation payment, the exporters should replenish the account immediately.
5. Any exporter wasting water for any reason should have their permit revoked permanently. If the water levels in the district are at lower levels the district should not renew permits for exporters.

I reserve the right to supplement at a later date.

Sally Ploeger

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January 7, 2026

Mr. Bruce Tieken, President, Board of Directors
Gonzales County Underground Water Conservation District (GCUWCD or the District)
522 Saint Matthew Street
P.O. Box 1919
Gonzales, TX 78629

Subject: SSLGC Comments on Proposed Mitigation Manual Changes by GCUWCD

Dear Board Members of the Gonzales County Underground Water Conservation District,

On behalf of the Schertz/Seguin Local Government Corporation (SSLGC), I am writing to provide our comments and concerns regarding the proposed revisions to the Mitigation Fund Procedure Manual. Based on the red-line rule changes provided, we have identified several critical issues.

The foundational concern is that the mitigation manual should not contradict or attempt to alter the established parameters of the SSLGC/GCUWCD Participation Agreement In The Western Gonzales County Dedicated Mitigation Fund, dated March 16, 2010.

According to section 7 of the agreement, SSLGC is active in its "Water Production Operations", and as such, the agreement endures. Any permits that were amended, renewed or additional permits that were pursued were related to or incidental to the water production operations.

There is a distinct expectation, Section 3 of the agreement, that the District will come to a determination that "...no more mitigation is required...". The number of wells that meet the agreement's standard for mitigation qualification should ultimately reach zero. As noted by our now-retired Professional Hydrogeologist, Mr. Bill Klemt: the predicted



hydraulic drawdown rates that were established prior to SSLGC's commencement of operations, have been remarkably accurate, twenty-five years later. Consequently, any applicant seeking a District permit would expect to have access to relevant District hydraulic information and preemptively mitigate any anticipated localized hydraulic drawdown.

1.4 Wells Covered Under the Mitigation Fund

SSLGC's assertion is that the District cannot unilaterally alter specifics of the 2010 agreement through revision of the Mitigation Fund Procedure Manual.

In consideration of the previously mentioned mitigation expectations by District permittees, drilling wells after the January 1, 2010 date, what justification is offered to extend these dates?

The proposal to include municipal wells is in direct opposition to Section 4c of the 2010 agreement. Additionally, municipal wells, by their nature (they impact the local groundwater hydrology) and statute (Texas Administrative Code), are required to set rates and issue bonds, to ensure operational efficacy.

Recommendation

SSLGC respectfully requests the District to acknowledge the enduring 2010 Mitigation Agreement and modify the proposed Mitigation Fund Procedure Manual revisions to reflect the specifics of said agreement.

SSLGC appreciates the opportunity to participate in this critical discussion and looks forward to collaborating with GCUWCD to ensure the long-term sustainability of our shared groundwater resources. Please do not hesitate to reach out if you require further information or clarification on our comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew McBride".

Andrew McBride

General Manager, SSLGC

Cc:

Laura Martin-Preston, General Manager, GCUWCD

GCUWCD Mitigation Fund Procedure Manual (To be applied District-wide Including Eastern and Western Mitigation)

CONCEPTUAL DRAFT by Ted Boriack January 7, 2025 of GCUWCD version Adopted: August 10, 2010, Revised: January 10, 2023

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- Appendix D – Unit Cost Schedule
- Appendix E – GCUWCD Mitigation Zones Map

1.0 INTRODUCTION

The mission of the Gonzales County Underground Water Conservation District (GCUWCD) is to conserve, preserve, protect, and prevent waste of the groundwater resources. The rules of the District require permittees capable of producing greater than 3,000 acre-feet of water per year from the same producer or connected or to be connected to a common gathering/transportation piping system to work with the District in mitigating the effects of large-scale pumping projects on existing permitted wells. This is accomplished through the use of a Mitigation Fund that is funded by the permittees and managed by the District. The permittees recognize and acknowledge that the District may utilize monies in the Mitigation Fund for investigating, evaluating and/or implementing mitigation by either contractors or employees and that the Mitigation Fund may be used to cover administrative expenses, contractor costs, and equipment costs associated with such contractors or employees.

District Rule 10.E.3 states: In order to ensure no unreasonable effects on existing groundwater and surface water resources or existing permit holders, the District shall require a mitigation plan, acceptable to the District, to be included in the application to mitigate the effects of the drawdown of artesian pressure or the level of the water table upon the registered or permitted well owners potentially affected by that water well or wells. The mitigation plan, at permit issuance, shall be incorporated into a binding agreement between the permittee and the District.

Historically, GCUWCD operated separate Eastern and Western mitigation programs. The Jan 10, 2023 revision combined them into a single mitigation program but did not incorporate detail on treatment of the two mitigation funds. This revision combines the Eastern and Western mitigation funds under a single manual to avoid confusion and provide clarity on administration of the mitigation program.

The Eastern Mitigation Program addresses impacts in the eastern District portion, funded by exporters :

- AQUA Water Supply Corporation (AQUA)
- Alliance Regional Water Authority (ARWA)
- Guadalupe-Blanco River Authority (GBRA)

The Western Mitigation Program covers the western portion, funded by exporters:

- Schertz Seguin Local Government Corporation (SSLGC)
- Canyon Regional Water Authority (CRWA)
- San Antonio Water System (SAWS)

1.1 Mitigation Fund Manual Purpose

The purpose of this manual is to set policies and procedures for managing the Mitigation Fund in an efficient, legal, and fiscally responsible manner. This manual includes information on assessing the effects of drawdown on water wells in the District, determining appropriate mitigation remedies, conducting well mitigation, contracting, recordkeeping and reporting, and management of funds.

1.2 Mitigation Fund Manual Objectives

- Provide an overview of the Mitigation Fund.
- Detail District operational functions.
- Explain contracting services.
- Describe contractor functions.
- Guide mitigation fund management.

1.3 Mitigation Fund Area

The mitigation fund covers the entire GCUWCD boundaries, as defined in enabling legislation and Management Plan (Section 3.4).

For administrative purposes, the territory divides into Eastern and Western zones.

The Eastern zone comprises areas primarily impacted by AQUA, ARWA, and GBRA well fields—generally east of Gonzales city and along the Guadalupe River basin.

The Western zone includes areas impacted by SSLGC, CRWA, and SAWS well fields—generally west, closer to San Antonio and the Carrizo-Wilcox Aquifer outcrop areas.

The San Marcos Arch, a geological feature influencing aquifer thickness, connectivity, and groundwater flow, divides the East and West zones.

The zones are shown in Appendix E map (GCUWCD Mitigation Zones Map).

1.4 Wells Covered Under the Mitigation Fund

Qualifying wells include any registered or permitted within GCUWCD boundaries that:

- Are not exporter wells (large-scale export pumping > 3,000 acre-feet/year).
- Demonstrate impacts from drawdown or water quality degradation.

Qualifying wells include public supply wells that serve the towns located within the GCUWCD boundary, ensuring equity as required by Management Plan Section 8.5.

Landowners who leased or sold water their groundwater rights do not qualify for well mitigation and no longer have the right to produce groundwater as it has been allocated to an exporter entity.

1.5 Mitigation Fund Contact Information

Gonzales County Underground Water Conservation District
522 Saint Matthew Street
P.O. Box 1919
Gonzales, TX 78629
Phone: 830.672.1047
Fax: 830.672.1387
generalmanager@gcuwcd.org

1.6 Permit Holder Mitigation Plans [NOTE: this section needs further edits but concept is here]

In accordance with GCUWCD Rules (Rule 11.3), permittees for large-scale pumping (greater than or equal to 3,000 acre-feet per calendar year from connected systems) must prepare and submit a mitigation plan with their initial permit application for review and approval by the District. This plan must be incorporated into a binding agreement between the permittee and the District upon permit issuance. The mitigation plan must be updated from time to time to stay current with aquifer conditions and drawdown impacts. The mitigation plan must be updated and resubmitted to the District prior to every permit renewal to reflect current conditions, modeling updates, and any changes in impacted wells (GCUWCD Rules, Rule 11.3 and Rule 26 for changed conditions). The plan shall include:

- An assessment of all third-party wells within the impact distance of the permittee's exporter wells that experience a drawdown of more than 5 feet from the baseline (pre-operation of the exporter's wells), based on groundwater modeling.
- A list of the potentially impacted wells, including their locations, owners, and registration/permit details.
- Maps showing the locations of the impacted wells and the permittee's wells.
- Drawdown contour lines illustrating the impacts of pumping on aquifer levels.
- A cost estimate for mitigating the identified wells, including potential remedies such as pump lowering, well deepening, or replacement.

This requirement ensures no unreasonable effects on existing resources or permit holders (GCUWCD Rules, Rule 11.3) and aligns with the District's authority to revise or revoke permits for such effects (GCUWCD Rules, Rule 8.10 for transportation, incorporated via export requirements in Rule 15).

As per GCUWCD Rules Rule 10.E.3: In order to ensure no unreasonable effects on existing groundwater and surface water resources or existing permit holders, the District shall require a mitigation plan, acceptable to the District, to be included in the application to mitigate the effects of the drawdown of artesian pressure or the level of the water table upon the registered or permitted well owners potentially affected by that water well or wells.

The mitigation plan, at permit issuance, shall be incorporated into a binding agreement between the permittee and the District. The plan shall include but not be limited to:

- a. The actions and procedures to be taken by the holder of the drilling and operating permit in the event that pumping causes the water level in a registered or permitted well to drop to an unacceptable level.
- b. The actions and procedures to be taken by the holder of the drilling and operating permit in the event that the pumping from the permitted well causes the water to become objectionable or renders the water unusable to a registered or permitted well owner.
- c. The actions and procedures to be taken by the holder of the drilling and operating permit in the event that pumping causes the well casing or equipment to be damaged so that the recorded quality or quantity of water cannot be produced by the registered or permitted well owner.
- d. The plan shall also include measures to be taken in cases where the reduction of artesian pressure causes an emergency to arise which may threaten human or animal health safety or welfare.
- e. The plan shall also contain a specifically enumerated time schedule for the execution of the mitigation plan.

2.0 PRE-MITIGATION ASSESSMENT

The District will take a proactive approach to mitigating Carrizo Aquifer wells in the mitigation fund area. This approach will allow the District to mitigate wells at a mutually agreeable time before the well owners encounter an emergency situation.

The District shall conduct pre-mitigation assessments of Carrizo Aquifer wells to identify wells that will potentially require future mitigation. The District will use its well registration database to identify the registered Carrizo Aquifer wells. The District will then contact the well owners to gather well completion, pump settings, and water level information. If the information required is not available, the District or its contractor will mobilize to the field and acquire the information from the well site.

The pre-mitigation assessment information will be used to plan a cost-effective mitigation effort within the mitigation fund area. A Groundwater Availability Model (GAM) may be used to estimate the approximate dates that these wells will encounter drawdown's that will exceed pump depths. The District may also use actual drawdown data from the District monitoring well network to assist with determining when and which wells to mitigate. Qualified wells that require mitigation within the first ten years, after initial adoption of this manual, will be mitigated as soon as possible. Wells that require mitigation after ten years will be mitigated on a yearly basis with the District attempting to stay ten years ahead of the drawdown effects.

3.0 HANDLING MITIGATION ASSESSMENT REQUESTS

All requests for mitigation fund work must be reviewed and pre-approved by the District and all mitigation fund work must be completed by the District's approved contractors. No mitigation work will be conducted on wells that are not timely registered with the District. A request for mitigation fund work shall be submitted to the District on a Mitigation Assessment Request Form (MARF). A copy of a MARF is included in Appendix A. In an emergency situation, such as an incident that occurs on the weekend, verbal approval from the District to the District's approved contractors shall suffice in lieu of a completed MARF. A MARF must be completed and signed by all parties as soon as possible to document the mitigation assessment request. To address resident concerns about phone requests being ignored, the GCUWCD website (gcuwcd.org) features a prominent online well mitigation request form on the homepage. Residents can submit requests digitally, which are automatically tracked in the District's system for transparency and accountability. The following information is required to properly assess a mitigation fund request:

- The name, address, and contact number of the registered well owner.
- The location of the well.
- The well completion information (casing diameter, screen type, total depth, etc.)
- The aquifer in which the well is completed.
- The depth to pump setting

- The reason for the mitigation request (i.e. water level decline or water quality degradation)
- The date the well problem was first encountered.

The District or its contractor may also need to schedule a time and date to meet at the well site to collect the following data, as needed:

- Current water level.
- Water quality data (field measurements).
- Camera survey.
- Water quality sample for laboratory analysis (if field measurements and/or camera survey warrant).

By signature on the MARF, the well owner grants access to District personnel and/or its contractor to perform the mitigation assessment activities. All eligible claims will be processed on an equitable, first-come, first-served basis, in alignment with the Management Plan's equity and discretion requirements (Section 8.5). However, in cases in which the health of a well owner is impacted due to lack of well water, attention shall be given to provide well mitigation response as necessary to help protect the lives of the residents of the District.

4.0 ASSESSING DRAWDOWN EFFECTS ON WELLS

4.1 Aquifers

The mitigation fund is funded by permittees with well fields that pump greater than or equal to 3,000 acre-feet per year from the Carrizo Aquifer. Wells completed in the Carrizo Aquifer will experience the greatest drawdown effects from the pumpage in these well fields. Therefore, the mitigation fund will predominantly assist Carrizo Aquifer well owners.

Groundwater availability models indicate that some leakage will occur from the Queen City and Wilcox aquifers into the Carrizo Aquifer over time due to the Carrizo Aquifer pumpage. The District monitors water levels in wells in each of these aquifers and will use the actual water level data to assess drawdown effects from Carrizo Aquifer pumpage on the Queen City and Wilcox Aquifers.

4.2 Water Levels [NOTE: this section needs further review]

The District monitors water levels in the Carrizo, Wilcox, Queen City, and Sparta Aquifers across the District. The District will use this data to determine the actual drawdown that occurs in the aquifers. The drawdown will be computed from historical water level measurements on

September 2002 adopted by the Board (Resolution 12-03), or subsequent measurements by District personnel using water wells or monitoring wells. For newly installed monitoring wells or existing wells added to the monitoring well network after December 31, 2001, a groundwater availability model may be used to compute the historic water level in the well that would have occurred at the monitor well location in 2002. Alternatively, a comparison of data from a December – January timeframe in both the year in which drawdown is assessed and in the historic period may be used.

This historical water level will be used to determine the depth for lowering pumps in an aquifer and to deepen or drill new wells.

4.3 Camera Surveys

Camera surveys may be used to assess casing construction details in water wells, if deemed necessary to the evaluation. A camera survey may also be used to locate the depth of reduced casing diameters or impediments to lowering pumps in wells.

4.4 Timeline for Assessing Drawdown Effects

The District will commence assessment on any mitigation request from qualifying well owners within 21 days of receiving a properly completed MARE. In emergency situations the District will act as soon as possible to alleviate the problem.

5.0 ASSESSING WATER QUALITY EFFECTS ON WELLS [NOTE: this section needs further review]

5.1 Aquifers

The mitigation fund is funded by permittees with well fields that pump greater than or equal to 3,000 acre-feet per year from the Carrizo Aquifer. Wells completed in the Carrizo Aquifer will experience the greatest effects from the pumpage in these well fields. Therefore, the mitigation fund will predominantly assist Carrizo Aquifer well owners. Groundwater availability models indicate that some leakage will occur from the Queen City and Wilcox aquifers into the Carrizo Aquifer over time due to the Carrizo Aquifer pumpage. The District monitors water quality in wells in each of these aquifers and will use this water quality data to assess the effects from Carrizo Aquifer pumpage on the Queen City and Wilcox Aquifers.

5.2 Water Sampling

Water sampling may be required to assess water quality complaints. If required, the District will collect samples for major cation and anion analyses to assess whether pumpage from the mitigation fund entities has caused the water quality concern.

5.3 Camera Surveys

Camera surveys may be used to assess water quality concerns, if deemed necessary to the

evaluation. A camera survey will be used to assess well casings for corrosion or casing damages that may be causing water quality concerns.

5.4 Timeline for Assessing Water Quality Effects

The District will commence assessment on any mitigation request from qualifying well owners within 21 days of receiving a properly completed MARF. In emergency situations the District will act as soon as possible to alleviate the problem.

6.0 DETERMINING APPROPRIATE MITIGATION REMEDIES

Once the District or its contractor has conducted a mitigation assessment of a qualified well the District will contact the well owner to discuss the appropriate mitigation remedy. Mitigation remedies may include, but are not limited to, lowering pumps in wells, installing a new pump in a well that was previously flowing, replacing a well with a stock tank, or drilling a new well. The District, in consultation with its water well drilling contractor, will determine which remedy or remedies should be applied based upon the information obtained from the well assessment activities.

6.1 Wells with Declining Water Levels

Mitigation for well owners that have or will experience water level declines below the current pump setting in the well due to effects of large-scale pumpers may include dropping the pump in the well to a depth that will exceed the anticipated 50-year water level declines (approximately 150 – 200 feet below water levels in 2002) in the Carrizo Aquifer.

Mitigation for well owners in which a pump can not be lowered due to restrictions in the well or reduced casing size may include properly plugging and abandoning the well and drilling of a new replacement well.

Mitigation for well owners in which a pump can not be lowered due to the shallow depth of the well may include properly plugging and abandoning the well and drilling of a new replacement well to a deeper depth in the Aquifer or in another suitable Aquifer.

6.2 Flowing Wells

Mitigation options for well owners with wells that have ceased flowing due to water level declines due to the effects of large-scale pumpers may include one of the following:

- Installation of an electric pump system.
- Installation of a solar pump system.
- Replacement of the well with a stock tank.

7.0 CONDUCTING WELL MITIGATION [NOTE: this section needs further review, it would seem much of this section is written into the contractor agreement form attached as an exhibit and not written into this section]

7.1 Well Mitigation Agreement

Prior to beginning any mitigation work, the well owner must sign the Mitigation Work Order Form (MWOFF) accepting the mitigation work selected and approved by the District and granting access to District personnel and/or the District's contractor to perform the mitigation activities. A copy of the District MWOFF is included in Appendix B.

7.2 Contractor Scheduling

A well owner may select from the list of pre-qualified water well drillers, as provided in Section 8.0 of this Manual, to conduct mitigation work. If the selected water well driller is unable to accept the mitigation work at the time of selection, due to other obligations, the well owner may either select another pre-qualified water well driller or agree to abide by the selected water well drillers schedule. In the latter circumstance, the selected water well driller would be under no obligation to meet the District's timeline for starting the mitigation work.

7.3 Well Mitigation Work

The District shall issue the selected water well driller a completed MWOFF that describes the work to be performed and the pre-determined costs to complete the work. No mitigation work shall be performed without first receiving a MWOFF from the District. Costs incurred for any work conducted by a water well driller without a signed MWOFF will not be paid. In an emergency situation, such as an incident that occurs on the weekend, verbal approval from the District to the District's approved contractors shall suffice in lieu of a completed MWOFF. A MWOFF must be completed and signed by all parties as soon as possible to document the work conducted for the emergency situation.

If, during the course of the mitigation work, unforeseen conditions occur that require changes in the work described in the MWOFF a water well driller must first get an amendment to the MWOFF approved by the District before conducting the changed scope of work. Except under unforeseen and emergency circumstances, the costs incurred for any work conducted by a water well driller without an amended MWOFF will not be paid.

All mitigation work must be completed to the satisfaction of the District in order to receive payment.

7.4 Timeline for Starting Scheduled Work

A water well driller selected for mitigation work shall begin work on site within 7 days of receiving notification (MWOFF) by the District. In emergency situations the selected water well driller shall begin work on site within 48 hours of notification (MWOFF) by the District.

7.5 Standard Practices

All water well drillers contracted for mitigation work with the District shall use standard practices acceptable to the Texas Department of Licensing and Regulation for Water Well Drillers and Water Well Pump Installers and rules of the Gonzales County Underground Water Conservation District.

7.6 Completion of Mitigation Work

The selected water well driller shall use reasonable due diligence in accordance with standard practices for water well drillers and pump installers for completing the approved mitigation work in a timely matter. Upon completion of the mitigation work, the water well driller and well owner shall sign off on the MWOFF. The completed and signed MWOFF shall be submitted to the District for final approval of the work and payment. 8.0 MITIGATION FUND CONTRACTS The District will solicit bids from and contract with several qualified water well drilling and pump installation companies, duly licensed in the State of Texas, to provide mitigation services under the Mitigation Fund Agreements. Contracting with more than one water well drilling company will ensure that a water well driller will be available in emergency situations.

8.1 Contractor Qualifications

Contractors engaged in work for the District shall:

- Be a company engaged in the business of providing water well drilling and pump services for a minimum of five years within the last seven years. Recent start-up businesses do not meet the requirements of this contract. A start-up business is defined as a new company that has no previous operational history or expertise in the relevant business and is not affiliated with a company that has that history or expertise.
- Be a licensed Water Well Driller in the State of Texas with a current license issued by the Executive Director pursuant to the Texas Occupations Code, Chapter 1901 and maintain the license throughout the term of the contract.
- Be a licensed Water Well Pump Installer in the State of Texas with a current license issued by the Executive Director pursuant to the Texas Occupations Code, Chapter 1902 and maintain the license throughout the term of the contract.
- Be located within a 70-mile radius of the District boundaries.
- Be in good financial standing, not in bankruptcy, current in payment of all taxes and fees as required by law.
- Have sufficient personnel and equipment to handle all Mitigation Fund service requests from the District.

8.2 Insurance

Before being qualified to perform any mitigation work, a contractor must provide and maintain a certificate of insurance, at contractor's expense, covering all the activities to be performed by contractor's company or contractor's subcontractors, as described below.

- Statutory workers' compensation insurance valid in the State of Texas is required.
- Comprehensive General Liability Insurance, covering liability, including but not limited to Public Liability, Personal Injury, and Property Damage, with coverage of at least \$1,000,000 per occurrence.
- All insurance shall be placed with insurance companies licensed to do business in the State of Texas, and/or acceptable to the District.
- The Comprehensive General Liability Insurance policy must include GCUWCD as an additional insured during the duration of the contract with GCUWCD. Any coverage afforded the District, the Certificate Holder, as an Additional Insured shall apply as primary and not excess to any insurance issued in the name of the District.
- Comprehensive Automobile Liability Insurance covering the use of all vehicles used by the contractor, whether owned, hired or non-owned. This insurance shall be in at least the following amounts: bodily injury: \$500,000 per person; \$1,000,000 per occurrence; and property damage: \$500,000 per occurrence.
- Contractor shall give the District unqualified prior written notice of cancellation or diminution of said insurance coverage ten (10) days prior to the effective date of any such cancellation or diminution.

8.3 Contract Terms

The mitigation fund contracts shall be valid for a three-year period with an option to extend. A copy of the District Mitigation Fund Services Contract is included in Appendix C.

8.4 Unit Costs

The District will reimburse contractors for mitigation work performed based on the attached Unit Cost Schedules. These schedules shall be reviewed by the District every year and provided to qualified contractors when changes are made. Copies of the initial Unit Cost Schedules are included in Appendix D.

8.5 Payment Terms

Contractors will be reimbursed for mitigation work performed under a Mitigation Work Order Form (MWOFF) at the rates identified in the Unit Cost Schedule. Except in unforeseeable or emergency circumstances no contractor costs will be reimbursed without an approved MWOFF.

The MWOFF must be agreed to by the District and Contractor prior to beginning any work (signatures on MWOFF required) and the mitigation work performed must be approved by the District (signature on MWOFF required) before any payments to the contractor will be made. Contractor payments must be approved by the District Board of Directors prior to payment. MWOFF payments will be mailed out on the following work day after approval at the monthly board meeting or the contractor can pick up the check at the District office.

8.6 Damages

The contractor is responsible for any damages to property that occurs during the course of conducting mitigation activities.

9.0 FUNDING OF WELL MITIGATION

The Mitigation Fund is divided into separate Eastern and Western Mitigation Funds, each with distinct budgets and banking accounts, as outlined in the GCUWCD 2024 Mitigation Fund Annual Report and financial reports (e.g., 2023-2024 FY Eastern and Western Mitigation Fund Budgets).

Both the Eastern and Western funds shall maintain balances of \$400,000 each to ensure sufficient resources for ongoing mitigation activities.

Funding for each program is sourced from negotiated export fees and contributions under mitigation agreements with respective exporters. However, nothing herein shall prevent the District from applying export fees toward costs associated with costs and expenses incurred in the course of performing its responsibilities as a groundwater conservation district.

The Eastern Mitigation Fund is primarily funded by annual payments from AQUA Water Supply Corporation (AQUA), Alliance Regional Water Authority (ARWA), and Guadalupe-Blanco River Authority (GBRA), which support mitigation activities in the eastern portion of the District impacted by their operations.

The Western Mitigation Fund is funded by contributions from Schertz Seguin Local Government Corporation (SSLGC), Canyon Regional Water Authority (CRWA), and San Antonio Water System (SAWS) to address impacts in the western portion.

Exporters with permits granting 3,000 acre-ft/yr or more shall pay an export fee per every acre-ft produced within the GCUWCD. The export fee is defined in Table 1 and may be revised from time to time depending on well mitigation costs and the cost to administer the impacts of exporter pumping.

Eastern funds for wells affected by Eastern exporters' pumping, and Western funds for those affected by Western exporters. This includes costs for assessments, remedies (e.g., pump lowering), contractor services, and administrative expenses.

Certain costs of administering the well mitigation program shall be shared equally between the Eastern and Western funds, such as salaries and related expenses for GCUWCD employees including the mitigation manager and general manager, to ensure fairness and prevent burdening taxpayers.

In the event that the balance of either the Eastern or Western Mitigation Fund falls below \$400,000, the District shall request additional funds from the relevant exporters. Exporters must make payment within 30 days of the request to replenish the fund, ensuring that well mitigation activities are not delayed due to lack of funds. This requirement supports timely execution under GCUWCD Rules (Rule 10.E.3.e) and prevents interruptions in protecting affected wells.

The authority to charge export fees is provided under Texas Water Code §36.122, which allows groundwater conservation districts to impose reasonable export fees on groundwater transported out of the district. The use of these fees for mitigation programs is authorized under Texas Water Code §36.207, which permits districts to use export fee revenue for purposes consistent with the district's management plan, including assessing and addressing impacts from groundwater exports such as monitoring, studies, and mitigation of aquifer levels or water quality, as amended by House Bill 1689 (effective September 1, 2025).

Table 1: Export Fee Schedule

(Need to revise GCUWCD Rules Exhibit D – Export Fee Schedule)

(Revised Export Fee Schedule Below)

| <u>Effective Year</u> | <u>Export Fee (\$/1,000 gallons)</u> |
|-----------------------|--------------------------------------|
| 2025 | \$0.210 |
| 2026 | \$0.216 |
| 2027 | \$0.223 |
| 2028 | \$0.229 |
| 2029 | \$0.236 |
| 2030 | \$0.243 |

Note: Export fee schedule revised per Texas Water Code §36.122(e)(2), (e-1).

10.0 MITIGATION FUND MANAGEMENT

The District has an investment policy which is in compliance with various provisions of Texas law relating to the investment and security of funds of districts. As of the inception of the Mitigation Fund, Sections 36.155 and 36.156 of the Texas Water Code and Chapters 2256 and 2257 of the Government Code are applicable to the investment of the District's funds, including the investment of the Mitigation Fund. The investment policy addresses the methods, procedures, and practices that must be used to ensure effective and judicious fiscal management of the District's funds. The District purchases various insurance policies, including the bonding of all directors and employees of the District.

11.0 RECORDKEEPING AND REPORTING

The District shall maintain records and supporting documentation for all mitigation fund work in accordance with the District Bylaws. The District shall maintain a log in an Excel spreadsheet of all wells receiving mitigation resources, including details such as well owner, location, date of request, assessment findings, mitigation remedy provided, costs, and completion date. The District shall also maintain an updated map showing the locations of all wells that have received mitigation resources. The GCUWCD shall issue an Annual Mitigation Fund Report concurrently with its annual financial audit report. The Annual Mitigation Fund Report shall include, at a minimum:

- Introduction and overview of the program.
- Funding summary (revenues, expenses, balances for Eastern and Western Funds).
- Description and updates to the Mitigation Fund Procedure Manual.
- List of qualified Mitigation Fund contractors.
- Report from the Well Mitigation Manager (including progress on assessments and mitigations).
- Summary of mitigation work conducted during the year (with table of mitigated wells).
- Recordkeeping and reporting details.
- Mitigation Fund management and investment summary.
- Attachments, including:
 - Mitigation Fund Permittee Agreements.
 - Summary Table of Mitigation Work.
 - Unit Cost Sheets.
 - Mitigation Fund Financial Reports.
 - Financial Audit Report.

- Excel log of wells receiving mitigation resources.
- Map of wells that received mitigation resources.

The District shall provide all participating permittees an accounting of Mitigation Fund revenues and expenses, information regarding qualified water well drillers, and the full Annual Mitigation Fund Report summarizing claims inspected, evaluated, or mitigated.

APPENDICES

Appendix A – Mitigation Assessment Request Form

[Full form as previously provided.]

Appendix B – Mitigation Work Order Form

[Full form as previously provided.]

Appendix C – Mitigation Fund Services Contract

[Unchanged from original; full contract text as provided in the original manual.]

Appendix D – Unit Cost Schedule

[Unchanged from original; full schedule as provided in the original manual.]

Appendix E – GCUWCD Mitigation Zones Map

[Map showing the Gonzales County Underground Water Conservation District divided into Eastern and Western mitigation zones. The division is approximately along the center of the county, influenced by the San Marcos Arch, with the Western zone covering the western half impacted by SSLGC, CRWA, and SAWS well fields, and the Eastern zone covering the eastern half impacted by AQUA, ARWA, and GBRA well fields. Detailed boundaries are defined in the Mitigation Fund Permittee Agreements.]