Purpose of Today’s Briefing

• Provide context on the requests for authorization of eminent domain that the Board of Directors sometimes is asked to consider

• Explain LCRA’s good neighbor policy regarding landowners

• Show how LCRA’s use of eminent domain has been reduced significantly since fiscal year 2014
• Land assets sometimes are required for LCRA projects in water, energy and community services

• Successful acquisition of land assets is critical to completing projects on time, on budget and on target

• We go beyond merely achieving project goals – LCRA strives to be a good neighbor to all landowners
What is our Good Neighbor Policy?

• LCRA’s mission is to enhance the quality of life of the Texans we serve through water stewardship, energy and community service – this means *all Texans*

• Positive relationships with landowners help both current and future projects succeed
What is our Good Neighbor Policy? (Continued)

• Unlike many other utilities, LCRA has:
  – Frequent and clear landowner notifications
  – Proactive management of landowner concerns
  – Follow-up and follow-through on construction damage
  – Management of special landowner conditions
  – Thoughtful consideration of encroachment requests
LCRA Real Estate Services: By the Numbers

- Made 8,400 landowner notifications in FY 2021, an average of 700 per month

- Acquired 1,282 parcels across 135 major Transmission projects since FY 2010
  - For example, the Bakersfield to Solstice Certificate of Convenience and Necessity project in Pecos County required 61 easements
  - Due to complex ownership, LCRA contacted, negotiated and executed easement documents with 499 individual landowners
  - This project also had landowners located in five countries outside the U.S., including Canada, Costa Rica, France, Hungary and the Philippines
LCRA’s Right of Way Process

Real estate scoping

Easement constraints report

Required assessments

Real estate acquisition

Title report
Plat and field notes
Appraisal report

Landowner negotiations

Transaction completion

Post-completion relationship management
How Easements are Appraised

• LCRA contracts with independent, licensed appraisal firms to appraise the needed easement interests

• In determining the value of the LCRA easement, several values are considered in the overall value:
  – The value of the easement area and access
  – Any diminution of value to the remaining property
  – The value of any temporary construction easements
How Easements are Negotiated

• LCRA works to negotiate a successful deal with landowners
  – Offers incentives to increase acceptance of initial offers
    ▪ Helps build positive long-term relationships with landowners
    ▪ Lowers legal fees for all involved
    ▪ Minimizes project risk by ensuring controllable timelines and costs

• LCRA considers eminent domain only if negotiations do not resolve
Considerations of When to Use Eminent Domain

- Board approval is required before eminent domain can be used.
- To protect project timelines, we sometimes request the authority from the Board to use eminent domain as a precaution.
- Most often, that authority does not end up being used.
- Considerations of when to use eminent domain include project cost, project schedule, and project scope.

Eminent domain is used only as a last resort when critical project schedule or cost considerations require it.
Condemnation Rate Over Time

Board direction in 2014 to institute good neighbor policy
Condemnations vs. Negotiated Transactions Over Time

The ratio of negotiated transactions to condemnations is increasing compared with past years.
Real Estate Customer Service Doesn’t End With Project Completion

- LCRA will follow up on all landowner concerns post-construction
- We work to resolve damage claims arising from contractor activities
- We manage special conditions post-construction as they arise