

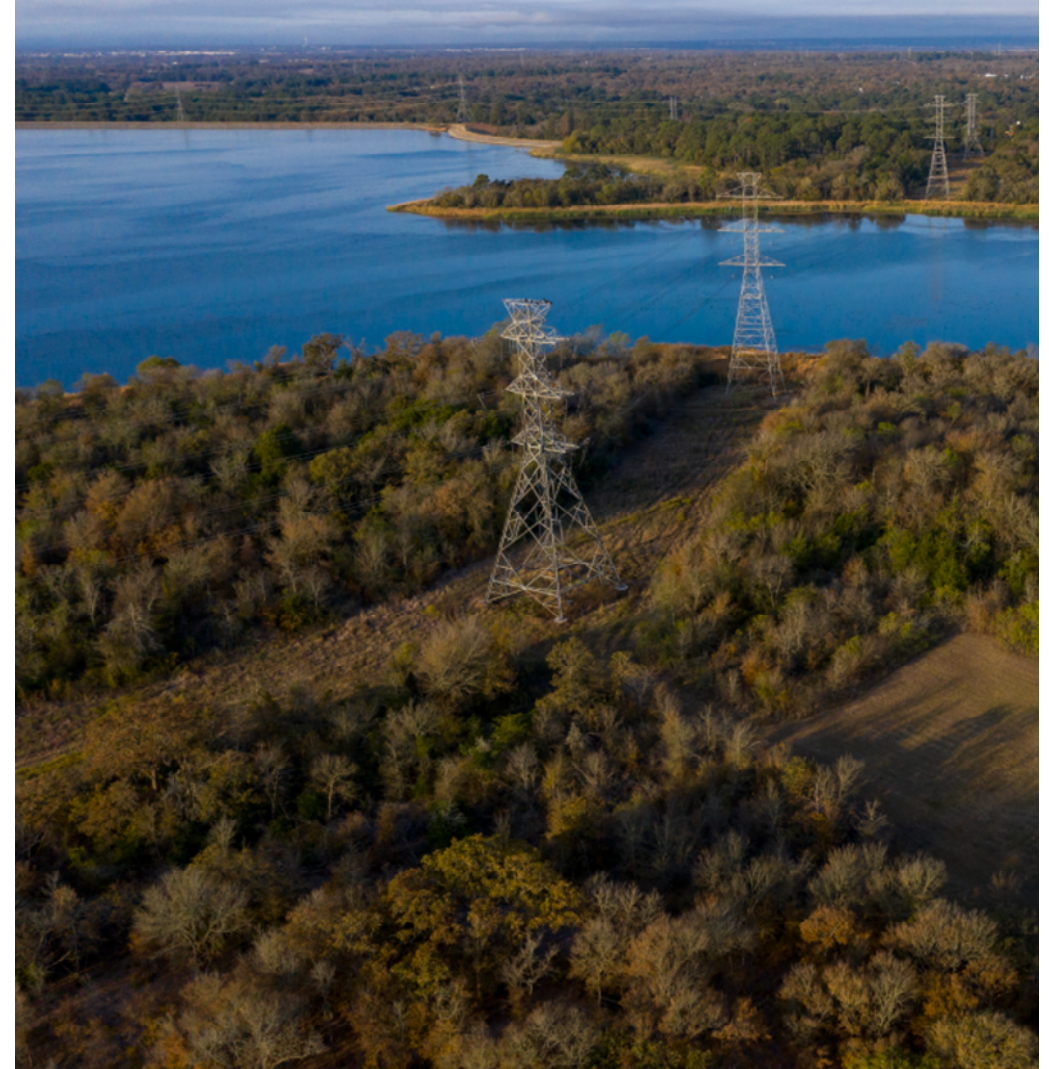
Real Estate Services Land Rights Acquisition

Planning and Public Policy Committee Meeting
Sept. 22, 2021



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



Real Estate Land Acquisition Services Support Project Delivery

- **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**

Real Estate Services successfully delivers the needed acquisition parcels and effectively manages the property portfolio to support the organization's objectives

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

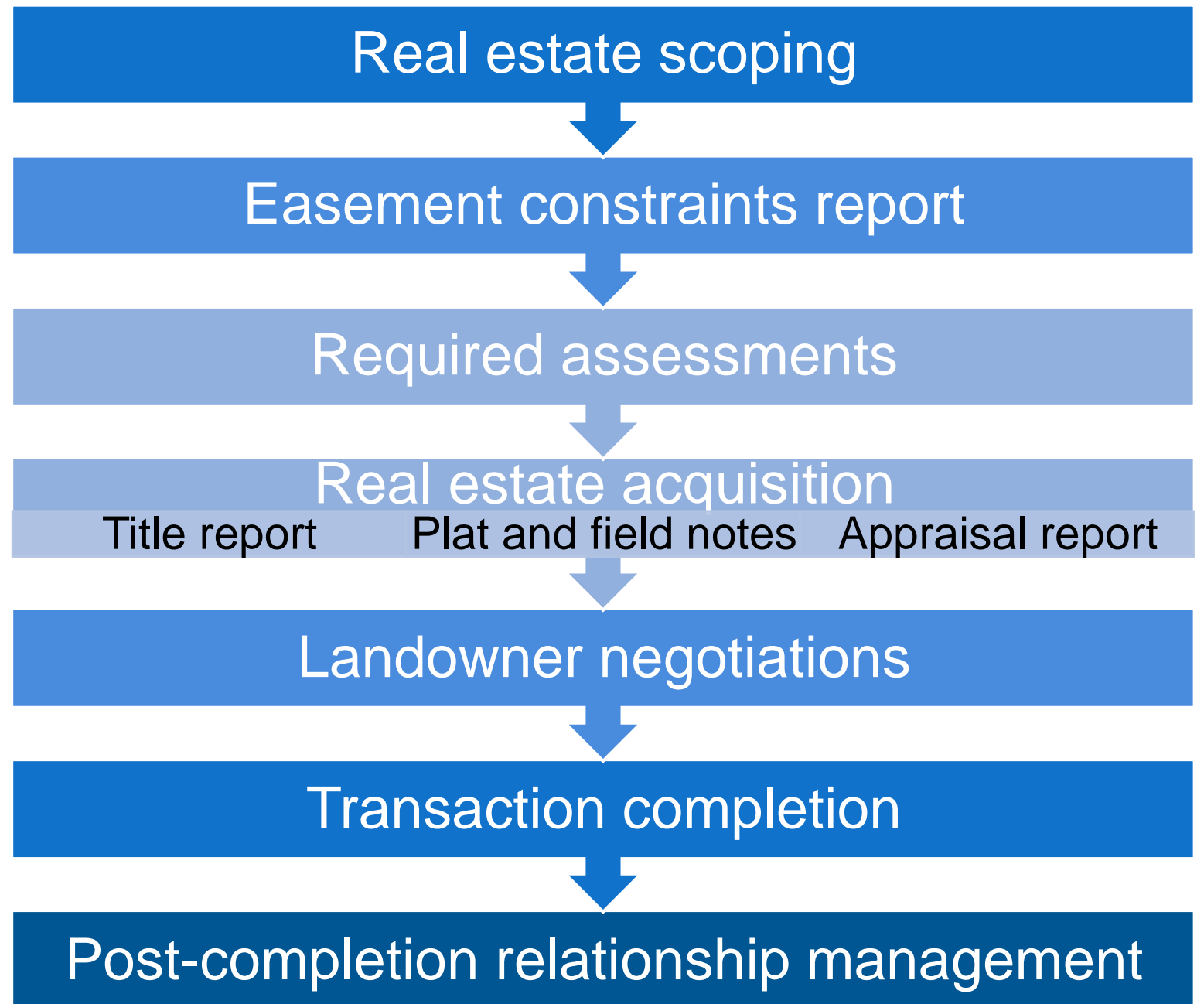
What is our Good Neighbor Policy? (Continued)

- **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



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

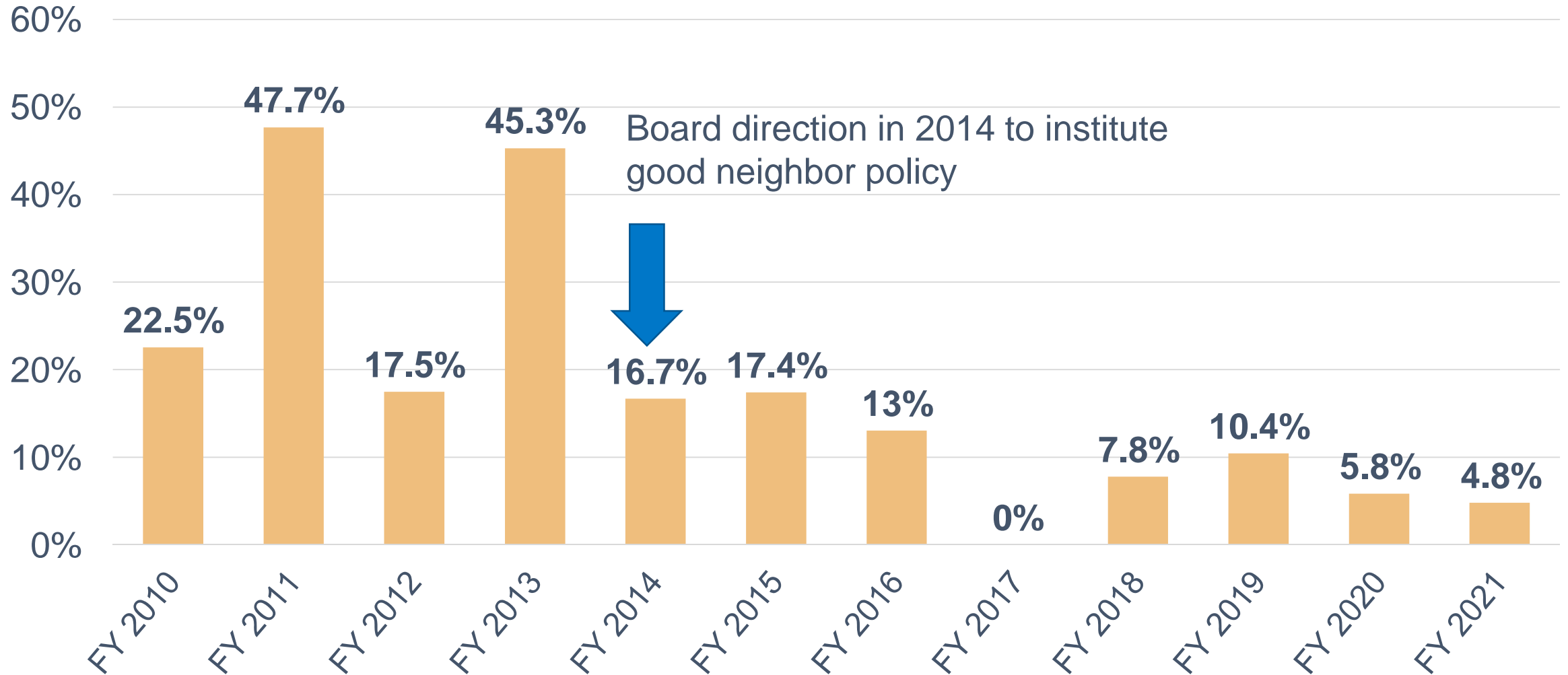
- **LCRA works to negotiate a successful deal with landowners**
 - Offers incentives to increase acceptance of initial offers
 - Helps build positive long-term relationships with landowners
 - Lowers legal fees for all involved
 - Minimizes project risk by ensuring controllable timelines and costs
- **LCRA considers eminent domain only if negotiations do not resolve**

Considerations of When to Use Eminent Domain

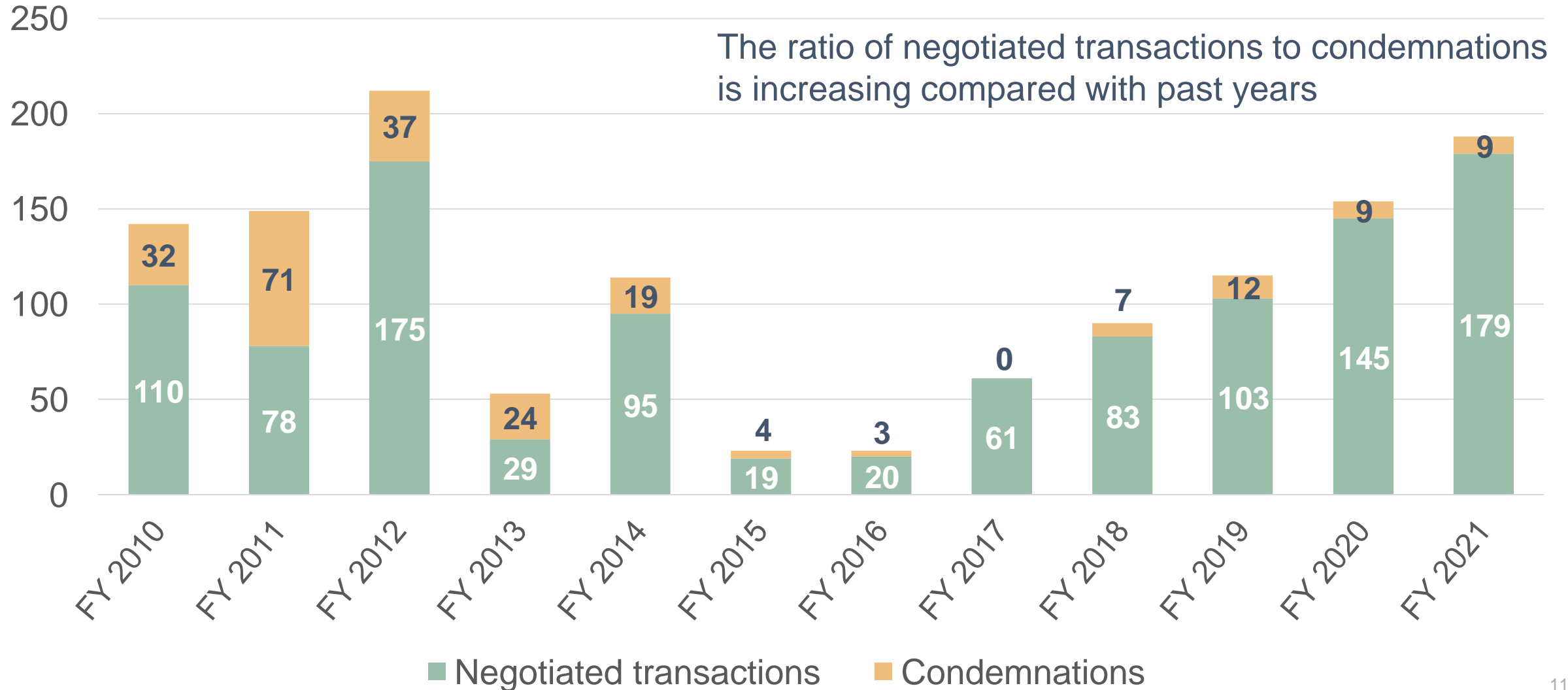
- Board approval is required before eminent domain can be used
- To protect project timelines, we sometimes request the authority to use eminent domain from the Board as a precaution
- Most often, that authority does not end up being used
- Considerations of when to use eminent domain include project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



Condemnations vs. Negotiated Transactions Over Time



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





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