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September 2, 2025

Groundwater Management Area 12 Members
c/o Gary Westbrook, Post Oak Savannah Groundwater Conservation District
PO Box 92
Milano, Texas 76556
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Re: Comments on Socioeconomic Impacts for September 3, 2025, GMA 12 Joint Planning Meeting on Desired Future Conditions

Dear Groundwater Management Area 12 Members:

SLR Property I, LP (“SLR”) appreciates this opportunity to comment on socioeconomic impacts of groundwater production, an important consideration in adopting desired future conditions (“DFCs”) through the joint planning process. DFCs are policy decisions. While informed by science, they are set through an iterative, forward-looking balancing of nine required statutory elements. SLR offers the following comments on Element 6, the socioeconomic impacts reasonably expected to occur during the planning horizon, in the context of GMA 12 considering DFCs for this planning cycle.

SLR owns over 33,000 acres in Milam and Lee Counties, within GMA 12, and has already invested millions of dollars in redeveloping this property, the majority of which was formerly owned by Alcoa. SLR’s goal is to attract development that will return this property to its historic role as an economic engine for the local community and the region. Of course, SLR’s development hinges upon continued and reliable access to water, both surface water and groundwater. For that reason, GMA 12’s policy decisions regarding DFCs have real, social and economic consequences for SLR and for the surrounding region.

SLR anticipates that its development will attract billions in investment over the next 25 to 50 years, in the form of new industries, new commercial businesses, and new residents. Those investments have a compounding effect on the greater region by improving access to healthcare, emergency services, transportation planning, school funding, and quality of life.

The Legislature has established Municipal Utility Districts (“MUDs”) at the SLR property to provide public services and infrastructure to support the incoming growth. In recent months there has been almost \$3 billion approved for infrastructure alone by the MUD boards. The first tenant of SLR’s Advanced Manufacturing & Logistix Campus (“AMLC”) is projected to spend over \$850 million and create more than 1,000 jobs beginning operations in 2027.

These tangible socioeconomic benefits flow from SLR’s full suite of water rights in Milam and Lee Counties. SLR urges GMA 12 to recognize the significant socioeconomic benefit of SLR’s development, and similar efforts, when evaluating DFCs.

A. Groundwater Production and Export is Essential for Texas’s Socioeconomic Viability.

Texas law emphasizes the socioeconomic benefits associated with groundwater production. For example, GMAs must set DFCs to allow “the highest practicable level of groundwater production.”

Tex. Water Code § 36.108(d-2). Districts then “issue [production] permits up to the point that the total volume of exempt and permitted groundwater production will achieve an applicable [DFC].” Tex. Water Code § 36.1132(a). This structure effectively directs GMAs to plan for DFCs that accommodate and encourage groundwater production over a 50-year horizon, then directs GCDs to issue permits up to the point of DFC achievement. During the next planning cycle, the GMA reevaluates those DFCs, considers the nine statutory factors, and plans anew.

Texas is booming. The state is already home to five of the 15 most populous cities nationwide, seven of the top 15 fastest growing cities and towns by percentage increase, and three of the top five fastest growing cities by population increase.¹ As the Governor recognizes, every new and existing Texas resident, and every new and existing Texas business, needs water.² Because of that, water serves as a limiting resource on development. To keep pace with the rapid population growth, and to support the state’s continued economic development, we must have, and plan for, water supply.

The GMA-led joint planning process yields a key planning tool: DFCs. DFCs are necessarily forward-looking and flexible. They can and should be set to accommodate ongoing economic development. Companies seeking to invest require water before bringing their businesses and employees to central Texas. Setting DFCs that support economic growth recognizes both the state’s vast underground water resources and companies’ need for water supply certainty before investing here. Even on an individual basis, a landowner who has access to groundwater enjoys a higher socioeconomic position (thus improved economic participation) than a similar landowner without.³

Overly restrictive DFCs take all the air out of the room. An artificially depressed forecast of available water supply deters new development, delays expansions of existing investments, and drags the state’s economy. In other words, “[i]nsufficient water supplies could not only have an immediate and real impact on the regional economy in the short term, but they could also adversely and chronically affect economic development in Texas.”⁴ In setting new DFCs, the GMA must specifically consider these reasonably anticipated socioeconomic impacts.

B. DFCs Should Account for all Permitted Production.

GMA 12 can, and should, set DFCs that allow for reasonable growth and honor existing, permitted production. Modeling and setting DFCs based on permitted, rather than actual, production better aligns with the Legislature’s directive to GCDs to issue permits “up to the point that the total volume of exempt *and permitted* groundwater production will achieve an applicable [DFC].” Tex. Water Code § 36.1132(a) (emphasis added). Because GCDs must analyze permitted production when regulating with respect to a DFC, GMAs should look to that production to set DFCs in the first place.

Some GMA 12 GCDs have historically assumed the continued non-production of permitted groundwater in setting DFCs. Not only is this logically faulty (*e.g.*, the day after setting a DFC, every permitted producer could increase production, upending the foundation on which the DFC was set), but it also assumes the non-exercise of a private property right. The permittee, not the GMA or GCDs,

¹ U.S. Census Bureau, *Population Growth Reported Across Cities and Towns in All U.S. Regions*, May 15, 2025, <https://www.census.gov/newsroom/press-releases/2025/vintage-2024-popest.html>.

² Office of the Texas Governor, *Governor Abbott Delivers 2025 State of the State Address*, Feb. 2, 2025, <https://gov.texas.gov/news/post/governor-abbott-delivers-2025-state-of-the-state-address>.

³ See, *e.g.*, *Edwards Aquifer Auth. v. Bragg*, 421 S.W.3d 118, 152-53 (Tex. App.—San Antonio, 2013) (discussing the difference in value of two orchards with varying access to groundwater).

⁴ Dr. John R. Ellis, Texas Water Development Board, *Socioeconomic Impacts of Projected Water Shortages for the Brazos (Region G) Regional Water Planning Area*, June 2025, at 4.

decides how to use its groundwater, and 25,000 acre-feet per year produced for industrial use has the same effect on the aquifer, and the DFC, as that same volume produced for agricultural use.

Further, a DFC set based on assumed, rather than permitted, production artificially stagnates groundwater production—and associated economic development—by ignoring that permitted groundwater is readily dispatchable. In other words, in the short term, permitted groundwater that is not actively being used by a permit holder could be produced at any given moment to respond to increases in the state’s water demand, without impacting the forecast DFC.

C. Mitigation Can Address Impacts while Fostering Economic Growth.

A DFC that encourages economic growth will, naturally, have some negative socioeconomic impacts as well. In some instances, large-volume production may draw down hydraulic head or water levels in nearby wells, with attendant impacts on those wells’ productivity. As a large-volume producer ramps up production over time to meet an area’s needs, whether industrial, municipal, or otherwise, Texas law requires that any water produced be put to beneficial use. Tex. Water Code § 36.113(d)(3). When that beneficial use occurs, nearby landowners, GCDs, and the GMA can plan for and respond to any negative socioeconomic impacts associated with groundwater production.

Mitigation funding efforts represent one mechanism for addressing groundwater impacts. By creating, and funding, mitigation plans, GCDs in a GMA can jointly address any negative socioeconomic impacts allowed by a DFC that encourages groundwater development and the overwhelmingly positive socioeconomic impact associated with economic development and growth. For instance, GMA 12 GCDs routinely collect large fees from groundwater producers and exporters. These fees could be used to support a GMA-wide mitigation fund, from which GCDs could draw to mitigate negatively affected groundwater wells. While some GCD-specific programs are already in place (e.g., the mitigation fund administered by Post Oak Savannah GCD, called the “Groundwater Well Assistance Program”), a GMA-wide mitigation fund makes more hydrogeological sense. Aquifer boundaries do not stop at GCD bounds, and neither do potential impacts of groundwater production. Under a GMA-wide mitigation approach, GMA 12 can both plan for, and set, a DFC that accommodates the overwhelmingly positive socioeconomic impacts reasonably expected to occur and addresses any negative socioeconomic impacts to smaller wells.

SLR encourages GMA 12 to proactively establish a program to address any negative impacts of groundwater production, while ensuring that the DFC supports, rather than hinders, the state’s continued economic growth.

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SLR appreciates the opportunity to provide these comments and looks forward to continuing to work with GMA 12 in its DFC-setting process.

Respectfully,



Alan Gardenhire
Vice President of Operations
SLR Property I, LP