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APPENDIX A-4 REAL ESTATE REPORT

1. PROJECT PURPOSE

The purpose of this study is to develop a decision document to justify modification and expansion of the Raymondville Drain (RD) project to significantly reduce flood risk and damages in the study area. A Real Estate Plan (REP) is required to support decision documents for all types of water resources projects. The purpose of this REP is to identify the potential Lands, Easements, Rights-of-Way, Relocations, and Disposal areas (LERRDs) required for the recommended plan of the proposed project, and to estimate the costs of acquisition. LERRDs are estimated at approximately 6% of project cost, so the process documented in this appendix is appropriate for this Feasibility Study. The Hidalgo County Drainage District No. 1 (HCDD1) is the non-Federal Sponsor (NFS) for this project.

The RD project is located in Hidalgo & Willacy Counties, Texas, and currently exists from outside of Hargill, TX to the Laguna Madre. The recommended plan includes the installation of new a new drain from Edinburg, TX that connects to the existing RD, and the widening of the existing RD. The REP identifies the real estate to be acquired from various tracts in the project area and refers to all the lands needed for the construction, operation, and maintenance of the RD. This report is tentative in nature and is to be used for planning purposes only. The report is written based on specific data from the RD project; nonetheless, minor modifications to the plan may occur in the detailed design development that could possibly alter the real estate determinations made herein.

The acquisition process of the recommended plan is projected to occur over a 10-year period, however it could potentially be reduced through additional simultaneous construction contracts. It includes the construction of approximately 14 linear miles of new drainage channels, approximately 43 linear miles of improvements to existing channel via widening, an approximately 270-acre detention basin located along a new channel in Hidalgo County, and the construction of five control structures. The construction of the recommended plan is planned to be completed in separate phases or segments. Proposed new channel and widened channels are understood to need approximately 350 or 450 feet of right-of-way.

As the NFS, HCDD1 is responsible for all land acquisition. Willacy County is working in cooperation with the NFS but will not be a responsible party with regards to the project. HCDD1 intends to prioritize the acquisition of all required LERRDs in the form of standard real estate via the acquisition of a fee title, as appropriate. Where acquisition of a fee title is not possible such as that of a roadway crossing or similar conflict, or not advantageous, the use of the required land will be acquired via easement.

2. GENERAL BACKGROUND

The project area encompasses the areas within Hidalgo County and Willacy County ranging from areas west of Edinburg Lake and spanning east to the Laguna Madre. This area is subdivided into

two (2) main watersheds, the RD, and the North Main Drain (NMD). The RD watershed encompasses approximately 625 square miles. The NMD watershed area is south of the RD and encompasses approximately 592 square miles. Generally, the stormwater runoff within all of the watersheds flows from west to east, into the Laguna Madre. Land acquisition in the NMD basin is not necessary for this project.

Through the years, several drainage studies have been prepared concerning improvements for the project area. There have been several alternatives that have been studied concerning improvements to the project watershed area. To be considered a viable alternative, the proposed improvements need to satisfy a wide range of criteria, and not just a reduction in flood damages. Environmental considerations and social acceptability are also utilized to judge the benefits of each solution. Three plan formulation iterations eliminated arrays of alternatives from consideration. A total of two (2) final alternatives were found to be feasible and justify a detailed analysis of their potential performance regarding flood damage reduction. The proposed alternatives to be considered have been designated as Alternative 1 and Alternative 2. After thorough analysis and hydraulic consideration, Alternative 1 was selected as the NED plan, and is the preferred alternative.

To construct the project efficiently and to be technically sound, appropriate project phasing is imperative to avoid contributing to downstream flooding before the project is completed. The proposed project is subdivided into seven (7) segments in Hidalgo County and four (4) segments in Willacy County. The proposed RD system will be jointly owned by the HCDD1 and the Delta Lake Irrigation District (DLID), and will be operated by HCDD1. The NFS has executed a Memorandum of Understanding with the DLID who owns the existing Raymondville Drain System, by which HCDD1 will have the authority to operate, expand and maintain the drainage system.

3. LAND CHARACTERISTICS

The characteristic of the existing land uses for the watershed were determined by available aerial photography.

- I. The developed areas of the NMD watershed consist primarily of residential and commercial development. Additionally, there are large areas of farmland outside of the incorporated areas. Residential areas were classified based on average lot size (i.e., $\frac{1}{4}$ acre lot, $\frac{1}{2}$ acre lot, etc.). Farmlands were primarily designated as straight row, small grain crops.
- II. The developed areas of the Hidalgo portion of the RD watershed consist primarily of residential and commercial development with a small amount of industrial development. Additionally, there are large areas of farmland outside of the incorporated areas. Residential areas were classified based on average lot size (i.e., $\frac{1}{4}$ acre lot, $\frac{1}{2}$ acre lot, etc.). Farmlands were primarily designated as straight row, small grain crops and/or legumes or rotation meadow. The existing RD is an artificial channel constructed for the purposes of stormwater management and is not considered to be a navigable watercourse.

III. The developed areas of the Willacy portion of the RD watershed consist primarily of residential and commercial development. The majority of the watershed consists of large areas of farmland outside of the incorporated areas.

The NMD watershed contains most of the existing urban development. This watershed contains the communities of Edinburg, Pharr, San Juan, Edcouch, La Villa, Lyford, and the northern portions of Alamo, Donna, and McAllen. These communities contain both residential and commercial developments. The undeveloped portion of the watershed is a combination of farmland and rangeland.

4. PROJECT SPONSOR LAND ACQUISITION CAPABILITIES

The NFS has the authority and capability to furnish lands, easements, and rights-of-way in accordance with the Texas State Land Acquisition regulations for the proposed project. Chapter 49, Section 49.222 of the Texas Water Code as shown below gives HCDD1 its condemnation authority.

Sec. 49.222. EMINENT DOMAIN.

(a) A district or water supply corporation may acquire by condemnation any land, easements, or other property inside or outside the district boundaries, or the boundaries of the certificated service area for a water supply corporation, necessary for water, sanitary sewer, storm drainage, or flood drainage or control purposes or for any other of its projects or purposes, and may elect to condemn either the fee simple title or a lesser property interest.

(b) The right of eminent domain shall be exercised in the manner provided in Chapter 21, Property Code, except that a district or a water supply corporation shall not be required to give bond for appeal or bond for costs in any condemnation suit or other suit to which it is a party and shall not be required to deposit more than the amount of any award in any suit.

(c) The power of eminent domain may not be used for the condemnation of land for the purpose of acquiring rights to underground water or of water or water rights.

The NFS may utilize its condemnation authority against non-governmental entities. Governmental entities are approached early in plan development, during preliminary scoping, when acquisition of Right-of-Way (ROW) is required to verify that the acquisition of the ROW either by fee title or easement is possible. If neither is possible, the plan requiring the ROW is adjusted, or removed from consideration if the adjustment is not feasible. The NFS prefers the acquisition of fee title from private landowners over that of the acquisition of easements due to clarity of title reports and other legal factors but will explore the possibility of acquisition via easement prior to condemnation proceedings. A nonfederal Sponsor Real Estate Capability form is included as Attachment A.

5. PROJECT LOCATION & ALTERNATIVES

The study conducted three rounds of alternative analysis of alternatives, ranging from round 1 focusing on conceptual alternatives, round 2 examining preliminary alternatives, and the third round being the final array of alternatives. The final array (Figure 1) consisted of two alternatives described below.

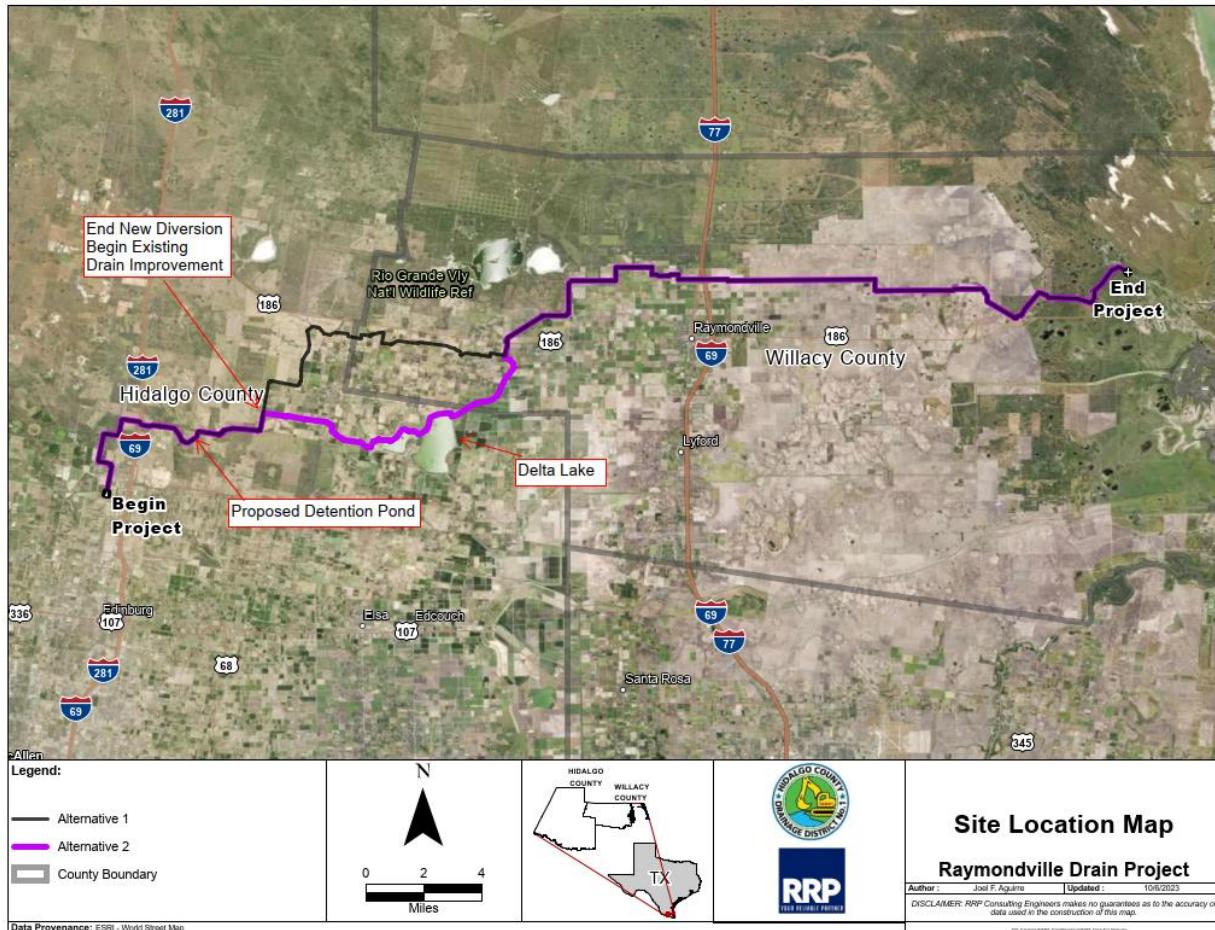


Figure 1 – Final Array of Alternatives

5.1 ALTERNATIVE 1 (RECOMMENDED PLAN):

Alternative 1 consists of a new diversion drain that connects the existing North Main Drain (NMD) System and the Raymondville Drain (RD), improvements along the RD, a detention basin located in Hidalgo County, and five control structures to regulate the flow of water. The proposed typical section of the new drain and existing drain improvements generally includes a 450' wide ROW consisting of 15' of vegetative buffers and 20' of access roads on both sides, in-channel maintenance benches, and a 60' wide 5' deep pilot channel, and 100' wide spoil berms. In

environmentally sensitive downstream areas, particularly in areas of thornscrub, the spoil berms would be omitted, and the ROW would be limited to 350' wide.

The diversion channel would start approximately 0.4 miles east of Edinburg Lake with a control structure along the NMD and proceed generally north before crossing I-69C/US 281 approximately 0.7 miles north of El Cibolo Road. From there, the drain proceeds generally eastward toward Brushline Road, with the detention basin and control structure located in-line with the pilot channel; from Brushline Road the drain proceeds north until it is 0.4 miles north of FM 490 where it turns east and connects to the existing Raymondville Drain (locally known as West Hargill Drain Lateral 5); a second control structure is located south of 12th Street before FM 490 to divert water toward Delta Lake for the irrigation purposes (Delta Lake Irrigation District). The proposed new diversion drain from the start to this point is approximately 13.8 miles long, with an approximately 270-acre detention basin.

The proposed project continues with drain widening to match the proposed diversion drain's cross section and continues from the start of the RD (West Hargill Lateral 5) approximately 2.7 miles north; and then proceeds west along the RD (West Hargill Drain) approximately 7.8 miles, and then flows into the RD (North Hargill Drain), with a control structure located at the county line between Hidalgo and Willacy Counties. The drain improvements continue along the existing drain in a northeasterly, then east, direction past I-69E/US 77 approximately 30.2 miles to an unnamed private bridge, approximately 2 miles north of the drain's intersection with SH 186. An existing control structure between the drain and its connection to La Sal Vieja, north of SH 186, would be replaced due to the channel widening. The length of the channel improvements is approximately 43 miles, and the overall length of the proposed project is approximately 56.8 miles. This Alternative would replace an estimated 56 bridge structures or culvert crossings, and construct 13 new bridges so that existing roadways can cross the proposed diversion drain. A plan showing the alignment of the proposed diversion channel Alternative 1 can be found in Figure 2. The typical section is shown in Figure 3.

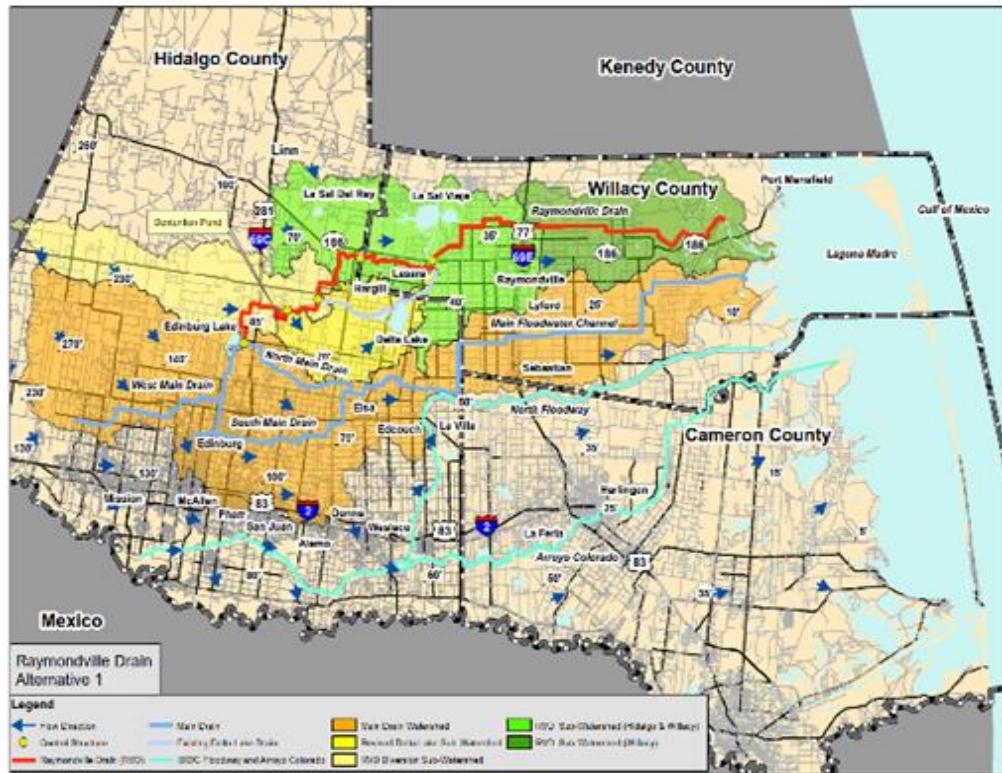


Figure 2 - Alternative 1

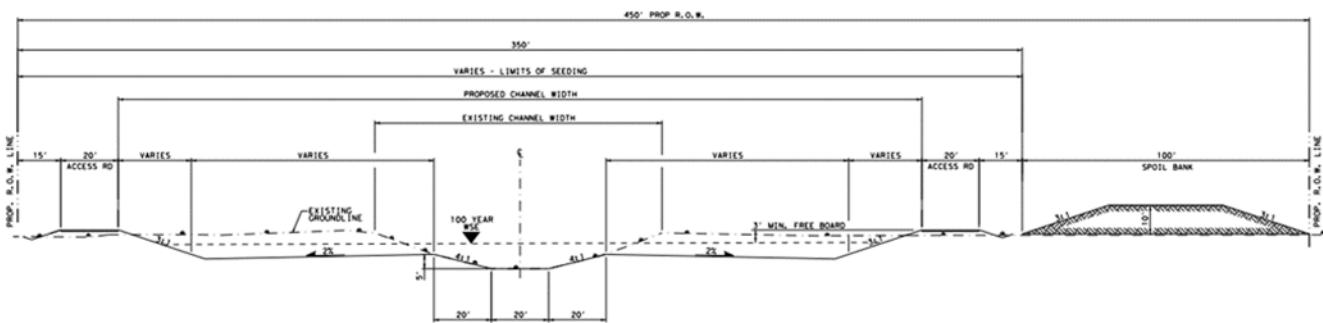


Figure 3 – Typical Section

5.2 ALTERNATIVE 2:

Alternative 2 consists of a new diversion drain that connects the existing North Main Drain System and the Raymondville Drain, improvements along the RD, a detention basin located in Hidalgo County, and four control structures to regulate the flow of water. The proposed typical section of the new drain and existing drain improvements would generally include a 450' ROW consisting of 15' of vegetative buffers and 20' of access roads on both sides, in-channel maintenance benches,

and a 60' wide 5' deep pilot channel, and 100' wide spoil berms. A 350' ROW without spoil berms would be used in sections of the drain along the Delta Lake reach due to space constraints, and in environmentally sensitive downstream areas, particularly in areas of thornscrub.

The diversion channel would start approximately 0.4 miles east of Edinburg Lake with a control structure along the NMD and proceed north before crossing I-69C/US 281 approximately 0.7 miles north of El Cibolo Road. From there, the drain proceeds eastward toward Brushline Road, with the detention basin and control structure located in-line with the pilot channel; from Brushline Road the channel would proceed north and then turn towards the existing Delta Lake South Main Drain south of 12th Street. The proposed new diversion channel from the start to this point is approximately 11.5 miles long, with an approximately 270-acre detention basin.

The proposed project would continue with drain widening to match the proposed diversion channel's cross section, and would continue from the start of the Delta Lake South Main Drain east around the existing Delta Lake, widening to the north to accommodate existing irrigation channels, to its junction with the North Hargill Drain northeast of Lasara, approximately 13.3 miles, with a control structure located at county line between Hidalgo and Willacy Counties. This Delta Lake reach would include areas excluding the 100' spoil berm. The channel improvements would continue along the existing channel in a north easterly then east direction past I-69E/US 77 approximately 30.2 miles to an unnamed private bridge, approximately 2 miles north of the channel's intersection with SH 186. An existing control structure between the drain and its connection to La Sal Vieja, north of SH 186, would be replaced due to the channel widening. The length of the channel improvements is approximately 43.9 miles, and the overall length of the proposed project is approximately 55.4 miles. This Alternative would replace an estimated 51 bridge structures or culvert crossings, and construct 13 new bridges so that existing roadways can cross the proposed diversion drain. A plan showing the alignment of the proposed diversion channel Alternative 2 can be found in Figure 4. The typical section is shown in Figure 2.

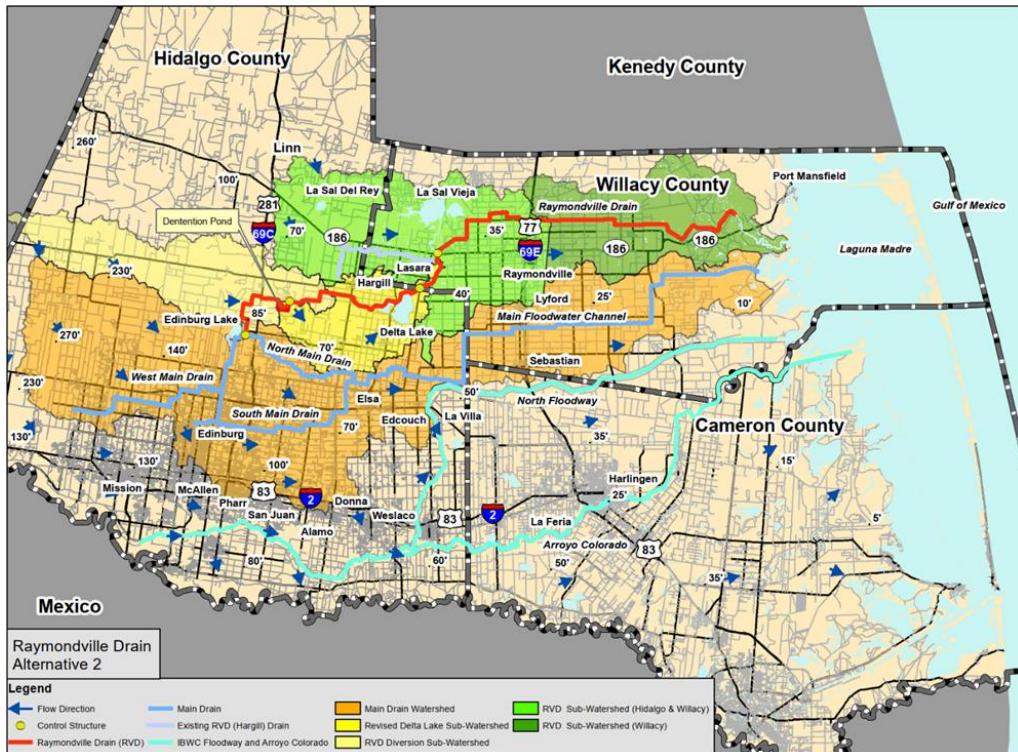


Figure 4 - Alternative 2

6. RIGHT-OF-WAY REQUIREMENTS

- i. The Recommended Plan for the RDP would require a total of an estimated 3,285 acres of ROW, 1,296 acres located in Hidalgo County and 1,989 acres in Willacy County. Of the total acreage, approximately 1,586 is currently owned by the NFS and its project partners, 522 acres in Hidalgo County and 1,064 acres in Willacy County, requiring approximately 774 acres of new ROW in Hidalgo County and 925 acres of new ROW in Willacy County.

In Hidalgo County, approximately 646 acres of new ROW are required for new conveyance channel to connect the NMD to the West Hargill Drain segment of the RD, and approximately 128 acres to widen the existing channel. The detention basin near the airport will use 272 acres of land currently owned by the NFS and its partners.

In Willacy County, all 925 acres would be used to expand the existing channel to accommodate additional conveyance and to expand the ROW from a typical 100' ROW to a 350' or 450' ROW. Additional permanent ROW for borrow material is not expected to be required, nor lands for the disposal of excavated material (however, obtaining disposal easements is anticipated). Additional permanent ROW for borrow material is not expected to be required, nor lands for the offsite disposal of excavated material (obtaining easement anticipated).

- ii. Standard estates are proposed for this project based on their legal status and use. The real estate requirements for this project are expected to consist of the following: acquisition by Fee Title, acquisition by Permanent Easement, and acquisition by Temporary Easement

during construction. A full parcel map and ROW Table is included in Attachment B, including the parcel number, total parcel acreage, acreage to be acquired for the recommended plan, and type of interest proposed to be acquired. As this project is primarily an expansion (widening) of an existing drain, lands that are currently privately owned are generally anticipated to be acquired through Fee Simple acquisition to complement adjacent currently owned estates.

- iii. Land from private owners will be acquired with proper compensation as negotiated during the acquisition process. A perpetual non-exclusive and assignable easement and right-of-way in, on, over and across the lands for the location, construction, operation, maintenance, alteration or replacement of the drainage system and appurtenances thereto; together with the right to trim, cut, fell and remove all trees, underbrush, obstructions and other vegetation, structures, or obstacles within the limits of the right-of-way; reserving, however, to the owners, their heirs and assigns, the right to cross over or under the right-of-way as access to their adjoining land at the locations indicated in the final design plans; subject, however, to existing easements for public roads and highways, public utilities, railroads, and pipelines.

The real estate generally required for the implementation of the recommended plan is primarily undeveloped rangeland or agricultural farmland along the alignment of the proposed new channel in Hidalgo County and along both banks of the existing channel in Hidalgo and Willacy Counties.

7. REAL ESTATE ACQUISITION PROCESS

The requirements for lands, easements, rights-of-way and relocations and disposal areas include the rights to construct, operate, and maintain drainage channel improvement works in connection with the operation and maintenance of the Raymondville Drain. The acquisition process includes public relations, survey, title work, legal process, and likely condemnation proceedings in some cases based on the owner response to the acquisition process and compensation.

The acquisition process, as per Texas law, is as follows.

- i. **Owner Notification.** Notify the owner in writing of interest in acquiring property. Provide owner with a copy of "When a public agency acquires your property" and a copy of the "Texas Landowner's Bill of Rights" in compliance with the Texas Law.
- ii. **Appraisal.**
 - a. If appraisal is required, appraise property and invite owner to accompany the appraiser.
 - b. An Appraisal is not required if: the owner agrees to donate and releases Agency from the appraisal requirement, or the Agency determines that the appraisal is unnecessary since (a) the valuation is uncomplicated; and (b) value is \$10,000 or less.
- iii. **Appraisal Review & Basic Preparation.** Review appraisal using appraisal process in accordance with law. Obtain preliminary title evidence. Obtain boundary survey and legal

description. Right of Entry on property can be agreement or pursuant to statutory right (See Texas Property Code, Chapter 21).

- iv. **Determine Purchase Offer.** Establish estimate of just compensation. Provide the owner with written offer and statement for property valuation, provide copy of appraisal if available. Negotiate with owner for purchase.
- v. **Negotiations.**
 - a. If negotiations are successful, complete the transaction and reimburse owner for related incidental expenses if applicable. Conclude acquisition process.
 - b. If negotiations are unsuccessful, send final written offer and consider administrative settlement. If administrative settlement is not appropriate proceed to Step 7.
- vi. **Administrative Settlement.** Increase settlement offer because it is reasonable, prudent and in the best interest of the public to do so. Prepare written justification of settlement. If Administrative Settlement is unsuccessful, proceed to Step 8.
- vii. **Condemnation.** Prosecute condemnation action pursuant to Texas Law. Conduct appraisal prior to condemnation if one has not been done. If the appraisal is more than the first offer, another offer should be made and repeat steps 5 through 7. Conclude acquisition process.

8. FILL / BORROW / EXCAVATED MATERIAL.

The proposed project is primarily an excavation project. All material needed for the construction of the project will be borrowed from within the project footprint. Spoil berms within the project footprint will be used for a portion of the excavated material, approximately 7.5 million CY. There will be approximately 22.1 million CY of excess excavated material. Excavated material will be held temporarily adjacent to the construction area, and then hauled to permanent easements acquired by the NFS. The anticipated location of the permanent easements to be acquired for the disposal of excavated material is at the Edinburg Landfill, for use as daily cover. Additional disposal locations will be investigated and considered in the PED phase to reduce hauling costs and to find beneficial uses for the excavated material.

Cost saving and beneficial use opportunities will be sought during the continued development and construction of the project. Any new permanent disposal or beneficial use areas considered will be evaluated and approved prior to use as part of the project.

9. ACCESS/STAGING AREAS

The proposed project has access and temporary staging areas. All the proposed work will be performed within the tracts required for right-of-way, placement areas and existing roads and highways within the project area. No payment will be allocated for access/staging areas since these areas fall within the boundary lines of the land acquired for the project.

10. RECREATIONAL FEATURES

The proposed project does not have any recreation features.

11. INDUCED FLOODING

There will be no induced flooding by virtue of the construction or operation of the proposed project. Diversion from the North Main Drain will not occur until the Raymondville Drain channel has the additional capacity to carry the diverted flow. The additional channel capacity throughout the project will ensure that flows will stay in the channel through a range of flows, and will not create adverse impacts. Once the construction is complete, diversion from the North Main Drain to the Raymondville Drain would only occur when North Main Drain flows approach damaging levels, and the project would be operated to avoid induced flooding downstream in Hidalgo and Willacy Counties. This would be accomplished by controlled operation of the gated control structures at the headwaters of the project, and at the Hidalgo-Willacy line.

12. ENVIRONMENTAL IMPACTS & MITIGATION MEASURES

This study includes an Environmental Assessment (EA) which fully assesses environmental impacts and mitigation. High-level points appear below.

- i. No significant impacts to the human environment, nor impacts to the natural environment that cannot be mitigated, are expected. A Finding Of No Significant Impact (FONSI) is expected to be the result following public review.
- ii. Impacts on local geology associated with the preferred alternative would include disturbance and removal of near-surface material, localized clearing, excavation, grading, and embankment to establish adequate and appropriate flow lines.
- iii. The soils of the study area would also be impacted during the construction phase of the project. Redistribution of soil during excavation, grading and embankment activities have the potential to erode into the channels. In addition, the potential for soil erosion and soil compaction would occur as large equipment is used to construct the preferred alternative. Clearing of the ROW, in the areas where necessary, could decrease vegetative cover and increase erosion; while extended and continued use of large equipment could compact the soil.
- iv. Compliance with the Texas Pollutant Discharge Elimination System General Permit for Construction Activity (TPDES) General Permit TXR 150000 best management practices (BMP) will minimize water quality impacts during excavation of the drains and detention basin.
- v. Excess material excavated during construction would be placed in overbank areas and/or at designated upland placement area(s) to avoid sediment and wetland impacts.

- vi. During construction, the movement and operation of heavy equipment could cause elevated levels of carbon monoxide, nitrogen dioxide, sulfur oxide particulates, and reactive organic gases.
- vii. Noise from the construction site would be intermittent and its intensity would vary. Contractors would be required to comply with any County or local noise ordinances.
- viii. In 2023, the Envirosite Corporation produced a Government Records Report, which did not identify any sites that may impact the proposed project. Both the NFS and the PDT foresee no anticipated impacts from any Hazardous, Toxic, and Radioactive Waste (HTRW) sites within the project area.
- ix. Any additional restrictions or requirements identified as part of the agency coordination process will be included in the project Plans and Specifications to minimize impacts on environmental resources.

13. STATE & FEDERALLY OWNED LAND

Two main instances of State-owned land exist along the proposed alignment of the recommended plan.

Instance 1 – Lopez State Prison, Edinburg, Hidalgo County, Texas

Lopez State Prison is owned and operated by the Texas Department of Criminal Justice. The facility is built on approximately 139-acres of a 296-acre lot. The recommended plan requires approximately 4.5 acres located on the back portion of the lot, more than 5,000 linear feet away from the developed portion of the Lopez State Prison.

By state law, the Texas Department of Criminal Justice is unable to sell the required portion of lot to the NFS. Therefore, the project will utilize an easement through this parcel for all purposes related to the project. This acreage requirement is included in the real estate acquisition estimate.

Instance 2 – Texas Department of Transportation Roadway Right of Way, Texas

The recommended plan crosses multiple roadways which are owned and operated by the Texas Department of Transportation. Crossing these roadways will require the acquisition of a new easement at the proposed new crossings or adjustment to an existing easement at the where an existing channel to be widened crosses the roadway. This acreage requirement is included in the real estate acquisition estimate.

14. PROJECT RIGHT OF WAY OWNED BY NON-FEDERAL SPONSOR

The NFS currently owns the land or easement to three sections of the required ROW. As an expansion of an existing project, the additional (adjacent) real estate required to accommodate the increased project width would be acquired utilizing the similar estates to the current land holdings.

Section 1 – Existing Raymondville & West Hargill Drains

The existing Raymondville and West Hargill Drains were constructed by what would later become the DLID. HCDD1, as the NFS for the Raymondville Drain Project, acquired the right to operate, maintain and expand the existing Drains in Northeast Hidalgo and Willacy County through the execution of an interlocal agreement. In accordance with ER 405-1-12, Chapter 12, section 16 (c)(3), no credit is provided for these lands previously provided as an item of local cooperation, nor are they included in project cost. These interests are typically owned in fee-title by the DLID, however additional ROW, in the form of fee-title acquisition, would be acquired by HCDD1 to have sufficient ROW for the project purposes.

Section 2 – Faysville Drain – North Main Connection, Edinburg, Hidalgo County, Texas

The NFS purchased a tract of land adjacent to the existing NMD east of Edinburg Lake which is approximately 55.2 acres over 1.3 miles, in order to provide an outfall and detention to the community of Faysville. The retention pond was designed in such a way as to serve as the first portion (most upstream portion) of the recommended plan's diversion channel from the Edinburg North Main Drain. This tract is located in Segment 1 in Figure 5. The estimated tract value is \$553,000.

Section 3 – Storage Facility, Hidalgo County, Texas

The NFS currently owns a 214.8-acre tract of land at the site of the recommended plan's proposed detention pond near the South Texas International Airport in Edinburg. The property was purchased by Hidalgo County and given to HCDD1 to use as a storage facility for equipment or excavated material but has not been put into service by the NFS to date, and its use as a detention facility was determined to be an acceptable use of the property by the NFS. This tract is located in Segment 5 in Figure 5. Estimated tract value is \$2,148,000.

Section 4 – County Owned Land, Hidalgo County, Texas

Hidalgo County currently owns a 174.6- acre tract of land adjacent to Section 3. This land was acquired for use as project ROW. This tract is also located in Segment 5 in Figure 5. Estimated tract value is \$1,746,000. Appropriate estates will be conveyed to HCDD1 prior to construction.

15. RELOCATION ASSISTANCE

Public Law 91-646, Uniform Relocation Assistance provides entitlement for various payments associated with Federal Participation in the acquisition of Real Property. At this stage of development, it is understood by the NFS that the acquisition of the required LERRDs for recommended plan will not require relocation assistance to address the relocation of homes under force because no homes are planned to be acquired. If any residential properties cannot be avoided due to future changes to the proposed project, relocation assistance would be provided in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act

of 1970, as amended (42 USC 4601), and applicable Federal regulations (49 CFR 24 and ER 405-1-16).

16. BASELINE COST ESTIMATE FOR REAL ESTATE

The cost estimates in the appendix reflect estimated real estate costs for the proposed project, consisting of seven (7) segments in Hidalgo County and four (4) segments in Willacy County for the selected alternative. Maps showing the recommended plan of the segments is included as Figures 5 and 6 of this Appendix. These costs include land payments, acquisition costs, surveying, mapping, and administrative costs. The total real estate acquisition cost is estimated to be \$20.8 million in 2025 dollars, and total real estate value is estimated at \$25.2 million, as summarized below in Tables 1 and 2.

Table 1: Acquisition Cost Summary – 2025 dollars (Selected Alt. 1)

		Hidalgo County	Willacy County	Total
No. of parcels to be acquired		66	111	177
Acres to be Acquired		774	925	1699
Owner Compensation¹		\$7,740,000	\$7,122,500	\$14,862,500
Contingencies	30%	\$2,322,000	\$2,136,750	\$4,458,750
Acquisition Process	Cost Per Parcel			
Public Relations	\$400	\$26,400	\$44,400	\$70,800
Survey Expenses	\$2,800	\$184,800	\$310,800	\$495,600
Title Expenses	\$500	\$33,000	\$55,500	\$88,500
Legal Expenses				
ROW without Condemnation	\$2,000	\$112,200	\$188,700	\$300,900
Property Appraisal Fee ²	\$2,050	\$66,000	\$111,000	\$177,000
Condemnation Services ³	\$12,000	\$118,800	\$199,800	\$318,600
Acquisition Fee for Services		\$541,200	\$910,200	\$1,451,400
Total Cost of Acquisition		\$10,603,200	\$10,169,450	\$20,772,650
Facility Utility Relocation Costs				
Base Cost Est.				\$25,217,391
Contingency	31%			\$7,817,391
Total Cost of Utility Relocations				\$33,034,782

¹ – Assumes Hidalgo County land at \$10,000 per acre, and Willacy land at \$7,700 per acre.

² - Assuming 50% of property owners reject the first offer

³ - Assuming 15% of property owners reject all offers

Table 2: Real Estate Cost Summary (Selected Alt. 1)

	Hidalgo County	Willacy County	Total
Total Acquisition Cost	\$10,603,200	\$10,169,450	\$20,772,650
Sponsor Owned Land Value	\$4,447,000	0	\$4,447,000
Total Real Estate Value	\$15,050,200	\$10,169,450	\$25,219,650

The values contained in this report were estimated using data from public records which are primarily the appraisal district valuation records from Hidalgo and Willacy County. The sales of comparable properties in terms of physical proximity, location, access, and highest and best use will be taken into consideration during the appraisal process, which represents the best available comparisons when providing second land purchase offer letters to the owners. Several bona fide vacant land sales for each property type will be compiled to offer reasonable support for unit land values used in providing the second compensation offer letters to the owners.

The estimated real estate costs for the recommended plan include land valuation, appraisal costs, associated legal fees and anticipated condemnation proceedings costs. The NFS estimated that 50% of the landowners are expected to take the initial offers which are based on County appraisal values, and 35% of the owners are expected to take the second offer which is based on the evaluation of an appraiser. The remaining 15% are projected to proceed with condemnation proceedings in anticipation of higher valuation of their properties. A 30% contingency is applied to the acquisition cost. All land values are based on 2023 County appraisal district valuation.

17. ACQUISITION SCHEDULE

An acquisition schedule for the recommended plan will be finalized and submitted for approval following the authorization of the recommended plan. In general, the NFS will acquire the LERRDs following project authorization anticipated to be through WRDA 2026, which is estimated for First Quarter 2027. Acquisition of the parcels will be done in priority order, tied to construction segments, through in-house or contracted services, including appraisal, coordination, negotiation, and condemnation, as necessary. This priority will be along the outfall of the channel from East to West, with additional starting points as necessary to meet construction schedules. Final acquisition strategy and plan will be determined early in PED following Authorization.

For acquisition of standard real estate, which is expected to be the vast majority of the required LERRDs, an individual parcel is expected to take a maximum of eighteen (18) months from initiation to acquisition if condemnation is required. In general, the Acquisition Process under Texas Law is as follows:

1. Owner Notification
2. Parcel Appraisal,
3. Purchase Offer and Negotiations
4. Acquisition by:
 - a. Successful Negotiations
 - b. Administrative Settlement
 - c. Condemnation

The non-federal sponsor, HCDD1, allows for 30 days for owner notification to make sure the recorded owner or its heirs are properly notified of the intent to acquire the property.

Parcel Appraisal is given up to 75 days for scheduling purposes, title research, parcel plats, metes and bounds, survey and mapping, and other required documentation for the acquisition process.

Appraisal is typically completed before this timeframe, however discovery of easements, particularly along older drainage channels does occasionally push it toward that upper limit.

As per Texas Law, HCDD1 will provide the landowner with 30 days for the Initial Offer Letter and an additional 15 days for the Final Offer Letter. The Initial Offer Letter is based upon the determination of the market value of the property to be acquired. The governmental entity must send an “Initial Offer Letter.” This letter must include an offer to purchase the property for a set amount. It should also include a copy of the Texas Landowner Bill of Rights which is included in Chapter 21 of the Property Code. Following the 30-day period for the initial offer letter, the 15-day window for the final offer is provided.

After the initial 6-month window for the notifications, appraisals and offers, many landowners request extensions to review appraisals and speak to their family. HCDD1 treats this on a case-by-case basis. Following the 15-day window for the final offer letter, the governmental entity has the right to file suit for condemnation, and from the date of the filing, Eminent Domain proceedings can take between 3-12 months depending on the case. Properties with clouded title or break in chain of title take the longest due to unknown heirs.

LERRD acquisition will be initiated within 60 days of signing of the Project Partnership Agreement (PPA). The following is the property acquisition priority order, established to enable the appropriate construction sequence as discussed in paragraph 2 above. This acquisition order also ensures real estate interests will be available prior to the award of individual sequential construction contracts. It is anticipated that the entire LERRD acquisition process is expected to take approximately 18 months to complete. Acquisition of the LERRDs for the Recommended Plan will be conducted between both construction lines of the project. Construction line one, consisting of the Hidalgo County portion of the project, has seven segments and will require the acquisition of sixty-six (66) parcels. The construction line two, consisting of the Willacy County portion, has four segments and will require the acquisition of one hundred eleven (111) parcels. Figure 5 shows the Hidalgo County segments, and Figure 6 shows the Willacy County segments.

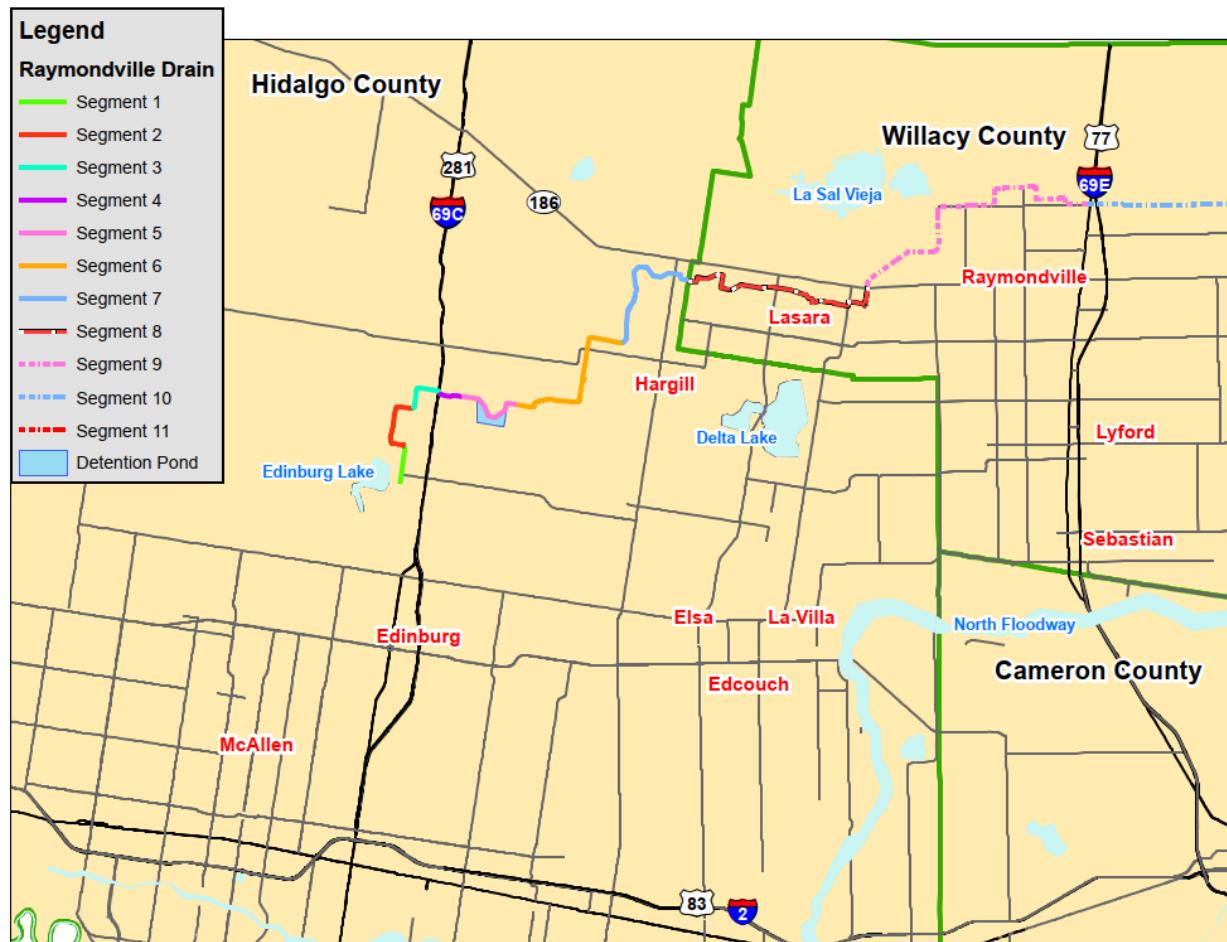


Figure 5 Hidalgo County Segments

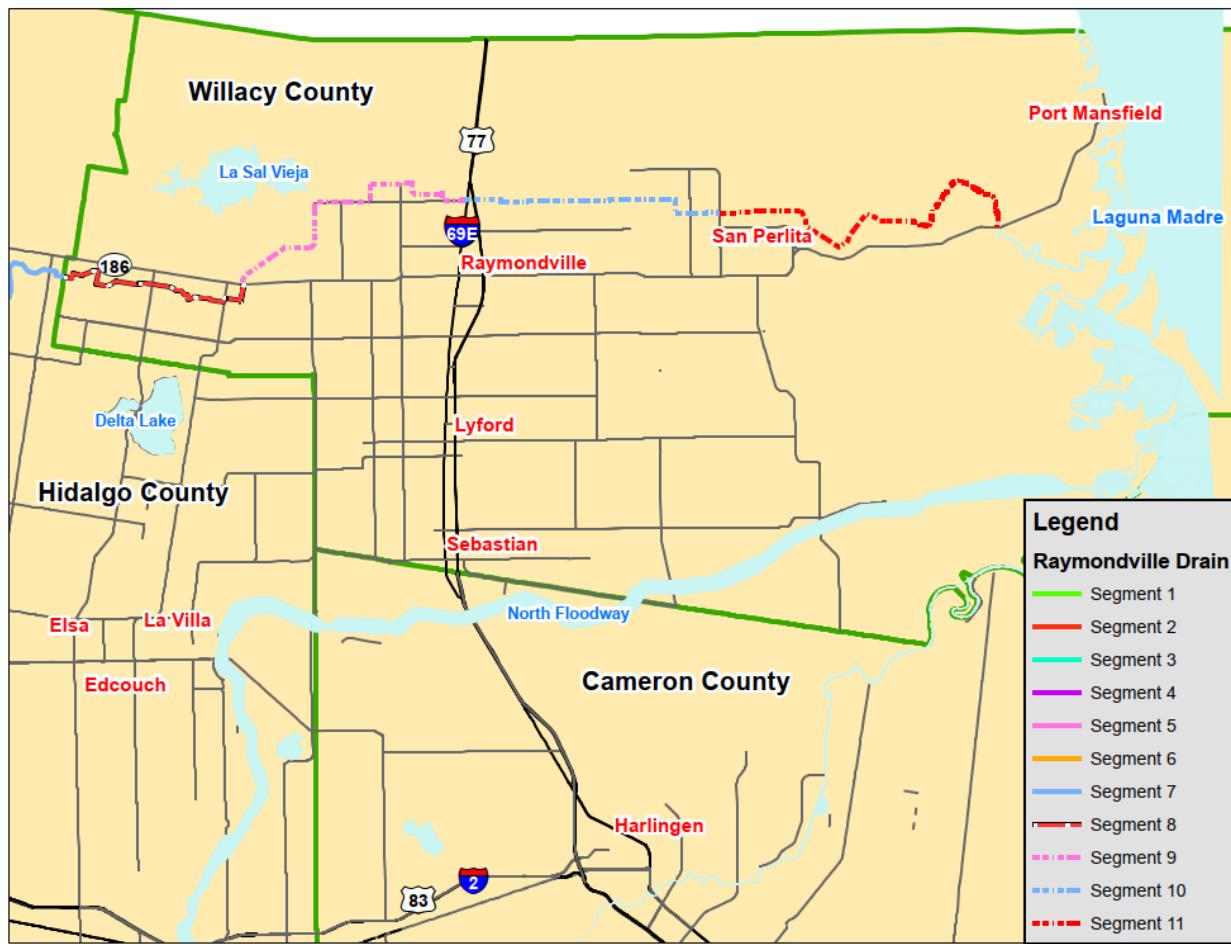


Figure 6 Willacy County Segments

Acquisition of the required LERRDs will be conducted in tandem with the construction activities, starting at the downstream limits of each construction line and moving upstream, reducing the impact of the implementation schedule. Construction line one will start with Segment 7 at the Hidalgo-Willacy County Line and follow the project alignment upstream to connect to the North Main Drain near Edinburg Lake. Construction line two will start with Segment 11 at the downstream project limit approximately two miles north of SH 186 and will follow the existing channel upstream to the Hidalgo-Willacy County line. The existing channel is owned by the DLID, and the use of the ROW, and to operate, maintain, and improve the existing channel has been acquired through an Interlocal Agreement.

In general, the timeline of these acquisitions will proceed as follows pending the receipt of approval and signing of the PPA, and the priority of acquisition will follow the list below, based on the number of total parcels to be acquired in each segment.

- Priority 1 LERRD Acquisition
 - Hidalgo County, Segment 7 (consisting of 13 Parcels)
 - Hidalgo County, Segment 6 (20 Parcels)
 - Willacy County, Segment 11 (13 Parcels)
- Priority 2 LERRD Acquisition
 - Hidalgo County, Segment 5 (4 Parcels)
 - Hidalgo County, Segment 4 (6 Parcels)
 - Willacy County, Segment 10 (39 Parcels)
- Priority 3 LERRD Acquisition
 - Hidalgo County, Segment 3 (4 Parcels)
 - Hidalgo County, Segment 2 (4 Parcels)
 - Willacy County, Segment 9 (38 Parcels)
- Priority 4 LERRD Acquisition
 - Hidalgo County, Segment 1 (15 Parcels)
 - Willacy County, Segment 8 (21 Parcels)

The acquisition of subsequent segments is subject to change as construction and development of the plan progresses. It is expected that Construction of various phases of the project, and the acquisition of LERRD will overlap due to the phased nature of the recommended plan. However, contracts will not be awarded until appropriate LERRD interests are acquired.

18. HISTORICAL SIGNIFICANCE

Based on the preliminary study, no known historical sites were identified in the project area. A detailed study regarding the identification of historically significant areas in detail and associated mitigation measures is currently underway as part of the EA process, and will be documented in the final version of this report, prior to signing of a PPA. Staging areas for the construction of the drainage system will be within the acquired ROW.

19. MINERAL ACTIVITY

There are no known mineral interests within the proposed project area. A review of the databases maintained by Federal, State and Local Regulatory Agencies will be conducted to determine the locations and status of oil and gas wells located within the study area. A preliminary review suggested that there are no conflicts with the drainage system alignment and existing mineral interests. The existing wells are not expected to impact construction.

20. ZONING ORDINANCES

The Hidalgo County and Willacy County, which are along the Raymondville Drainage system, have zoning ordinances; however, there are no known proposed zoning ordinances that will affect the proposed project improvements. There are no zoning issues associated with this project.

21. RELOCATION OF FACILITIES / UTILITIES

There are multiple instances of utility crossings along the alignment of the recommended plan. These utility crossings include both above and below ground crossings, of which there are more subsurface crossings. None of the utility adjustments which will be required by the recommended plan will require the acquisition of additional LERRDs beyond that which is required for the components of the recommended plan, as each utility crossing has an easement which can contain the adjustments required by the recommended plan. It is understood by the NFS that they are responsible for relocations as part of the LERRD requirements.

Detailed utility investigations have been completed for Hidalgo and Willacy Counties. There is a high level of confidence in the utilities inventory. Investigations included topographic surveys, Texas Railroad Commission pipeline database, irrigation maps, and other previous reports. Additionally, the entire Willacy County portion of the proposed project, and most of the Hidalgo County portion, are expansions of existing drain, so pipeline crossings are visible.

Coordination with the utility companies has been ongoing related to modifications to the various crossings. As the project proceeds further in design, additional details will be developed. Lists of relocations/modifications identified are included in Attachment C (Hidalgo County) and Attachment D (Willacy County). The Attachments include the description of the facility or utility relocation that must be performed, the nature of the impact to each facility, the facility owners and the purpose of the facilities. Utility modifications will agree with the corresponding utility requirements and at times relocation may not be required. An Attorney's Opinion of Compensability, as per ER 405-1-12, may be provided for each utility within a segment prior to the commencement of ROW acquisition for that Segment.

It is noted that the NFS will provide the real property interests, acquire or compel the removal of obstructions, and perform or ensure the performance of relocations required for construction, and O&M of the project. For each relocation of a utility, or portion thereof, located in or under the improvements included in the recommended plan that is required to accommodate the recommended plan, the NFS will pay to the owner of the utility the owner's relocation costs, unless the owner voluntarily agrees to waive all or a portion of the NFS's contribution.

There are 55 proposed utility adjustments in Hidalgo County and 4 in Willacy County. The current estimated cost for fifty-nine (59) identified utility adjustments is \$33,035,000 indexed to 2025 (including 31% contingency). These utility adjustments are necessary for project construction, and are included in the LERRD costs. Detailed relocation cost estimates are in the Cost Engineering Appendix (A2), Attachment 6.

In accordance with ER 405-1-12, "Any conclusion or categorization contained in this real estate plan, or elsewhere in this project report, that an item is a utility or facility relocation to be

performed by the NFS as part of its LERRD responsibility is preliminary only. The determination of the relocations necessary for the construction, operation, or maintenance of the project after further analysis and completion and approval of final attorney's opinions of compensability for each of the impacted utilities and facilities."

22. NAVIGATIONAL SERVITUDE

The project consists of man-made drainage canals. The RVD project improvements terminate several miles upstream of the Laguna Madre, and there are no modifications to other drains in the vicinity of the Laguna Madre. The project does not lie below the ordinary high-water mark or mean high-water mark of a navigable watercourse, so navigational servitude does not apply.

23. PERMITS

Environmental and archeological coordination was accomplished as part of the EA preparation. Required permits and actions have been identified, and are documented in Sections 4.1.3 and 6.9 of the Main Report. As this is a proposed Federal action, the USACE Galveston District has been contracted to coordinate Inherently Governmental Activities related to coordination and permits with Federal agencies. Necessary construction permits will be identified in the development of the Plans and Specifications. Environmental Permits, Issues and Commitments (EPIC) plan sheets will be developed by the Architect-Engineer as part of the engineering design process. HCDD1, as NFS, will obtain all necessary construction permits.

24. ATTITUDE OF THE LANDOWNERS

This project has been ongoing for several years and has been aggressively publicized in the communities along the Raymondville drainage system. While most of the citizens of these communities have shown support for the proposed project by providing financial support to the project through various bond programs, some citizens have been apprehensive. Though there has been some apprehension towards this project, it is noted that this will not impede the acquisition process. Direct contact with the landowners has commenced as a part of the feasibility and environmental studies and investigations which has led to questions and concerns about the project as well as the possibility of land being purchased for the purpose of the project. Feedback related to this has been mixed as some landowners are supportive of the project and are encouraging the process as they can, while others have shown resistance related to them losing land, particularly those related to farming or ranching activities that rely on the land itself.

ATTACHMENTS

ATTACHMENT A – Nonfederal Sponsor Real Estate Capability Assessment Form

ATTACHMENT B – Parcel Maps

ATTACHMENT C – Hidalgo Utilities Report

ATTACHMENT D – Willacy Utilities Report