

Damages fund sought for water supply project

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GOLIAD - Groundwater officials are considering a new rule that would require the Lower Guadalupe Water Supply Project's developers and other exporters of underground water to set aside funds to pay for damage their pumping might do to existing water wells or property values.

If the new rule is approved, permits to drill large water wells would be denied to exporters who fail to establish the escrow accounts.

Art Dohmann, president of the Goliad County Groundwater Conservation District, said a ballpark-figure escrow account for the Lower Guadalupe Water Supply Project could conceivably be as high as \$150 million to \$200 million to cover potential damages over 50 years.

The Lower Guadalupe Water Supply Project, a cornerstone of the state's plan to supply new sources of water to the San Antonio area, would export groundwater from Goliad, Refugio and Victoria counties as well as water from the Guadalupe River near Tivoli beginning in 2012.

The project's partners - the San Antonio Water System, the Guadalupe-Blanco River Authority and the San Antonio River Authority - are proposing to drill as many as 32 wells over the three counties that could each pump as much as 800 to 1,000 gallons of groundwater per minute.

Dohmann said the district's proposed new rule isn't aimed specifically at the Lower Guadalupe Water Supply Project, but at anyone who would export large amounts of groundwater from Goliad County.

He said he believed the new rule would be the first requiring an escrow account for damages ever established by a Texas groundwater district.

The Goliad district has already set a pumping cap of about 163,000 gallons per surface acre annually that is regarded as one of the most restrictive in the state.

"We have an obligation to protect our current users and their more than 5,000 water wells," Dohmann said. "We don't have much available water in the county. Our availability number is so low we just can't support a big project."

He said large withdrawals of groundwater could cause shallow water wells to go dry, stop springs from flowing, require wind-driven well pumps to be converted to electric or solar power, drive down property values and result in reductions in tax dollars available to local schools and governments.

"If (water deprivation) cuts property values \$100 an acre over the county's 550,000 acres, that's \$55 million dollars. We have done a round number on (total damages) and we've said mitigation costs for Goliad County could be \$150 million to \$200 million" over a 50-year period.

He said damages would probably to be minimal in the first few years. "But as you continue out over a 50-year period, the damage is going to get more significant."

The district's proposal calls for the escrow fund to be deposited with the district and its administration and disbursement to be at the discretion of the district's board of directors.

The district has scheduled a public hearing on the proposed new rule for 6 p.m. Tuesday, May 18, at the Water District Office, 142 E. Franklin St. in Goliad.

In addition to the escrow account requirement, the new rule would set up a series of actions and procedures to be taken in the event that the water level drops or water quality is affected, Dohmann said.

It includes such things as requiring big pumpers to cut pumping rates when water levels fall and to drill deeper wells in areas where sizeable withdrawals cause bad-quality water to migrate into areas of good water.

Dohmann said while there is no precedent in state water law regarding the establishment of escrow accounts, the law is very clear in giving groundwater districts the authority to pass rules to conserve and protect water supplies and current well users.

"This is necessary in order to achieve that," Dohmann said.

He said the Texas Water Code does not provide much protection in terms of compensation for damages done by exporters. It allows districts to charge an export fee on groundwater shipped out of the county, but the fee is "minimal," Dohmann said.

The fee could be negotiated between the district and the transporter, could be set at a rate not to exceed the district's tax rate for each 1,000 gallons of water exported, or set at 2.5 cents per 1,000 gallons of water if the district assesses a tax rate of less than 2.5 cents per hundred dollars of valuation.

The Goliad district has a taxing limit of 2 cents and levies a 1.2-cent tax rate.

"People may have the impression the fee would bring in hundreds of thousands or millions of dollars, but for us it would probably be something like \$20,000 to \$30,000. That's negligible when you start talking about mitigation," said Dohmann.

Lower Guadalupe Water Supply Project representative Steve Raabe had not yet seen the district's proposed new rule Wednesday afternoon and reserved comment.

He plans to prepare a statement once he's reviewed the proposal. Raabe also plans to attend the May 18 meeting.

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