

Feeding frenzy for LCRA water

Cities pay to reserve water as insurance for the future.

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A year ago, with stock tanks reduced to muddy bogs by drought and wells running dry, many Central Texans were told to cut their water use or risk getting fined.

But at a February meeting of the Lower Colorado River Authority, which had urged its customers to conserve water but stopped short of mandates, the board approved a contract to sell almost 815 million gallons of water from Lake Travis annually to a proposed 6,000-home subdivision that would straddle Blanco and Burnet counties.

In 20 years, Rancho San Miguel will probably have eight times as many residents as Blanco, the biggest city in Blanco County, does today. Though its allocation is less than 0.5 percent of the regional total that the LCRA estimates it can provide during droughts, it's still a lot of water.

The river authority has "gotten more aggressive" about making such large, long-term water contracts in recent years, said Bill Neve, a Burnet County commissioner who is on the state's regional planning board for the Lower Colorado River, which is different from the LCRA board. The result is a kind of feeding frenzy on Colorado River water.

These contracts are an insurance policy for the future. Wholesale customers pay \$63 for every 325,851 gallons (in hydrological parlance, an acre-foot - the amount of water it takes to cover 1 acre 1 foot deep) they reserve and double that - \$126 - for each acre-foot they actually use. For example, in 2006, Pflugerville's taxpayers paid more than \$500,000 for water they never used.

"Everybody is turning in their numbers and padding them because they're covering their tails," Neve said. "(Padding) matters in the end because someone's going to go without water."

The feeding frenzy over Colorado River water alarms homeowners, marina operators and recreational users on the Highland Lakes. They point to plans, now pending before the state environmental commission, by Leander, Cedar Park and Round Rock to build a pipe that would take as much as 141 million gallons of water a day from Lake Travis.

"There will be no boating, no fishing," says Connie Ripley, who helps run a group called Draining Lake Travis. "When they finish digging their trench, Lake Travis will just become a commercial water reservoir."

The river authority promises that won't happen: For its own insurance against future demand, it bought up water rights downriver from Austin in the 1990s to serve as a backup to Highland

Lakes water. And this year, the LCRA will spend more than a half-million dollars on its Water IQ program, a conservation effort to get Central Texans to ratchet down their water use.

Who pays?

Laying water lines in hilly terrain over sparsely populated distances - six homes per mile of pipe compared with 75 homes per mile in Austin - costs the LCRA dearly. So has its acquisition of 39 water and wastewater systems, serving 190,000 people in 11 counties, most of them in the Hill Country and some in dire straits. The result: \$350 million in bond debt, to be repaid largely through LCRA customers' water bills.

That water is already "grotesquely expensive," Austin-area developer John Lloyd said, and it's likely to get more so.

Late last summer, the LCRA board angered Travis County residents when it decided to raise rates 45 percent for homeowners who consume a modest 10,000 gallons a month, from about \$52 a month to \$77 a month. The Village of Bee Cave passed a resolution opposing the rate increase, and in October, residents of the 900-home Lake Pointe subdivision announced a petition drive with a press release titled "We're Getting Soaked: West Travis County Boiling Over Outrageous Water and Sewer Rate Increases."

"The debt load is also ratcheted upwards by the need to make extensive, recurring capital improvements in existing water systems to keep them going," Gene Lowenthal, president of a Hamilton Pool Road neighborhood group, wrote in a position paper on the LCRA's finances. "And as the debt goes up, so goes the annual interest expense allocated to the water business."

That debt service is now \$20 million per year. The LCRA estimates that it will spend \$271.4 million on water improvements through 2017, including a new water treatment facility to serve growth in western Travis and northern Hays counties.

"People who have not liked LCRA's specific decisions with raw water or our water utilities have accused LCRA of being driven by the dollar," agency spokesman Robert Cullick said. "The notion of us with our hands on our hips as water is being drained out of the lakes, with pockets full of dollars, makes good political art, but it's not based in reality."

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