

As water plan moves toward reality, who benefits?

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With the effects of drought in mind, legislative efforts to kick-start water infrastructure projects outlined as needed in a state water plan — reservoirs, pipelines and the like — have taken on the weight of important civic work.

In the legislative imagination, it is Texas' version of the creation of Dutch dikes.

“There’s definitely a rah-rah feel for the state to do something,” said Mary Kelly, who is head of the Austin environmental consultancy Parula and who has long worked on water issues.

The infrastructure projects have won nods from the governor, lieutenant governor and speaker. In his State of the State speech in January, Gov. Rick Perry said: “This session, we need to deal with our state’s infrastructure needs. We must particularly address our growing needs in water and transportation.”

But as with all things at the Capitol, as much as the effort is about finding enough water to keep up with growth, it’s also about money.

The state water plan, released in 2012, reported that water providers said they would need \$26.9 billion in state assistance for water projects over the next 50 years. Otherwise, according to the plan, water shortages and drought could cost a million jobs in that time and hamper the economy. The chief hurdle to financing the plan could be the large batch of new lawmakers, most of whom came to Austin on a mission to put the kibosh on any spending projects.

So far, proposals have been to pay for the projects with a lump sum of rainy day money this session. Financing could come from a revolving loan program — lawmakers have discussed offering \$1 billion to \$2 billion of rainy day money — that could continue lending money for projects as earlier loans are paid back.

In the last legislative session, in what turned out to be a dry run for a water project financing effort now under way, a coalition called H2O4Texas encouraged lawmakers to put a

constitutional amendment on the ballot that would give the Texas Water Development Board bonding authority to raise money for infrastructure projects.

In November 2011, after a media campaign paid for by the H2O4Texas political action committee, voters statewide passed the measure.

Donors to that political action committee included oil and gas companies, Realtors, homebuilders, water suppliers and engineers — industries that stand to benefit from massive projects to move water around the state.

As a window into who will benefit from the proposed water bank, the Statesman examined donors to the H2O4Texas political action committee. While the committee, formed for the 2011 ballot initiative, is now defunct, the nonprofit H2O4Texas, which has limited lobbying capability, is very much active in its mission of promoting the full financing of the state water plan.

Who contributed to the H2O4Texas' PAC?

According to research by Texans for Public Justice, which examines money in politics, chief among the donors are the energy and computer chip industries, which are among the top industrial consumers of water; Realtors and homebuilders, who rely on water to supply new develop new subdivisions; heavy construction and engineers who will build the reservoirs; and bond companies that issue bonds for water projects.

The bottled water industry — which has opposed a bottled water tax as a way to raise money for state projects — also was a donor to the ballot initiative, which instead raises money through bonds.

In all, the PAC raised \$330,100 through 28 contributions of \$1,000 or more. The chief single contributor was the Texas Oil and Gas Association, which gave \$115,000.

“We really believe infrastructure is important to economic growth and commerce in Texas,” said Texas Oil and Gas Association vice president Deb Hastings. With refinery expansion and companies thinking of moving to Texas, “we want to make sure that when folks look at Texas, the infrastructure is strong and that it’s clear we’ve thought about the future.”

The H2O4Texas political action committee is now defunct, but the nonprofit H2O4Texas, established in July 2010 and headed by Heather Harward, formerly chief of staff for former state Sen. Kip Averitt, who served as the straight-shooting chair of the Senate Natural Resources Committee, now promotes the funding of the state water plan.

“Every single Texan benefits, and every single business benefits” from the financing of the state water plan, Harward said in an interview. “There are no more basic components to life and public health and economic sustainability and growth than water.”

Financing the water plan is a legislative bookend to landmark measures in the 1990s to address water issues, she said.

Heading into this session, Harward has assembled a wide, impressive nonprofit coalition of about 65 members that include ExxonMobil, the Nature Conservancy and Texas A&M University.

The founding sponsors, each of whom donated \$25,000, are Averitt and Associates, a lobbying firm with water interests that’s headed by Kip Averitt; the North Texas Municipal Water District, which serves more than 1.6 million people in the growing and thirsty suburbs of Dallas; and the Tarrant Regional Water District, another water supplier that serves more than 1.7 million people in the similarly growing suburbs around Fort Worth.

Other water suppliers, as well as law firms that represent suppliers, are among the donors. Austin Water Utility, for one, contributed at least \$5,000 to H2O4Texas.

At a conference earlier this month on water and energy security at the Capitol, state Rep. Lyle Larson, R-San Antonio, couched the water plan as a job competition issue.

“All the water-rich states are going to be questioning Texas’ ability to give (companies) a non-interruptible water supply,” Larson said. “We’re way behind in the capacity we need to sustain growth.”

The financing plan remains short on specifics — not all the projects imagined by the state water plan, certainly, need actually be built, and who determines the priority and controls the money remains up in the air. State Sen. Troy Fraser, R-Horseshoe Bay, is linking the financing of the water plan to a shake-up of the Texas Water Development Board, one that could make it more compliant to the governor.

The amount of money used on conservation projects and education — consistently shown to be the cheapest, fastest way to extend water supplies — is also emerging as a matter of debate.

As a piece of paper, one with no statutory authority, the state water plan calls for 25 percent of water demand in 2060 to be met through conservation. One proposal, by House Natural Resources Committee Chairman Rep. Allan Ritter, R-Nederland, would require that at least

20 percent of money doled out would be used for conservation; a similar proposal, by state Sen. Troy Fraser, R-Horseshoe Bay, would require only 10 percent be used for conservation.

“Most of the talk is about building projects we don’t need, because engineering companies and water marketers have more political power and lobbyists than advocates for conservation,” said Luke Metzger, director of Environment Texas.

Despite its high-placed support, financing of the water plan is not a done deal. With dozens of new lawmakers, many wary of spending, Ritter and Fraser will be doing their share of teaching.

Fraser’s measure includes a requirement that at least 10 percent of the money used toward the state water plan be spent in rural areas. The language acts as a kind of reassurance to rural lawmakers that state spending will touch their constituents.

Looked at one way — one conservatives might distance themselves from — the water financing effort begins to resemble a statewide stimulus effort, with money sprinkled across sectors for what, in a term now out of fashion, amounts to shovel-ready projects.

Ultimately, the political action committee of H2O4Texas could make a second appearance. If legislative leaders are unable to get the votes to pass the financing, or if they find pulling money out of the rainy day fund crosses spending caps, they could choose to put the water bank before voters. That would lead to an effort akin to the 2011 one, with even higher stakes.

Andrew Sansom, director of the Meadows Center for Water and the Environment at Texas State University, said the financing of the water plan is just a starting spot.

Beyond infrastructure issues, he said, there remains the legal disconnect in Texas of groundwater and surface water ownership, the neglect of keeping enough water in rivers and streams for wildlife, and the challenges of conservation, he said.

“It’s hard to grasp that the easiest, cheapest water to get is the water we already have,” Sansom said. “Should I spend \$100 million to build a new reservoir, or spend money fixing the leaking water mains all over town?”

In the long run, the money flowing from the effort could very well reach Austin’s own Colorado River basin. The Lower Colorado River Authority is banking on state money for a reservoir project it wants to build downriver of Austin. A solicitation for engineers, for a contract that will likely be worth of tens of millions of dollars, went out in January.

<http://www.statesman.com/news/news/as-water-plan-moves-toward-reality-who-benefits/nWR7x/>

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