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It's in the water

Developers, water experts wary of day when availability of water could inhibit growth

Austin Business Journal - by [Kate Harrington](#) ABJ Staff

The problem with water, as the adage goes, is that you can't make more of it.

While Central Texas cities have enough water to supply current residents, the area's most intense water debates are over future water supplies and demands. Developers and water experts agree that at some point the area's growth and current supplies will require innovation and possibly price increases.

Bill Hinckley, president of Houston-based The Lookout Group Inc., which is building the massive Crystal Falls development in Leander, said water availability can make or break a development deal.

"If it costs millions to get water there, it might make a deal upside down from the get go," he said. "Cities don't just extend water in a cavalier action, they make developers pay for it. Availability and access is the first thing you have to look at when you do a deal."

And so the question persists and may get more difficult to dodge over time: As development spreads outward and the region grows, will a finite supply of water eventually limit growth?

Water wars

Kenneth Ramirez, a partner in law firm Brown McCarroll's Administrative Practice Group, said it's telling that some of the current water-related fights have been taking place not over water that's available now, but over future water supplies.

It's in that vein that a developer claimed a major water victory recently. Carma Texas, the Texas arm of Calgary, Canada-based Carma Developers LP, got permission to buy water from the city of Austin instead of Creedmoor-Maha Water Supply Corp. Creedmoor has the right to supply the land on which Carma plans to build its 2,300-acre master-planned community, but Carma contended that the small water corporation could not supply the amount of water the development would demand.

To the southwest of Carma's planned development, Dallas-based Stratford Co. bought nearly 600 acres in late 2007 with plans to build an office and retail development. Kevin Watson, Stratford's director of investment for Texas, said his company was also successful in getting out of Creedmoor's jurisdiction and applying to buy water from Austin.

The ability to buy water from the larger entity, the city of Austin, has enabled those two planned developments to continue moving forward.

Weighing expensive options

"There's really no surface water that hasn't been spoken for," Ramirez said of Central Texas' current supplies and the implications for long-term, outward growth.

He said that over the last decade, savvy business groups have seen the need for more water supplies and have looked into bringing groundwater from the Carrizo-Wilcox Aquifer, to the northeast of Austin. While some of those efforts may still move forward, many who would pump that seemingly endless supply of water encounter the enormous costs it takes to transport the water once it's pumped. Bringing the water to communities along the I-35 corridor requires hundreds of miles of transmission lines, which in turn drives up the cost of the water.

"Depending on where projects are, it will require more infrastructure in the forms of pipelines and pumps," Ramirez said. "It will certainly mean water will become more expensive as time goes on; of that there will be no question."

In 2007, the city of Austin and the Lower Colorado River Authority entered into a major settlement agreement over which entity would have the right to treat effluent from the city. That effluent could be a major part of the area's water supply in the coming decades, Ramirez said, as water supplies get tighter and demand grows.

Desalination, the process of taking salt out of brackish or salt water so it can be made potable, may be another more commonly used water supply method in coming decades, he said. Some Texas cities are already desalinating water, which is also a very expensive option.

"It seems there has to come a time when all the surface water is going to be booked and sold," Ramirez said. "And that's when these other projects will potentially come on line."



Nick Simonite

Joe Vining, who heads economic development for the Round Rock Economic Development Partnership, said his city has planned well to meet future demand for water.

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Demand being met for now

In the meantime, Central Texas business and city leaders aren't worried about supplying current needs.

Earlier this summer, while Joe Vining was having lunch with a group from out of town, the visitors took note of the area's heat and dry conditions, wondering out loud whether the area could run out of water.

It's a fair question for a non-Texan to posit. Most of Central Texas is scorched a shade of brown; lakes are so visibly low that public boat ramps are closing; and the Lower Colorado River Authority recently asked customers to reduce water use.

Still, it's not a question that scares Vining, vice president of economic development with the Round Rock Economic Development Partnership, because he knows the answer is "no," thanks to Round Rock's past provisions for water supply. Round Rock's secure water supply has been an integral part of building economic development, Vining said.

The city started building an autonomous water supply in the late 1970s, City Manager Jim Nuse said, and soon after ushered in an era of growth that has included Dell Inc., several hospitals and a Texas A&M medical school.

The Lower Colorado River Authority and city of Austin have a contract that will take care of the city's water needs until 2050, with an option to extend that contract to 2100. Bart Jennings, utilities strategic manager for Austin water utility, said the city is taking steps to emphasize conservation and is looking into using treated wastewater for irrigation. Those combined strategies will help extend the water resources the city has contracted as far as possible.

In the meantime, the city also tries to incentivize development in its desired development zone, Jennings said, which is generally east of I-35.

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