



MEMORANDUM

To: Mayor and City Council Members

From: Greg Meszaros, Director, Austin Water Utility

Date: February 25, 2009

Subject: Barton Springs Edwards Aquifer Conservation District Annexation Proposal


The City has been approached by representatives of the Barton Springs Edwards Aquifer Conservation District (District) regarding their proposal to annex additional area into their jurisdiction. This annexation would ultimately require Legislative approval. In 1987, the Legislature created the District, and in 1995, the Legislature passed State Law modifying its funding requirements. Per the statute, AWU is required to pay up to a maximum of 60% of the District's budget, with no cap. The current year's budgeted amount is \$753,000. District officials estimate that the proposed annexation would add \$150,000 in annual expenses.

AWU and the Watershed Protection and Development Review Department have worked together, and agree that protections provided by the District, though limited, would be beneficial in the area proposed for annexation (see map). The area, however, is outside AWU's service area, although the area does contribute to the Colorado River. Since the area is outside Austin's service area, this proposal raises financial equity issues for AWU ratepayers. Staff is in ongoing discussions with District representatives and is considering a proposal which will allow for the protections of the district while also protecting AWU ratepayers and addressing financial equity.

The plan being considered for Council recommendation is that Council support the proposed legislation with the addition of a cap of \$900,000 in annual AWU payments to the District. This approach allows the District to proceed with the annexation, but ends the situation where there is no cap on how much AWU could eventually have to pay to the District.

Prior to finalizing, staff will submit a recommendation for your consideration and approval. In response to requests from the District, and in respect to their schedule and the legislative calendar, this recommendation is being made known to the District in the attached letter.







Please let me know if you have any questions or if I can provide you with any additional information.


Greg Meszaros, Director
Austin Water Utility

cc: Marc A. Ott, City Manager
Rudy Garza, Assistant City Manager

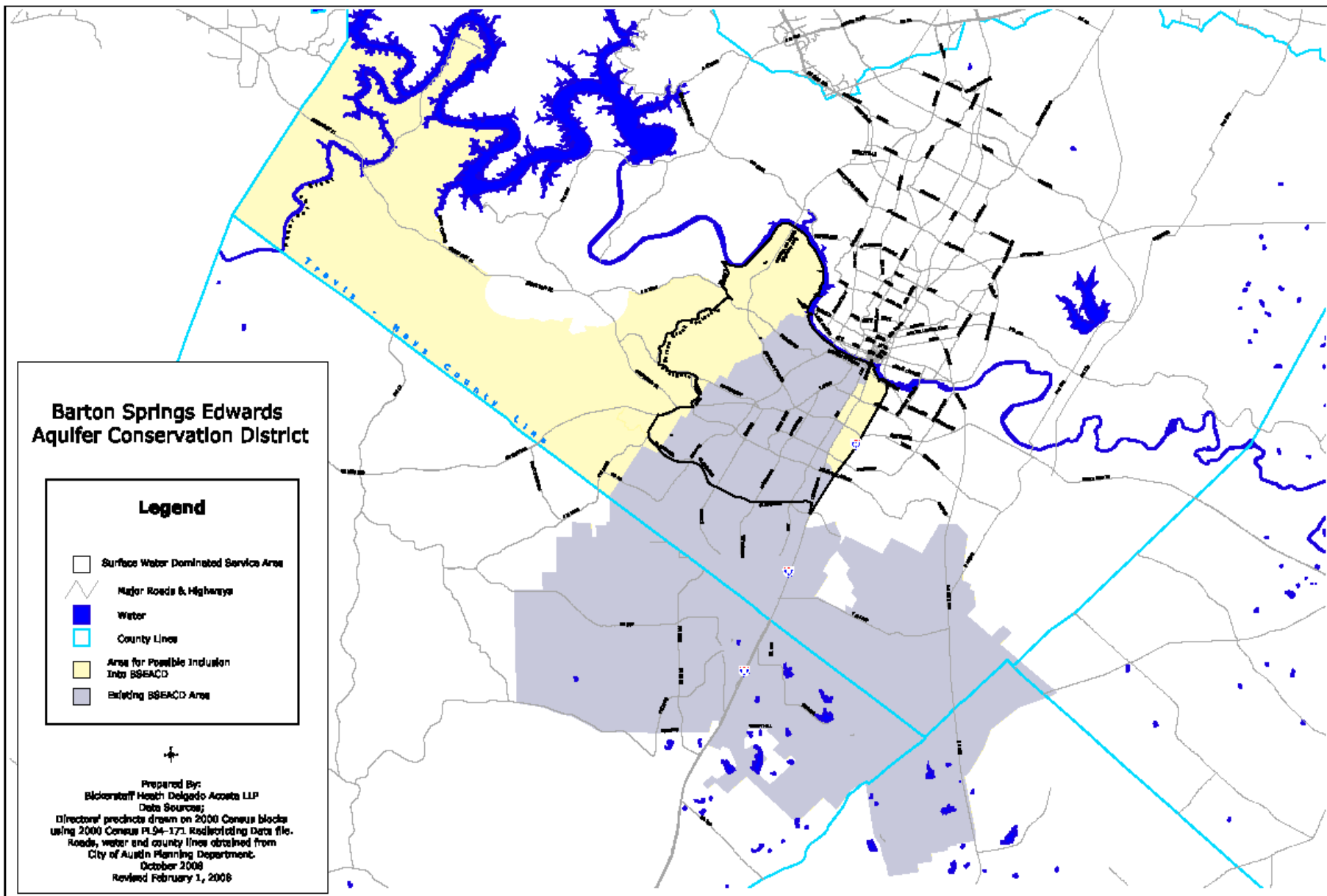
Barton Springs Edwards Aquifer Conservation District

Legend

-  Surface Water Dominated Service Area
-  Major Roads & Highways
-  Water
-  County Lines
-  Area for Possible Inclusion
Into BSEACD
-  Existing BSEACD Area



Prepared By:
Bickelstaff Heath Delgado Acosta LLP
Data Sources:
Directors' precincts drawn on 2000 Census blocks
using 2000 Census PL94-171 Redistricting Data file.
Roads, water and county lines obtained from
City of Austin Planning Department.
October 2006
Revised February 1, 2008





City of Austin

Austin Water Utility

P.O. Box 1088 Austin, Texas 78767

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February 25, 2009

Kirk Holland
General Manager
Barton Springs Edwards Aquifer Conservation District
1124 Regal Row
Austin, TX 78748

Dear Mr. Holland:

In consideration of our ongoing discussions regarding the District's plans to annex additional area, particularly regarding the City's financial role in such a move, I send this letter.

At your request, and in respect for the Barton Springs Edwards Aquifer Conservation District's (District) schedule and the legislative calendar, I offer the proposal below. I must stress that this is only what the Utility will recommend to the City Council and that the final decision is theirs.

With that said, we agree that the subject area would benefit from groundwater protection from your District and that groundwater originating from springs in that area could eventually end up in the Colorado River, Austin's water supply. At the same time the area in question is well outside of AWU's service area. Consequently AWU and other City officials have expressed concern about the equity of AWU ratepayers bearing the brunt of these costs rather than those residents living within the District's boundaries. This is of particular concern because of the open-ended arrangement under which AWU makes required payments to BSEACD.

You stated that the resulting expenses to the District, in addition to pumping, will be in the neighborhood of \$150,000 per year. This year the payments from AWU to BSEACD are budgeted at \$753,000. With the above in mind we will recommend the following to our City Council: that the City support the bill allowing BSEACD to annex the property as evidenced in the attachment (which originally came from the district), but that City expenditures be capped at total payments of \$900,000 – not to exceed that level at any time in the future. This cap is to apply to the overall payments to the District paid by the City, including for its current coverage area, the area to be annexed under the proposed legislation, and any area that is annexed or added in the future.

We would request that language providing for this cap be included as part of the legislative changes that will be required for the annexation to take place.

We believe that this is the fairest way to work with BSEACD on accomplishing it's and the City's shared goals while being equitable to City ratepayers.

Please contact me if you have any further questions.

Sincerely,



Greg Meszaros
Director, Austin Water Utility

cc: Mayor and City Council Members
Marc A. Ott, City Manager
Rudy Garza, Assistant City Manager
Daryl Slusher, Assistant Director, Austin Water Utility