

## AGENDA



Thursday, March 26, 2009

**Austin Water Utility  
RECOMMENDATION FOR COUNCIL ACTION****Item No. 6**

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**Subject:** Approve a resolution in support of legislation allowing the Barton Springs Edwards Aquifer Conservation District to annex property, and capping related City expenditures at total annual payments of \$900,000.

**Amount and Source of Funding:** Funding is available in the Operating Budget of the Austin Water Utility.

**Fiscal Note:** A fiscal note is not required.

**For More Information:** Daryl Slusher, 512-972-0218; Denise Avery, 972-0104

**Boards and Commission Action:** Recommended by the Water and Wastewater Commission.

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The City has been approached by the Barton Springs Edwards Aquifer Conservation District (District) regarding a proposal to annex additional land area into their jurisdiction. This annexation requires Legislative approval.

In 1987, the Legislature created the District, and in 1995, the Legislature passed State Law modifying its funding requirements. Under the statute, Austin Water Utility 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 approximately \$150,000 in annual Austin Water Utility expenses.

The area proposed for annexation is in the Onion Creek and Barton Creek watersheds, which are part of the Barton Springs Zone, and in the Colorado River Basin, and the Pedernales River sub-basin to the Colorado River Basin. The subject area is outside the Austin Water Utility service area. The annexation requires both legislative action and a ratification election by residents of the area to be annexed. The ratification election will take place in May 2010. Billing pumpers in the area will not begin until several months after the ratification election and consequently billing to Austin Water Utility will not begin until after that. Additional payments from Austin Water Utility to the District are expected to begin in FY 2011.

Austin Water Utility and the Watershed Protection and Development Review Department agree that the groundwater protections provided by the District, though limited, would be beneficial to the area proposed for annexation. Since the area is outside Austin's service area, the proposal raises financial equity issues for Austin Water Utility ratepayers.

Austin Water Utility recommends support for the proposed legislation, but with a cap of \$900,000 in annual payments to the District. Staff also recommends that this cap be added to the legislation. This cap is to apply to the overall payments to the District paid by the City, including for the District's current coverage area, the area to be annexed under the proposed legislation, and any area that is annexed or added in the future. This approach allows the District to proceed with the annexation, but ends the situation where there is no cap on how much Austin Water Utility would eventually have to pay to the District.

In addition, staff intends to return to Council with an interlocal agreement that further confirms the agreement between the District and the City regarding the \$900,000 annual cap on City of Austin payments to the District.