

THE VISTA RIDGE REGIONAL WATER PROJECT

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Reasons Why the Vista Ridge Project Should be Canceled

The Facts

- *San Antonio Water System (SAWS) provides 1.7 million people with water originating from groundwater, surface water, and recycled water.*
- *SAWS plans to increase the volume of its water sources by 110,937 acre-feet by 2026.*
- *The Vista Ridge Project alone will account for 45% of the planned new sources.*

The Vista Ridge Project company is a partnership of Spain-based Abengoa and water-marketer Blue Water Systems.

The San Antonio City Council and SAWS approved the Vista Ridge contract in November 2014.

The project requires 50,000 acre-feet (16.3 Billion gallons) of groundwater to be exported from rural Burleson County to San Antonio annually starting 2019.

Groundwater will be transported via a pipeline extending 142 miles through seven counties.

The 30-year contract will cost SAWS an estimated \$3.4 Billion.

SAWS will primarily pay for the Vista Ridge Project by purchasing 50,000 acre-feet/year of groundwater at \$2,300/acre-foot only if it is delivered to San Antonio.



The Problems

Insolvency of Abengoa:

Abengoa's ability to arrange long-term financing continues to be questionable due to its insolvency. In August 2015, Moody's Investors Service announced that it plans to downgrade Abengoa's B2 credit ratings (a rating that means high probability of a default on contractually promised payments – also known as junk bond status). Moody's cited Abengoa's weakening liquidity situation and high corporate debt to earnings ratio of 7.7 as the main reasons for its plans to downgrade their credit rating.

High Cost of Vista Ridge Groundwater:

The actual cost of the Vista Ridge groundwater will not be known until SAWS confirms the costs it will bear for integrating the Vista Ridge groundwater into the SAWS system. The predictions for the cost of the Vista Ridge groundwater range from \$2,500/acre-foot to \$2,817/acre-foot. In contrast, SAWS' desalination project produces water at \$1,300/acre-foot.

San Antonio Does Not Need 50,000 acre-feet/year of Vista Ridge Groundwater:

In the original January 2011 Request for Proposals (P-11-003-DS), SAWS was looking for "...a maximum of 20,000 acre-feet per year in 2020..." In March 2013, SAWS issued an addendum to the RFP that changed the volume "...to 50,000 acre-feet of water per year beginning mid-2018." By its own calculations, SAWS will not need water from Vista Ridge for many years.

The Problems

The Vista Ridge Project Will Force SAWS to Become a Water Marketer:

The contract requires SAWS to pay for the Vista Ridge groundwater even if it is not needed. Because of their decision to contract for 50,000 acre-feet/year rather than a lesser amount, SAWS has developed a plan to become a regional water provider. The problem is that SAWS cannot offer contracts for long time periods and as a consequence no contracts have been signed to purchase the excess Vista Ridge groundwater.

SAWS Will Raise Water Rates At Least 19% to pay for the Vista Ridge Project: SAWS states on their website that \$12 of the average water bill in 2020 will be needed to pay for the Vista Ridge Project. Not only will this increase hurt those living on fixed-incomes, it threatens the water affordability for future generations.



SAWS Does Not Know Who Owns the Vista Ridge Groundwater Leases:

When ownership of the pipeline and pumps transfers to SAWS at the contract's end, the wells will be pumping from greatly-depleted aquifers. Also since SAWS does not know who owns the groundwater leases (neither Blue Water Systems nor Abengoa owns the leases), they don't know with whom they will be negotiating to have access to the leases. This unknown adds to the uncertainty of SAWS being able to continue pumping the groundwater after the 30-year contract ends.

**VISTA RIDGE'S
TRANSPORT
PERMIT
EXPIRES IN
2034—SIXTEEN
YEARS BEFORE
THE END OF THE
CONTRACT**

The groundwater district has already refused to extend the 2034 expiration date of the Vista Ridge Project's transport permit and there is no guarantee

that the permit will be either renewed or renewed for the full 50,000 acre-feet/year.

Power of Eminent Domain Will Be Used to Threaten Landowners: The Vista Ridge Project partners intend to build the 142-mile pipeline using the power of eminent domain to condemn the property of landowners unwilling to voluntarily grant easements. Using eminent domain for these purposes is controversial, and many landowners may contest those proceedings.

Does SAWS Plan to Use the Vista Ridge Groundwater to Facilitate Development over the Edwards Aquifer's outcrop?: SAWS has not provided any written agreement that Vista Ridge groundwater will not be used to facilitate increased growth over the Edwards Aquifer's outcrop zones.

Local Groundwater District Can Stop the Vista Ridge Project

The Groundwater District has to Issue New Pumping Permits for the Vista Ridge Project to Succeed: The success of the Vista Ridge Project depends on delivering 50,000 acre-feet of groundwater every year of the contract. Blue Water Systems and Abengoa have based their entire investment on the hope that the groundwater district will issue them new pumping permits even when the aquifers decline to red-flag levels and the groundwater district will be required to cutback existing pumping permits. Without new permits being issued, the cutbacks will prevent the Vista Ridge Project from supplying the contracted amount of 50,000 acre-feet/year and the entire project placed in jeopardy.

This informational bulletin was prepared by the Vista Ridge Network to raise awareness of the serious problems with the Vista Ridge Project.

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