

Business

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Water pipeline too much of a good deal

By Greg Jefferson

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If City Council allows SAWS to put up the money, San Antonio can finally shed the stigma of being known nationally as a water-poor city.

That was Frost Bank CEO Dick Evans' message during a recent public hearing on the controversial Vista Ridge pipeline project.

The city's influential business leaders — whose ranks are dwindling — have been pushing for a major deal like this for well over two decades.



Their basic argument never changes: Jobs are at risk. Large out-of-town employers won't expand here if fast-growing San Antonio doesn't make a decisive move to reduce its dependence on the regulated Edwards Aquifer.

Environmental lawyer Amy Hardberger, one of the most thoughtful critics of the Vista Ridge deal, asks the uncomfortable question. “Are we going to pretend we don't live where we live?,” referring to San Antonio's drought prone semi-arid climate.

The proposed water pipeline, which council is expected to vote on Oct. 30, would deliver 50,000 acre-feet of Carrizo-Wilcox Aquifer water per year from Bureson County, beginning as early as 2019. The potential price tag would be \$3 billion-plus — at a total cost of between \$2,236 and \$2,343 per acre foot — not counting \$844 million the contractor would spend building the pipeline.

The project wouldn't turn San Antonio into a water park. The utility's planning that includes the 142-mile pipeline also factors in once-a-week watering restrictions during dry periods. "We have to have water conservation to meet our supply goals," SAWS chief executive Robert Puente says.

But as Hardberger points out, supporters of a major regional water deal are no longer shooting for an "adequate" water supply — they now want an "abundant" supply. Business backers of the project and their allies "have been very strict in their use of the word abundant," she says.

As in this statement from SAWS Chairman Berto Guerra, reported on June 17: "While I do want to stress that we are not there yet, and there is no done deal, I do believe that today we're taking another step to develop an abundant supply of water for this community."

But a little more than four months before that sunny assessment, SAWS staff had recommended expanding the scope of its planned desalination in South Bexar County — which broke ground in the summer — and dropping a potential deal with the Vista Ridge Consortium, made up of Austin-based BlueWater and Spanish conglomerate Abengoa.

The business community waged both a public and behind-the-scenes campaign to pressure Puente to change his mind, and it worked.

In a series of public, but sparsely attended, bargaining sessions with the consortium, SAWS negotiators made the agreement less risky for ratepayers.

Hardberger has no doubt about that. What she doubts is the need for a costly project that delivers much more water than the city needs in the early years of the contract. "If the deal is a bad deal," she says, "who cares how the contract was written?"

The alternative to Vista Ridge would be something like, say, a desalination plant that's scalable, that SAWS can expand as San Antonio's water needs grow.

Desal, of course, is also an expensive option. But there are no cheap options for diversifying the city's water supply, which is obviously critical. Still, if there's a project that can ramp up supply to match demand, how is that not a better bargain for ratepayers — in a city where the poverty rate is 20.1 percent?

Sure, SAWS says it'll beef up its “lifeline” program for low-income customers, and that it could sell excess water to smaller communities in the early years. While the former will be necessary no matter what because, again, new water is expensive, maybe a project that potentially delivers so much extra water that you need to find buyers for it — maybe that isn't the best deal for San Antonio.

Under the proposed contract, SAWS would be on the hook for water actually delivered, not for 50,000 acre-feet per year regardless of the consortium's ability to pump it — as the agreement originally called for.

Late last January, before SAWS reconsidered the Vista Ridge deal and then re-reconsidered, the San Antonio Chamber of Commerce released a study that charted the economy-busting job losses that would occur if the city gets crowded *without boosting its water supply* and a deep, prolonged drought takes hold in the near future.

Surprise — it would hurt, with layoffs increasing as the available water dwindles.

The study doesn't pick a favorite between desalination or a major pipeline or any other alternative. But its release certainly was timely for supporters of the Vista Ridge project.

Of course, nobody is saying, “Meh. No need to scare up new supplies.”

If that were the case, San Antonio's economy would have felt it by now.

Mario Hernandez, president of the San Antonio Economic Development Foundation, says large employers considering relocating here want to know what SAWS is doing to increase the water sources it can tap.

“We've gotten very pointed questions about it, especially from semiconductor manufacturers and pharmaceutical companies,” Hernandez says. But among companies that went elsewhere, “I can't say that they said it was the only reason.”

Pointed questions are fine. Employers would be reckless if they didn't ask them.

But the Vista Ridge pipeline isn't necessarily the answer.

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