

Who'll be the first to bring the water?

Williamson County is thirsty, and water dealers are hungry

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ROUND ROCK -- A race to pipe water into rapidly growing Williamson County has been bubbling beneath the surface for months. Among the contestants are a Williamson County commissioner, an alliance of Austin developers and a former Houston oilman with legal troubles.

The winner could transport and sell water to cities and utilities in eastern Williamson County, an area expected to swell with houses and businesses when the proposed Texas 130 highway comes through in 2008. On Thursday, energy giant TXU Corp. of Dallas added a new twist to the race when it suddenly backed out of a fledgling partnership with one of the water companies.

The two remaining competitors -- Carrizo-Wilcox Water Alliance and Magellan Water Co. -- aim to build pipelines to draw water from the Carrizo-Wilcox Aquifer, a massive aquifer that spans the length of Texas and has a relatively untapped supply of quality groundwater. It has long been seen as the region's best opportunity for quenching the county's long-term water needs -- and as a potential gold mine by some powerful local players who have been working for months to gain a foothold in Williamson County.

The Carrizo-Wilcox Water Alliance now controls the groundwater leases once held by Metropolitan Water Co., a Washington County company that has attracted several high-profile Austin investors -- including developer John S. Lloyd and architect Sinclair Black -- since its inception in 1999. Lloyd is a major land developer in Travis and Hays counties. Black is a University of Texas architecture professor and urban planner known for his criticism of suburban sprawl.

The two are now on opposite sides of a civil lawsuit over the ouster of W. Scott Carlson, Metropolitan Water's general partner, who pleaded guilty to two counts of theft in a Harris County court in July for swindling two former employers out of about \$1.9 million.

Lloyd and a group of other investors sued Carlson and Metropolitan Water last spring because of concerns that Carlson's legal troubles would scare away public customers. Black, however, continued to support Carlson and is a limited partner in the alliance. Though Carlson pleaded guilty and received 10 years deferred adjudication for the criminal charges, the civil lawsuit is ongoing.

Leaders of the alliance say that Carlson has no involvement in the company but that the taint of his legal issues ultimately doomed the prospective deal with TXU.

The alliance had asked TXU to be its partner on a pipeline project: The alliance would provide the water and TXU would operate the line, said Skip Reissig, manager of the alliance.

TXU spokesman Chris Schein said the offer appealed to the company because it was an opportunity to expand relationships with communities to which it has long provided gas and electricity.

He said the company was exploring the feasibility of such a project and met with local water suppliers Thursday afternoon. The company decided later in the day to back away from any cooperation after learning of Carlson's legal issues.

"This is not something that we're going to participate in," Schein said.

Before the talks broke down, some local water suppliers saw potential in TXU's involvement.

"You actually bring someone to the table who has a history," said one local water supply official. "TXU has a history of being in the utility business . . . (and) investing in solid, conservative, reasonable business opportunities."

Reissig said Thursday night that TXU had not yet told him the deal is off. But if it is, he said, the Carrizo-Wilcox Water Alliance would regroup and move forward with efforts to market the water.

"We've got a very legitimate, upstanding deal," Reissig said.

The end of TXU's involvement leaves the door ajar for another company seeking to bring water to the area: Magellan Water, headed by Williamson County Commissioner Frankie Limmer. He has been courting cities and other water providers throughout the county since the summer to build a pipeline from the Carrizo-Wilcox Aquifer.

Limmer formed Magellan Water in August after dropping out of the Carrizo-Wilcox Water Alliance over concerns about Carlson's past. Similar concerns prompted Mike Robinson, a former Round Rock mayor, to quit the alliance in August; he is currently sitting out the fray.

One of Limmer's proposals is for a 47-mile pipeline from Burleson County to Hutto, a proposal that could cost about \$42 million, Limmer said. Another possibility is to use existing Alcoa Inc. wells, which would require a 25-mile pipeline, he said.

On average, water pipelines cost about \$1 million per mile to build. The rural water supply corporations and small cities, such as Thrall and Pflugerville, that have expressed interest in Magellan do not have the resources to finance a project of this magnitude, Limmer said. So he has turned to private financing from "friends, acquaintances and relatives."

"This is a public-private thing. It's been that way from the start," Limmer said. "It's the opportunity to put the best parts of both worlds together."

The county attorney's office issued a letter in August stating that there was no conflict between Limmer's role on the Commissioners Court and his water company.

Limmer is getting some help promoting his company. State Rep. Mike Krusee, R-Williamson County, has issued a letter in support of Limmer's plan and participated in a meeting with Limmer and representatives from the Brazos River Authority.

"Water is real important for Williamson County, especially with all the growth we're going to encounter with SH 130," Krusee said.

Krusee said he supports any effort to bring water to Williamson County but was approached only by Limmer to publicly endorse a project.

Also promoting Magellan is Amos "Pete" Peters, a longtime friend of Limmer's and a public relations consultant under investigation by the attorney general's office for billing improprieties relating to a county road bond project.

Meanwhile, many cities, water supply corporations and utility districts say they are wary of hooking up with any private company. Although all the local water suppliers recognize that the Carrizo-Wilcox Aquifer is likely the best source for their water in the future, they say the private companies provide a lot of hype but not much substance.

"I'm not sure that it should be a private group that should bring it here," said Joe Williams, general manager for the Jonah Special Utility District. He said it would be difficult for Jonah to commit public funds to a private company seeking to make a profit.

"I don't think that's the way local government should do business," Williams said.

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