

CTWC Comments to Region K

9/14/2012

The Central Texas Water Coalition welcomes the opportunity to comment on the The Lower Colorado Regional Water Planning Group's (Region K) draft proposal for non-municipal water demand projections for 2020 to 2070. Unfortunately, the Regional Water Plans appear to be proceeding from a premise that leads the plan into omissions. The Texas Water Development Board's website introduction states, "[T]he plan addresses the needs of all water user groups in the state—municipal, irrigation, manufacturing, livestock, mining, and steam-electric power" Simply stated, the listed categories are not "all water user groups in the state." Even more profoundly, the list excludes the most basic mandates for management of this State's water – the imperatives of conserving the State's water and reclaiming its availability. The list of "user groups" in the introduction to the non-municipal water demand components appears to be incomplete.

The Texas Constitution provides for the creation of "conservation and reclamation districts," and most of the entities who manage the State's water are exactly that type of entity. As their name denotes, their central charge is to conserve and reclaim the State's water. The draft proposal for non-municipal water demand projections for 2020 to 2070 does not mention, much less target, those core objectives. The current list of "user groups" omits two critical components of those "user groups": "recreation" and "other beneficial uses".

It is tempting to overlook "recreation" as a serious objective, because at first blush it may seem relatively superficial, but it is far from that. Indeed, careful studies have been made of the economic ramifications of recreational use of the State's water, and those ramifications are at least as significant economically as the "user groups" the draft proposal has listed. Moreover, the significance of recreational use of the State's water is underscored by its explicit mention among the objectives the State Constitution provides for how the State's water is to be managed and used. (Summary Basis of key supporting Constitutional, Water Code and Legislative points is attached.)

Therefore, we submit the The Lower Colorado Regional Water Planning Group (Region K) should re-examine its draft proposal for non-municipal water demand projections for 2020 to 2070 at a fundamental level to incorporate the key importance of recreational uses of the State's water.

The following quotes and comments were made by State Senator Kirk Watson at the June 28th Central Texas Water Coalition meeting in Jonestown, as reported by Devin Monk in the July 11, 2012 issue of the Lake Travis View:

- "We are not doing right in this state when it comes to water."
- Watson said his love for Austin is tied into its natural resources.
- "Water is something I care about because I believe it defines this place that we've all decided to call home," Watson said.
- "It is part of who we are. It is part of the culture. It is part of the fabric that defines us."
- "How people use the Highland Lakes, and especially Lake Travis, has transformed over the last 30 to 35 years as they have become recreational hotspots."
- "This area has also changed in a way where those lakes now play a role that they didn't play before," he said. "Part of that that role is specifically and directly a part of our economy."

Based upon the changes mentioned above by Senator Watson, any review by Region K for water demand projections for the “non-municipal” category of demands should clearly also include the “Recreational” and “Other Beneficial Uses” categories.

“Recreation” and “Other Beneficial Uses” as provided in the Constitution and in the Texas Water Code provide an implicit linkage to conservation and preservation of critical water resources and make the point that conserved water is, itself, a demand component. There is, therefore, an implicit demand need for “set-asides” for the very purpose of conservation. Otherwise – all the water will be ultimately consumed by the other demand components, which are inherently consumptive, not conservatory, and Texas will be left without critical and irreplaceable natural resources such as the Highland Lakes.

The Lake Travis Economic Impact Report (<http://www.laketraviscoalition.com/>), the Draft Economic Impact of the Upper Highland Lakes Study, which will be published in late September, and the LCRA/Corps of Engineers Lake Recreational Impact Study strongly support Senator Watson’s comments regarding conserving the integrity of the Highland Lakes in order to protect the human consumption and industrial water requirements as well as the environmental flows of the Lower Colorado River Basin.

These studies begin to quantify the adverse economic and fiscal effects of low lake levels. They are based on the very positive economic engine that has developed in Central Texas around the lakes, an engine that depends on conservation and the preservation of adequate water in those lakes.

For the Lake Travis Study Area in Travis County:

Sustained lake levels above the LCRA’s own designated minimum for recreational use have generated the following economic engine baseline for the study area, as determined by The Lake Travis Economic Impact Report:

- \$207.2 million in revenue for state and local governments
- \$8.4 billion in assessed property value
- \$3.6 million in hotel and mixed beverage taxes
- 3,900 commercial businesses in study area contribute \$45.2 million in sales tax

Conversely, the Lake Travis Report also has identified the following impacts of sustained low lake levels, with negative impacts beginning at 660 ft, and becoming increasingly severe below 650 ft.

Economic Impact:

When lake levels remain below 660 feet, visitations decline and businesses begin to fail. Low lake levels lead to:

- 350,000 – 375,000 fewer park visits
- 29 lost jobs for each 10% drop in park visits
- \$23.6 million to \$33.8 million reductions in visitor spending
- Up to 241 lost jobs and \$6.1 million in wages

Fiscal Impact:

Low lake levels decrease visitors and value and can impact government revenues substantially. When levels are low, governments could lose up to:

- \$21.9 million in total fiscal revenues

- \$1.7 million lost sales tax revenue
- \$45,000 from decreased hotel receipts
- \$120,000 from less visitors ordering mixed drinks

The Study points out that if low lake levels become persistent, meaning that they are not viewed as temporary but rather as the new normal, property tax revenues could drop by \$15-20 million in the study area from the loss of premium values associated with being on or in close proximity to Lake Travis.

For the Upper Highland Lakes in Burnet and Llano Counties,

Direct spending in 2011 by visitors in Burnet & Llano County result in:

- 3125 jobs (or 25.9 percent of total regional employment)
- \$161.3 mill in direct Economic activity
- \$58.9 million in earnings for employees & business owners
- \$3.5 million in local tax revenue (excluding property taxes)
- \$9.2 million in state tax revenue

The total economic impact of lake-related visitor spending in the Upper Highland Lakes including the multiplier effects supported:

- \$185.5 million in total economic activity
- \$81.7 million in earnings for employees and businesses owners
- 3,648 jobs

Over the past two decades, communities in the region adjacent to the lakes have been the fastest growing in the two-county area. Since 2000, lake adjacent properties have also captured the majority of new homes built in the Upper Highland Lakes Region. Nearly three-quarters of all homes built in the two counties in the past decade were within two miles of the lakes.

In the Upper Highland Lakes Region, the properties around the lakes are among the most valuable in the area. Lake-related properties in this region account for just 1.9 percent of the geographic area of the counties, but a disproportionately large 46.7 percent of their total taxable value.

The Highland Lakes community’s overwhelming concern is that overall economic activity in the region will not return to its pre-drought growth rate because of the prolonged low lake levels. Public workshop participants feared that many homeowners will move once the water levels rise and home values rebound to pre-drought levels.

The Economic Impact Study of the Upper Highland Lakes also stresses the undeveloped potential around Lake Buchanan with approximately 7,000 acres of undeveloped room for growth, which could result in an increase of taxable property value of \$1.4 billion.

The importance of Lake Buchanan, from a business and personal use perspective, is shown in the study graphs on pages 70 and 74 of the study. As such, maintaining Lake Buchanan at the recreational level of 1012 feet is important, with very significant adverse impacts beginning at 1005 feet and below.

LCRA/Corps of Engineers Lake Recreational Impact Study:

The study found that Lake Buchanan recreational interests suffer significantly at lake levels below 1012 feet.

Documented Historical Data on Low lake levels on Lake Travis and Lake Buchanan:

Lake levels below the defined recreational levels of 660 feet for Lake Travis and 1012 feet msl are shown in the attached LCRA data tables showing average lake levels. Note that the low lake levels have essentially been the norm since 2006.

Identification of demand needs to preserve Lakes at minimum lake levels:

An estimate of the “Water Requirement/Demand” to maintain Lake Travis and Lake Buchanan at or near minimum operating levels can be found by reviewing the results of LCRA’s WAM Run 67, which was modeled as part of the proposed LCRA Water Management Plan process.

In Run 67, stored water is not consumed by Gulf Coast, Pierce Ranch and Lakeside irrigation districts and this equals approximately 200,000 AF per year. Keep in mind that Garwood rice irrigation is still getting the full supply of their firm water rights in this run.

With the addition of this approximate 200,000 AF per year in additional supply, the recreational and other beneficial use requirements of the Highland Lakes are generally met utilizing 2020 firm water demand estimates.

Additional water will be needed to compensate for additional firm water needs beyond 2020. It should be noted that the goal is not “constant level lakes”, rather support of minimum operating levels that meet business, community, and tax base maintenance needs. It is understood that in times of drought firm demands must be met, and that lake levels will be lowered in these periods to meet those firm customer needs.

Some key details, comparisons and advantages are provided below between the current LCRA WMP plan with 2010 demands and WAM Run 67.

- WAM Run 67 still provides for 100 percent of water for Garwood rice irrigation but omits three other irrigation districts: Gulf Coast, Pierce Ranch and Lakeside.
- Run 67 are made with FULL 2020 demands (416,000 AF). For reference, the current WMP states that 2010 demands are 288,606 AF and interim demands of 352,303 AF
- Lake Buchanan average lake levels are 1016 with Run 67, versus 1013 in the current WMP; Lake Travis average level is 672 versus 662 feet above msl.
- The Lake Buchanan minimum recreational level of 1012 feet above msl occurs 29 percent of the time in the current WMP, to 11 percent of the time with Run 67.
- The Lake Travis minimum recreational level of 660 occurs 31 percent of the time in the current WMP, to below 15 percent of the time with Run 67.

- Run 67 results in an increase of 67,000 AF of environmental inflow for Matagorda Bay.

During a Drought Of Record:

- The percent of time Lake Buchanan is below 1012 feet msl goes from 80 percent of the time in the current WMP, to 31 percent of the time with Run 67.
- The percent of time Lake Travis is below 660 feet msl improves from 75 percent with the current WMP to 43 percent of the time with Run 67.
- This increases the lake levels to the point where property values and jobs will be able to be maintained, increasing confidence for the area economy.

Minimum lake levels during a Drought of Record:

- Lake Buchanan goes from an average of 1003 to 1013 feet msl during a Drought of Record when one applies Run 67 versus the current WMP.
- Lake Travis average lake levels improve from 633 to 662 feet msl during a Drought Of Record when applying Run 67.
- This greatly increases the drinking water safety margin and demonstrates a more reliable water supply for millions of residents and businesses in Central Texas.

Minimum combined lake contents during the Drought Of Record, for the current WMP are 182,714 AF, while Run 67 shows 847,162 AF combined capacity. As such, Run 67 results in a much higher level of safety for drinking water, and appears to avoid a Declaration of Drought of Record. It is worthy of note that the avoidance of a DOR Declaration protects cities and municipalities, such as Austin, from having to implement a 20% pro-rata curtailment on firm customers.

WAM Run 67 also takes the 'stress' off the lakes while allowing them to work as reservoirs. They still drop during a drought, but this plan allows them to 'recover and recharge' after a severe drought, while maintaining levels that allow for environmental flows, recreation, access to drinking water, and area businesses to continue to flourish with job attraction, job creation and economic development.

Implementation of Conservation in the Demand Projections:

We look forward to seeing the benefits of conservation reflected in the demand projections of the other non-municipal water demand projections for 2020 to 2070 period.