



April 8, 2009

Mr. John Burke
Chair
Lower Colorado Regional Water Planning Group
P.O. Drawer P
Bastrop, Texas 78602

Dear Mr. Burke:

I want to share some recent study results from the LCRA-SAWS Water Project.

As you know, in December 2008 the LCRA Board adopted policy guidance related to the project that focused on defining conditions that will protect and benefit the lower Colorado River basin. The legislation and LCRA's contract with SAWS requires the LCRA Board to find that the project adequately protects and benefits the basin.

The Board directed staff to use updated water projections for municipal and industrial growth from its water supply resource planning effort; plan for adequate water supplies to meet currently projected agricultural water needs while recognizing water will continue to be supplied on an interruptible basis; and limit groundwater use to supplement agricultural demands during dry periods when there is not enough surface water. The Board also directed that 50,000 acre-feet of water reserved in LCRA's Water Management Plan not be used in conjunction with the project and that LCRA will explore opportunities to make water supply available to the project.

Staff has incorporated guidance from the LCRA Board along with environmental study findings and has preliminary study results that indicate that if the project were implemented, there would not be enough water to meet all project requirements, including legislative and contractual requirements. The major implication of the preliminary study results is that no water can be made available to SAWS from the project as it was originally envisioned.

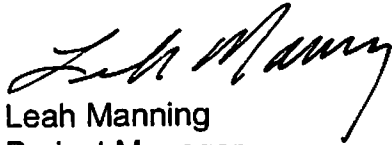
One factor influencing these results is updated projections for the lower Colorado River basin. The projections show that between 14 and 25 percent more water than is included in the 2006 regional water plan will be needed to meet municipal and industrial needs in the lower Colorado River basin in the next 50 to 90 years.

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These study results do not eliminate the potential for a long-term water-sharing agreement. LCRA continues to work with SAWS to understand the implications of this new data and to decide how to move forward.

We understand that you and the members of the Region K planning group are keenly interested in this project. We are committed to working with you and keeping you informed of our ongoing discussions with SAWS. Please let us know if you have questions or feedback.

Sincerely,



Leah Manning
Project Manager
LCRA-SAWS Water Project

cc: Lower Colorado Regional Water Planning Group

Background

LCRA and SAWS signed a contract in 2002 to study the feasibility of a water-sharing project to determine if the project could meet requirements set by the Texas Legislature and provide for water needs in both basins.

LCRA Board guidance

Under provisions of the legislation and LCRA's contract with SAWS, the LCRA Board determines whether the project protects and benefits the lower Colorado River basin. Consistent with these provisions, the LCRA Board of Directors gave policy guidance in December 2008 focused on setting parameters for protecting and benefitting the basin's interests. Specifically, the Board directed staff to include the following in its project studies:

- Use newly updated long-term demand projections, which show that 14 to 25 percent more water may be needed in the Colorado River basin than anticipated in the Region K plan.
- Plan for currently identified agricultural irrigation needs.
- Groundwater used for irrigation will not exceed the amounts already defined in the SAWS contract and will be limited to dry periods when there is not adequate surface water available for agricultural demands.
- A 50,000 acre-foot reserve in LCRA's Water Management Plan, as approved by the Texas Commission on Environmental Quality, should not be used in conjunction with the project.

Study results – April 2009

LCRA now has preliminary study results that indicate that if the project were implemented, there would not be enough water to meet all legislative and contractual requirements.

One factor influencing these results is updated projections for how much water will be needed in the lower Colorado River basin. The new projections show that 14 to 25 percent more water will be needed to meet municipal and industrial needs in the lower Colorado River basin in the next 50 years to 90 years, as compared to the projections included in the 2006 regional water plan.

The major implication of the preliminary study results is that no water can be made available to SAWS from the project as it was originally envisioned.

LCRA's contract with SAWS remains in effect, and LCRA continues to work with SAWS to understand all of the implications of this new data and to decide how best to move forward. The study results do not eliminate the potential for a long-term water-sharing arrangement between LCRA and SAWS. The purpose of the intensive study period is to determine if a project could move forward.