



# SAWS plans to buy pumping rights for aquifer water

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Call it the rising price of water, but the cost of rights to pump from the Edwards Aquifer is rising dramatically, and San Antonio Water System customers are about to feel the pinch.

SAWS is poised to accept two offers to sell pumping rights at more than \$5,000 an acre-foot — triple its last purchase price of \$1,750 an acre-foot.

SAWS, which already gets 95 percent of its drinking water from the Edwards, is looking to firm up its near-term supplies with more Edwards rights while developing long-term supplies using other sources.

Most landowners holding excess Edwards pumping rights — allocated over the past 10 years by the Edwards Aquifer Authority — have leased rather than sold them, waiting for the price to rise to what they consider to be fair.

Despite their efforts, SAWS representatives haven't bought any Edwards rights since 2003. But early last month, the utility sent packets to all holders of agricultural and industrial permits to pump Edwards water, inviting them to offer their lowest price to sell water in auctions ending in August, September and October.

An acre-foot equals 325,851 gallons, enough to serve the needs of three average San Antonio families of four for a year.

Calvin Finch, SAWS water resources director, told the board's water resources committee Monday that the utility received 80 calls with questions about the bidding process, but only three bids by the Aug. 21 deadline.

## Water costs rising

The San Antonio Water System is poised to buy Edwards Aquifer water rights from two of the three landowners who bid in a recent auction. The price is much higher than the last rights SAWS bought in 2003, at \$1,750 an acre-foot.

Acre-feet offered	Price per acre-foot	Staff recommend to accept offer
300	\$5,500	Yes
25.92	\$5,275	Yes
50	\$20,000	No

Source: SAWS

HARRY THOMAS/STAFF

Finch said the low number of bids might be the result of the utility's failure in 2003 to accept any of the bids received in an auction in which nine people made offers, generally for less than \$2,000 an acre-foot.

One of the August bids was considered a joke — \$20,000 an acre-foot for 50 acre-feet. But SAWS staff recommended accepting the other two bids despite their high prices.

One offers 300 acre-feet of senior pumping rights at \$5,500 an acre-foot and the other offers a 25.92-acre-foot mix of junior and senior pumping rights at \$5,275 an acre-foot.

Finch recommended that the utility take the two best offers in this auction, adding that SAWS might need to make the buys just to show that it's serious.

"We want to develop consensus on what the water is worth, and, of course, we want to get it at the lowest cost we can for our ratepayers," he said.

Finch said there are concerns that such purchases may tend to set the bottom price for future sales. But, he acknowledged, the bids may reflect the market price.

**"Water at \$5,500 is certainly better than no water," Finch told trustees.**

Word that SAWS is seriously considering the offers sent a buzz this week through farming areas west of San Antonio.

"Everybody here is waiting to see what's going to happen," said Cody Derusha, whose family irrigates farms around Uvalde. "I can see why the bids are so high. I believe that people around here want a \$5,500 to \$6,500 market, and then they're going to start moving. That's what I hear anyway."

Uvalde County farmer Maurice Rimkus said he expected the price to reach \$5,000 an acre-foot but not so quickly. But, said the cotton and corn farmer, he isn't submitting any bids.

"If you own a gold mine, you don't sell the mine; you sell gold," he said of his philosophy of leasing rather than selling any unused water rights.

Officials noted that there's an upward limit to the price that SAWS is willing to pay for Edwards rights, and that's the cost of bringing in the cheapest alternate supplies.

Right now, that's the estimated \$565 per acre-foot it would cost to desalinate and distribute brackish groundwater located south of the city. Converted to 30-year financing plus distribution costs, the annual acre-foot cost of the \$5,500 Edwards offer is \$451, they said.

SAWS' latest long-term water plan calls for it to buy an additional 35,000 acre-feet of Edwards rights over the next five years and to convert 25,000 acre-feet of its current inventory from leases to purchases.

SAWS customers use about 180,000 acre-feet a year, but the Edwards allocation is subject to a 15 percent cut in time of drought.