


January 26, 2005

TO: Chair and Members of the Board

FROM: Joe Beal 

SUBJECT: Lazy Nine/Sweetwater Ranch Water and Wastewater Service

I wanted to inform you of our latest plans to ask the Board in February for the authority to negotiate contracts for water and wastewater service to Lazy Nine/Sweetwater Ranch. As you may know, developers of Lazy Nine approached LCRA a year ago, asking us to provide water and wastewater service to a new development of about 3,000 residences and other development. Providing service to Lazy Nine is consistent with LCRA's Business Plan, Vision 2010 and its 30-year vision for water utilities growth in West Travis County.

Discussions on this request for water and wastewater service were postponed last spring when the Board decided to delay action on the Hamilton Pool Road line. To retain their financing for this development, developers needed a supply of water, and they secured a raw water contract from LCRA last June. Following the Board's decision in December to approve contracts for water service to new developments on Hamilton Pool Road, Lazy Nine initiated a proposal for an interim water service agreement with LCRA to serve an initial 1,200 living unit equivalents in the first phase of development.

At the developers' request, LCRA has resumed discussions with Lazy Nine and we anticipate that the long-term wholesale water and wastewater service contemplated under the original proposal last year will be brought to the Board for approval in February. The initial five years of retail service have been contracted out by the developer to another provider; however, we are discussing a retail service role for LCRA with the developers. Developers also have been in contact with Lakeway MUD providers for the provision of this same wholesale service.

The Lazy Nine development is located in the Lake Travis watershed and is subject to LCRA's nonpoint-source pollution (NPS) ordinance. LCRA staff is reviewing preliminary Lazy Nine development plans for NPS compliance, and developers are agreeable to a construction sediment plan that would prevent the NPS issues associated with Lick Creek.

Chair and Members of the Board

January 26, 2005

Page 2

The developers also are participating in the Southwest Travis County Growth Dialog Process, a regional planning group led by Travis County Commissioner Gerald Daughtery. Travis County, which has the lead in approving this development, has already approved preliminary plats for Phase 1. Future phases will require county approval. This includes meeting any new regulations adopted by the county in the meantime.

The Lazy Nine proposal is likely to draw strong opposition from some area residents, environmentalists and others who might be concerned about the impact of development on Highway 71. The issue is also likely to spur additional calls for an LCRA moratorium on new water service agreements until ongoing regional planning processes are completed. Staff is communicating with the public, legislators and other elected officials through news releases and Web site updates on the proposal in advance of the February Board meeting.

Meanwhile, if you get letters from the public on this issue, please feel free to forward them to my office.