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Media Advisory

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Former Interstate Stream Commission Director Shows Gila River Diversion Costs Could Exceed $1 Billion

Albuquerque, NM - The Arizona Water Settlement Act of 2004 (AWSA) authorizes a federal water development project named the New Mexico Unit of the Central Arizona Project (NM Unit) proposing to divert water from the wild Gila River, store the water in reservoirs, and pump water to SW New Mexico municipalities.

The recent Bureau of Reclamation's (BOR) July 2014 Appraisal Report[1] to the New Mexico Interstate Stream Commission (ISC) analyzed a series of Gila diversion configurations. Unfortunately it did not combine diversion, storage, and delivery components into a comprehensive system. This is critical to allow direct comparison to other ISC diversion proposals analyzed by Bohannon-Huston Inc. (BHI) that are designed to maximize use of AWSA water. Completion of these combined calculations shows that a comprehensive diversion and water delivery system for Deming could cost more than **$1.1 Billion**.

Component	Construction Cost	Interest during Construction	OM&R Annual	Exchange Annual	Present Value of annual costs
Greenwood & Sycamore Reservoirs--Reclamation alternative 1	$598.45	$40.68	$4.71	$1.75	$151.57
Pipeline to Deming	$156.00	$10.60	$5.17		$121.27
Deming water treatment plant	$21.10	$1.43	$0.50		$11.73
Subtotals	$775.55	$52.72	$10.38	$1.75	$284.56
Total Construction Costs	$775.55				
Total Interest During Construction	$52.72				
Total Present Value of Annual Costs	$284.56				
Grand TOTAL	$1,112.83				
All costs are in millions of dollars					

Note: All of the numbers in the table come directly from BOR's Appraisal Report or can be calculated using formulas provided by the BOR except for the annual cost of operating and maintaining Deming's drinking water treatment plant estimated at $500,000 per year. The exchange cost is based on 12,000 acre-feet per year of required exchange water (the reduced annual average volume the ISC staff reported is legally available for diversion – this volume is likely a large overestimate) at current rates of $146 per acre-foot. This cost is likely to be much higher in the future.

According to RJH Consultants, Inc., another ISC consultant, the Phase 1 BHI cost estimates failed to include many pertinent cost items (as described in my April 30, 2014, testimony to the ISC):

> "It is our opinion that the total cost for the project may be significantly low. There is considerable uncertainty in many geologic and design concepts for the dam and some of the required elements of the dams were not included. In addition, some of the unit costs are unrealistically low. When all of these elements are considered it is our opinion that the cost of the dams could be underestimated by more than 100 percent. Therefore, it is our opinion that the overall project costs may be 25 to 50 percent higher than the current estimate."

The BOR report is likely to be a much more realistic analysis of the costs for a comprehensive Gila River diversion and water delivery system due to BOR's extensive water development experience and their more realistic contingency allowances.

[1] Final Appraisal Level Report on the AWSA Tier-2 Proposals and Other Diversion-Storage Configurations, Bureau of Reclamation, July 2014.

For more information, see detailed memo at www.protectthegila.org