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## Environmentalists say vague Lake Powell Pipeline plans hide high cost for Utahns

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Environmentalists hope a soon-to-be-released report will shed light on how Washington County plans to finance the construction of the Lake Powell Pipeline, but water officials aren't making any promises.

The Preliminary Licensing Proposal (PLP), expected to be released Tuesday, won't include a comprehensive discussion of how the conservancy district plans to fund the pipeline or even how much it will cost, said Ron Thompson, general manager of the Washington County Water Conservancy District.

The PLP is technically just a draft document, he said, and contains no final plan for where or how to build the Lake Powell Pipeline. Since those details might not be finalized for years, it didn't make sense to "put an enormous effort" into a final cost estimate, he said. "Until we know which options they're going to allow us to use, it's a little hard to put a price on this project."

Depending on how it's built, he said, the pipeline's total cost could vary by as much as 25 percent — which has environmentalists wondering why the plan is still so indefinite and whether the pipeline's cost to residents might force them to conserve water, rendering the pipeline moot.

What the water district does know, Thompson said, is that the project's price tag will come in somewhere around a billion dollars, and that the water districts that benefit from the pipeline will have 50 years to pay down the loan and its interest.

The Lake Powell Pipeline, authorized by the Legislature in 2006, is expected to annually deliver 26.7 billion gallons of water to the Washington County Water Conservancy District and 1.3 billion gallons to the Kane County Water Conservancy District. The Utah Division of Water Resources will build the pipeline, but the water districts must repay the costs.

With that in mind, Thompson said, he's confident they will find a way to pay by raising impact fees and water rates.

Gabriel Lozada, an associate professor of economics at the University of Utah who worked on an analysis of the economic feasibility of the Lake Powell Pipeline, isn't buying it.

"After years of study and tens or hundreds of thousands of dollars, their plan is still a draft?" Lozada said in an email. Still, he said, even a draft is enough to show that the cost will be too high.

According to the U. analysis, the Washington County Conservancy District would have to raise impact fees by at least 123 percent, and raise water rates by 576 percent to fund the pipeline.

If that happens, said Gail Blattenberger, a U. professor emeritus of economics and the study's lead author, it's possible that water use in Washington County — which is currently inflated, she said, because of the low prices residents pay for water — would drop by such an extent that the pipeline would be unnecessary.

"It seemed, at least in our calculations, that with all these price increases, people in Washington County wouldn't demand so much water," she said. "So then they would have this pipeline, and they wouldn't need it."

Another option, if the water district wants to avoid rate hikes, would be to place the burden of the pipeline's costs on new residents by hiking impact fees, pushing the price of a new development's water connection to upward of \$21,000, said Lozada, an associate professor of economics at the U.

That isn't a panacea, either. When impact fees rise, real estate values tend to fall.

"The ultimate economic impact is on the current landowner in Washington County," whether the water district raises rates or tries to make newcomers pay, Lozada said.

Blattenberger and Lozada said they believe the water district may be eyeing a third financing possibility: a pay-as-you-go plan that would essentially amount to an interest-free loan subsidized by Utah taxpayers.

"I think that there are various things that have slipped under the rug," Blattenberger

said, including the details of the water district's plan to pay off a loan of more than a billion dollars — a loan sizable enough to accrue annual debt service payments worth more than \$50 million.

“If you're going to build it, you should be honest about all the costs, and all the subsidies and who's paying,” said Blattenberger, a former member of the Utah Rivers Council.

But it's still too early to talk financing and costs, Thompson said. “I don't want to put the cart before the horse.”

Next month's licensing proposal, Thompson said, will include nearly a dozen proposals for the project. The final version won't be released until next spring, after public input is integrated. After that, it could take several years to finalize the details, he said.

Thompson said the authors of the U. report played fast and loose with growth and revenue estimates in order to prove their environmental agenda. The water district is working on a repayment model, he said, but it's incomplete and not ready for release.

Zach Frankel, the current executive director of the Utah Rivers Council, said he believes the Washington County Conservancy District and the Utah Division of Water Resources are purposely hiding the details from the public because it involves asking for a state subsidy.

“What kind of a government agency proposes to borrow billions of dollars from the Utah taxpayer and refuses to provide a schedule payments to the taxpayer? Is that a con game?” Frankel said. “The Division of Water Resources is hiding the debt payment schedule from the public because they know they cannot repay the construction costs with interest.”

The repayment plan is a key bit of information that should be available during the public debate that will begin with the release of the PLP, Frankel said.

“It is time for them to put up or shut up,” he said. “Show us the debt payment schedule, or shelve the proposal to spend the taxpayers' money.”

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