

COLORADO WATER CONSERVATION BOARD
823 State Centennial Building
1313 Sherman Street
Denver, Colorado 80203

June 28, 1978

M E M O R A N D U M

TO: Members, Colorado Water Conservation Board
and Colorado Water Congress Executive Committee

FROM: Felix L. Sparks, Director

SUBJECT: Agenda Item No. 3 - Proposed Federal Water Policy,
Board Meeting, July 11, 1978

On June 6, 1978, the President announced his proposed new federal water policy. The proposed policy was broken into four major categories. These four categories and a brief explanation of each is as follows:

1. Improvement of federal water resource programs.

Under this heading, the President proposes new criteria for the computation of project costs and benefits. An implied but not stated purpose is to make water resource projects more expensive, more difficult and more time-consuming. This procedure is broken into several major subdivisions as follows:

a. Cost sharing by states.

It is proposed that for projects authorized in the future the state or states involved must contribute in cash ten percent of the construction costs associated with vendible outputs of the projects (water used for irrigation, municipal, industrial and the production of hydropower). In addition to this amount, the states would have to contribute five percent of the cost of the nonvendible features of the project (flood control and fish and wildlife protection and enhancement features). The states' cash contribution is to be paid concurrently and proportionately with the federal contractual obligations for project construction. The states would be allowed to share in revenues from vendible project features and proportional to the respective investments by the federal

government and the state. However, there would be an annual project by project limit on state contributions of one-fourth of one percent of the states' general revenues. At the present time, we compute this to be about three million dollars annually for Colorado. As an example of how this formula might work, we applied it to the Narrows project in Colorado. Based upon a staff analysis of the proposed cost sharing arrangement, the state of Colorado would have to provide approximately thirteen million dollars toward the construction cost of that project, with a limitation of approximately three million dollars in any year. We cite this as an example only since the Narrows project is already authorized and presumably would not be subject to the new policy. The "catch twenty-one" provision, however, is that state contributions for construction will be considered critical to Presidential approval, even though not required by law.

b. Establishment of new Presidential project selection criteria.

The President has announced a list of criteria which he would utilize in determining whether or not he will approve funding for authorized projects. This appears to be the same criteria under which the "hit list" was announced last year. One of these criteria is that state governments assume a share of costs for already authorized projects over and above existing cost sharing. In effect, the President has announced that he expects the states to participate in the construction of already authorized projects, regardless of the laws enacted by the United States Congress.

c. Additional project review.

Under this proposal, an "independent panel" would be established to further review projects approved by the Secretary of the Interior, Secretary of Army, et cetera. In short, another layer would be added to the already exhaustive review process.

2. The establishment of water conservation as a new national priority.

Under this heading, the President has directed all federal agencies to incorporate water conservation measures in all applicable programs. Legislation will be proposed to allow states the option of charging more for municipal and industrial water supplies from already existing projects to encourage conservation,

provided that the additional revenue is returned to the municipality. The President incorrently states that water conservation has not been emphasized. He deplores the fact that water charges for all purposes are too low and suggests that they be raised.

3. Enhancement of federal-state cooperation.

Under this heading, the President proposes "grant programs totalling \$50 million to help States plan for their water needs and to implement water conservation programs; and creating a task force with State, local and Federal officials to examine water-related problems and to deepen the partnership that this water policy review has begun."

4. Greater protection of the environment.

Under this heading, the President proposes more stringent application of environmental protection statutes. He states that the enforcement of existing statutes has been inadequate. He also places strong emphasis on maintaining adequate instream flows. He states that the governors of various states are being asked to work with federal agencies to protect fish and wildlife and other values associated with adequate instream flows. On this subject, he adds that he is directing the federal water management agencies to set a strong example in recognizing and protecting legitimate instream flow needs. To accomplish this, federal legislation will be proposed as necessary.

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Memorandum

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