

COLORADO WATER CONSERVATION BOARD
102 Columbine Building
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Denver, Colorado 80203

November 24, 1970

M E M O R A N D U M

TO: Members, Colorado Water Conservation Board, Colorado
Water Congress Advisory Committee and
Affected Water Conservancy Districts.

FROM: Felix L. Sparks, Director.

SUBJECT: Status of Federal Appropriations for Colorado Water
Projects for the Current Fiscal Year.

We have received unofficial information that the President's Management and Budget Office is refusing to release certain funds appropriated by the Congress for the construction and advance planning for various reclamation and flood control projects in Colorado. It is our understanding that these funds are being withheld pending further review by the Office of Management and Budget. As near as we can determine at this time, the following projects are affected as indicated:

<u>Project</u>	<u>President's Budget Request</u>	<u>Congressional Appropriation</u>	<u>Released for Expenditure through Budget Office</u>
Fryingpan-Arkansas	\$ 20,000,000	\$ 20,000,000	\$18,980,000
Fruitland Mesa	165,000	165,000	135,000
Savery-Pot Hook	50,000	300,000	50,000
curecanti	2,850,000	2,850,000	1,622,000
Uncompahgre	-0-	133,000	-0-
Animas-La Plata	-0-	240,000	-0-
Dallas Creek	130,000	230,000	-0-
Dolores	100,000	200,000	-0-
San Miguel	-0-	50,000	-0-
Mt. Carbon	400,000	1,000,000	400,000

Our analysis of the adverse effect on the projects concerned is as follows:

Fryingpan-Arkansas

The arbitrary action of the Office of Management and Budget reflects a reduction of \$1,020,000 in the appropriation made for the project by Congress. At this time we do not know how this reduction was arrived at. We presume that some feature of the project which was due to be started this year will be delayed. The Fryingpan-Arkansas Project was authorized in 1962. It is already several years behind schedule. At the time of authorization the cost of the project was estimated to be \$170 million. Because of unreasonable delay and inflationary factors, the cost of the project is now estimated at \$243 million. It is therefore not possible to ascertain how any economy can be effected by further delay.

Fruitland Mesa

The budget action effects a reduction of \$30,000 in both the President's recommendation and the Congressional appropriation. This project was authorized in 1964. As a part of the project, an existing siphon on the Gould Canal was to be replaced with one of a greater capacity. In anticipation of a reasonable construction start, the existing siphon has not been repaired or replaced. It is obviously a waste of money to replace the existing siphon when it is not adequate to carry the project water supply. This siphon is now in a critical state and repairs for the next irrigation season will cost in excess of \$5,000. The Fruitland Mesa Project was ready for construction three years ago. The Congress therefore directed that the Bureau of Reclamation award contract for the construction of the new siphon during 1971. It is estimated that the contractor's earnings for this fiscal year would be \$30,000. It is this small sum of money that is being withheld through the action of the Budget Office. This action can only result in a senseless expenditure of funds for the repair of the existing siphon and the further escalation of costs for the Fruitland Mesa Project as a whole.

Savery-Pot Hook

This project was also authorized in 1964. It has also been subjected to unreasonable delay in the commencement of construction. This was the first and only project to date authorized for construction in northwestern Colorado. A portion of the project is located in the State of Wyoming. The project is ready for construction and

further delay will only result in accelerated costs. The Congress appropriated \$250,000 to commence construction. Even this small amount has been eliminated as a result of the Budget Office action.

Curecanti

The President recommended and the Congress appropriated the sum of \$2,850,000 to continue construction of the Curecanti unit. This project was authorized in 1956 and is the only project authorized at that time as a part of the Colorado River Storage Project which has not yet been constructed. However, construction is over 75 percent complete. Only the Crystal unit of the project remains to be completed. Funds to start this unit in the amount of \$1,228,000 have been eliminated by the action of the Budget Office. Since the funds were recommended by both the President and the Congress, the action of the Budget Office is incomprehensible. The Crystal unit should have been started several years ago. Failure to complete this unit results in a revenue loss to the federal government of about \$3 million per year. To this loss there must be added the interest rate which the Curecanti unit must pay. To this loss there must be also added the additional cost of purchasing power to honor the firm power contracts which have already been entered into by the federal government in anticipation of full power production from the Curecanti unit. With a little more delay, the loss in revenues from the Curecanti unit will exceed the cost of the Crystal unit. If there is economy in delaying the completion of the Curecanti Project, then it has to be found in Alice's Wonderland.

Uncompahgre

Congress appropriated \$133,000 to continue the existing program of rehabilitating the Gunnison Tunnel. This tunnel was completed in about 1912 and now badly needs repairs. The tunnel provides the major source of water out of the Gunnison River for the Uncompahgre Project area. Several years ago a rehabilitation program was started and is now well advanced. However, work on the tunnel can only be performed during the non-irrigation season. At this time it is almost too late to start on the repairs since the contractor will not have sufficient time to accomplish the necessary work before the irrigation season begins. If a tunnel failure occurs next irrigation season, there will be a multimillion dollar crop loss plus the staggering expense of repairing the collapsed tunnel. Since there has been a continuing program of tunnel rehabilitation for the past several years, it is again impossible to determine what economy can be effected by postponing completion of the repairs.

Animas-La Plata, Dallas Creek, Dolores and San Miguel

These projects and the West Divide were authorized in 1968, along with the Central Arizona Project. Congress directed that the Colorado projects be constructed concurrently with the Central Arizona Project. For the last fiscal year Congress appropriated \$230,000 to initiate advance planning on the Dallas Creek and Dolores Projects. This money was placed in budgetary reserve by the Bureau of the Budget with the understanding that it would be released on July 1, 1970. The money was not released. For the present fiscal year the Congress appropriated the sum of \$720,000 to initiate advance planning on the Animas-La Plata, Dallas Creek, Dolores and San Miguel Projects. All of this amount is currently being withheld by the Management and Budget Office. Funds have been released for the past and current fiscal years for continuing work on the Central Arizona Project, although these funds were considerably reduced from the total amount appropriated by Congress. Progress on the Central Arizona Project is therefore not proceeding according to schedule. On the other hand, progress on the Colorado projects is not proceeding at all.

Mt. Carbon

Congress appropriated \$600,000 to initiate land acquisition for the Mt. Carbon Project on Bear Creek. Floods originating on Bear Creek pose a much greater potential hazard than the flood which originated on Plum Creek in 1965 causing damages along the South Platte River in excess of \$300 million. Senator Allott successfully argued in the Senate that economy could be achieved in the construction of Mt. Carbon Project if the necessary lands could be acquired before further accelerated land values took place. Despite congressional approval however, the Office of Management and Budget is currently withholding all funds for land acquisition.

A central issue presented by the actions of the Office of Management and Budget is whether or not the Congress or the President enacts the laws of this country. This authority under our Constitution clearly lies with the Congress. The President has the right of veto with a further right of the Congress to override such veto. The President did not veto the Public Works Appropriation Bill for this fiscal year. He is nevertheless, through the Office of Management and Budget, exercising a veto in a manner never contemplated by our Constitution. This is not a new presidential device and has been employed by numerous presidents over a considerable period of American history. What appears to be new this year, however, is that the Office of Management and Budget is also exercising a veto power

over the presidential recommendations. As can be seen from the project summary presented at the beginning of this memorandum, there were various appropriations recommended by the President which are now being ignored by the Office of Management and Budget. In that sense both the President and the Congress are being overruled. The question then remains as to who, if anyone, is running the affairs of this country.

From the available information, it appears that all reclamation states are experiencing similar difficulties with the Office of Management and Budget, with the curious exception of the State of Washington. The reclamation program is one of the few federal programs which returns its cost to the federal government many times over in terms of direct repayment and increased tax revenues. Yet for the past ten years at least, a reduction of the reclamation program has been held out to be a way to economize in government.

It is our understanding that the actions of the Office of Management and Budget are subject to further review and consideration by that office. However, based upon experience dating back to the last administration, it is evident that intermediate decisions have a way of becoming final. If years of planning and effort for the development of Colorado's water resources are to be realized, then every resource that this state can muster must be brought to bear to insure that the laws enacted by the Congress are carried out.

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