

**Statement of Robert Quint, Director of Operations
Bureau of Reclamation
U.S. Department of the Interior
Before the
House Natural Resources Committee
Subcommittee on Water and Power
On
H.R. 5710
May 8, 2008**

Madam Chairwoman and Members of the Subcommittee, I am Robert Quint, and I am the Director of Operations at the Bureau of Reclamation. I am pleased to be here to provide the Department of the Interior's views on H.R. 5710, the Eastern New Mexico Rural Water Project Act. The Department cannot support H.R. 5710.

Reclamation has been working with the state of New Mexico and local parties on developing concepts for the Eastern New Mexico Rural Water Project since Congress authorized feasibility studies in 1966. Reclamation has participated in a number of studies on this evolving project over the years. Since 1998, Congress has provided \$1,763,000 for planning and technical assistance, of which more than \$1.2 million has been transferred directly to the City of Clovis, acting as the fiscal agent for the local communities, for work on the project. The FY 2008 omnibus appropriation includes \$246,000 for the Project.

The proposed Eastern New Mexico Rural Water Project would provide a sustainable water supply for the eastern New Mexico municipalities of Clovis, Elida, Grady, Melrose, Portales, and Texico, as well as Curry and Roosevelt counties and Cannon Air Force Base. The area currently depends entirely on a groundwater source that is diminishing in both quantity and quality. The currently envisioned project would supply 16,400 acre-feet per year. The water would be delivered through a pipeline from Ute Reservoir, which was built by the State of New Mexico in 1963 as a water supply source for eastern New Mexico, and would cost approximately \$436 million to construct, with \$8.2 million in annual operations and maintenance costs.

In 2004, Reclamation testified on legislation (HR 4623) to authorize construction of the Eastern New Mexico Rural Water Supply Project. During that hearing, Reclamation cited concerns with the adequacy of the Conceptual Design Report to support authorization and identified some critical questions that needed to be answered before construction should proceed, such as whether all economically viable alternatives had been considered, whether design and construction costs were consistent with comparable projects, and whether the communities that would be sharing project costs had an accurate estimate of how much those costs might be. Reclamation also expressed concerns with the proposed cost sharing formula, which assumed an 80% federal share for construction of the project. The federal cost share in the new legislation (H.R. 5710) is 75%.

In the intervening years, a Reclamation "Oversight Committee" has been assisting the Eastern New Mexico Rural Water Authority (Authority) and their consultants in developing a more complete and thorough feasibility report.

A “Preliminary Engineering Report” prepared for the Authority by their consultant that was submitted in December 2006 represents significant progress toward a feasibility-level analysis. Reclamation is continuing to work with the Authority as they further develop the proposed project’s design, cost estimates, financing plan, and environmental analysis.

The Authority is working with their consultant to take the design and associated cost estimate to the feasibility level. Feasibility-level cost estimates are based on information and data which is sufficient to permit the preparation of preliminary layouts and designs used to estimate each kind, type, or class of material, equipment, and labor necessary to complete a project. A second consultant has been selected by the Authority to work on National Environmental Policy Act compliance. A third consultant for the Authority is working on a detailed plan for financing the project.

As stated above, the most recent cost estimate for construction, as prepared last year by the Authority’s consultant, is \$436 million, with an estimated annual operation and maintenance cost of \$8.2 million. The local communities would pay 100% of the operation, maintenance, and replacement costs.

Reclamation is committed to working with its customers, States, Tribes, and other stakeholders to find ways to balance and provide for the mix of water resource needs in the future. The Administration is concerned, however, about becoming the primary source of funds for these types of projects. Because of this project’s high cost, with a federal cost share of \$327 million, and because this project would compete with ongoing work by Reclamation in New Mexico and across the west, the Department cannot support H.R. 5710. However, we are working with the Authority and the State to bring the project to a point where a feasibility determination is possible.

This concludes my statement, and I am happy to answer any questions the Subcommittee may have.