

OVERFLOWING COSTS

Hoover Dam visitor center price tag balloons amid unrestrained spending

By Rachael Conlin

LAS VEGAS SUN

THERE isn't one signature entirely responsible for the huge price tag accompanying Hoover Dam's new tourist stop, probably the most expensive such visitor center in U.S. history.

The blame, if there is any, is spread over 10 years and shared by a handful of bureaucrats who don't flinch under mounting criticism.

The men stand by their decisions, which have been criticized as representing the ills of government spending: cost overruns, management indifference and lack of oversight.

They remain steadfast in their belief that they spent \$120 million of public money wisely.

"I'm satisfied I did the right thing and had the best interest of Clark County in mind," said Bob Broadbent, former U.S. Bureau of

Reclamation commissioner. "It's going to be a great visitors center and great for the economy of Southern Nevada."

Broadbent, now McCarran International Airport director, testified in 1983 before Congress that Hoover Dam needed \$77 million, of which \$32 million was to be used for a visitor center. The remainder would be used for dam machinery improvements.

According to a bureau document, Broadbent's testimony before Congress was misleading and shouldn't have been used.

"The 1983 estimates were appraisal grade estimates that did not take into account actual site conditions. With only one exception, these estimates have proven to be exceedingly inadequate," a July 12, 1993, document said. "Reclamation instructions clearly state that this type of estimate is not to be used

for project authorization."

But it was.

Since then, architectural design changes were required, construction problems cropped up and costs ballooned. Today, the project has an \$85.6 million price tag, which jumps to \$120 million with interest. And the spending hasn't stopped.

Financed over 50 years, the project is expected to total \$435.5 million — all to be repaid by power users in Nevada, Arizona and California.

Sens. Harry Reid and Richard Bryan, both D-Nev., have called for congressional hearings to find and, if possible, punish those responsible.

"The cost overrun is indefensible and heads should roll," Bryan said.

"I think a public trust has been broken," Reid said.

SEE DAM, 6D

■ Dam

CONTINUED FROM 1D

The government first identified a need for a larger visitor center in 1977, the year the 18 millionth person toured the dam. Money, however, wasn't appropriated until 1984.

Two weeks ago, the 30 millionth tourist was honored. But the new visitor center is still a year away from completion.

The Hoover Power Plant Act of 1984 approved \$77 million for dam machinery improvements and a visitor center, but it didn't specify how it should be divided.

Broadbent was given the \$32 million visitor center figure by Darrell Webber, then bureau assistant commissioner of engineering and research based in Denver. Webber, who retired in 1991 and still lives in Denver, maintains it's reasonable to see the price jump by more than \$50 million.

"You look at the side of the canyon and you say we'll probably want to build a visitor center there," Webber said. "You make a stab at what it's going to cost, and over the years as you gather more data, your estimate gets more realistic."

As it turned out, the bureau applied the entire \$77 million appropriation to the visitor center.

The bureau figured it had \$45 million to play with because the power companies that buy electricity from Hoover Dam decided to pay for the machinery improvements through bonds.

Bureau Commissioner Dan Beard has loudly criticized the project, actually attempting to halt it at one time.

Beard said he doesn't want to blame individual employees for what he has labeled the "Taj Mahal of visitor centers," but he refuses to condone the multimillion-dollar construction.

The money, he doggedly maintains, could have been better spent.

Ballooning costs

Few dispute the need for a new visitor center. The hot, irritable tourists, and even hotter cars, inching across the dam on any scorching summer day illustrate the need to address traffic and pedestrian congestion.

It's the amount of money that draws criticism.

With \$120 million, Congress could have bought four F-16 Fighting Falcons for Nellis Air Force Base.

It could have paid for the next two years of educational programs for the entire American Indian population.

Or it could have built a second Nellis Federal Hospital for Southern Nevada veterans and military personnel.

Instead, the millions are building a state-of-the-art visitor center on the side of a canyon wall. That monumental undertaking alone cost more money than expected.

Site preparation required excavating 25,000 cubic yards of volcanic rock for the visitor center and 120,000 cubic yards of rock and debris for a parking garage. The excavation took eight months longer than expected.

DAM FACTS

Hoover Dam is one of the world's outstanding engineering achievements, spanning the Colorado River between Nevada and Arizona.

■ **CONSTRUCTION:** Started June 6, 1933. Last concrete poured May 29, 1935.

■ **COST:** \$165 million to build dam, powerhouse and generators.

■ **DEATHS:** 96. Causes: heat prostration, rock slides, explosions, falls from canyon walls.

■ **CONCRETE:** 4.6 million cubic yards of concrete used — enough to pave a highway 16 feet wide from San Francisco to New York City.

■ **PURPOSES:** Built to control flooding, conserve water for agriculture, industry and municipal use, and generate electrical energy.

■ **POWER:** Generates 4 billion kilowatt-hours of electricity per year, enough to serve about one-third of the greater Las Vegas area.

■ **VISITORS:** Most heavily visited federal dam in the United States. On July 29, the dam received its 30 millionth visitor.

Sources: U.S. Bureau of Reclamation, Nevada Power Co.

Nets have been hung to keep rocks from falling on the power house 530 feet below. Everywhere, construction equipment and cranes moved below high-voltage transmission lines.

Delays added up. At one time, an estimated \$10,000 was accruing daily in overhead costs, said Jack Delp, bureau project manager.

"They're real costs. They're real costs to somebody," Delp said.

The main contractor, PCL Construction Services of Denver, has submitted \$23 million in additional costs, which have yet to be approved. PCL project director William Mizell contends the additional cost is

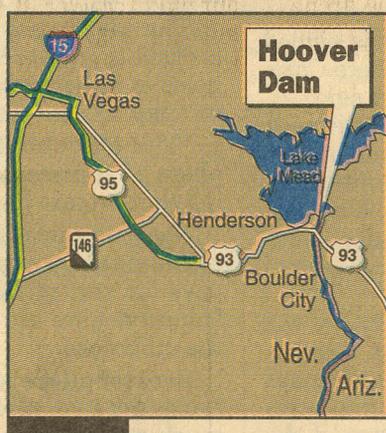
the government's fault.

There were four men who, as bureau regional directors in Boulder City, managed construction costs, which climbed each year as site problems were encountered and architectural designs changed.

Ed Hallenbeck held that position between 1985 and 1991, the longest of any official since the project was approved. He spent roughly \$48.5 million on the project, according to bureau budget documents.

"I came along and inherited a situation that was pretty much cast in concrete," said Hallenbeck, who now works for the Eastern Municipal Water District in San Jacinto, Calif.

In 1985, bureau officials



working in front of a glass wall with water trickling through its center.

Three 12-minute educational movies will be shown in a 474-seat rotating, three-screen theater.

There will be two elevators carrying groups of 50 passengers into the bowels of the dam for daily tours.

The top floor will include exhibits and an overlook, neither of which was part of the original design concept.

"It's a very expensive proposition, but it's going to be there for the life of the dam," said retired Boulder City Regional Director Bob Towles, who gave a thumbs up to about \$62.3 million in construction costs between 1991 and June of this year.

"I don't see that this is a big deal. It's something that everyone in the country will be proud of. It's expensive. It's serious, but it's not like it's a waste of money."

Who gets the bill?

Southern Nevadans and others in the Southwest agreed to pay for the visitor center through an increase in their monthly power bills. Rural Nevadans have been hit particularly hard.

In five years, the average Lincoln County resident's bill has nearly doubled, although the median income has remained static at about \$19,000. The state average is about \$21,000.

The former owner of Stever's Store and Beauty Shop in Pioche, the county seat, removed all but one light bulb in the store to save money. He left the one above the cash register.

"We're not at the ragged edge like some people," said Don Shanks, who recently sold the store.

Although higher power bills cannot be blamed entirely on the visitor center, since 1992 the project has significantly boosted the rates of customers like Shanks, who paid \$400 a month last winter.

For the next 50 years, power bills will continue to climb as residents repay the government the millions it spent on the visitor center.

Congress mandated that power companies buying electricity from Hoover Dam must

pay the money back — that includes Nevada Power Co., which serves Las Vegas. The power companies, with customer approval, agreed to the deal when they were offered it a decade ago at \$32 million plus interest.

Now, the smaller companies argue the government has reneged on the agreement and is gouging them for the full amount.

They sued the government in 1991 over the rate increases and lost. The decision has been appealed to the 9th U.S. Circuit Court.

"We don't want a gold-plated Cadillac in the desert," said Kent Bloomfield, spokesman for Overton Power Co. in Moapa Valley.

Bloomfield, the unofficial spokesman for Valley Electric Association in Pahrump and Lincoln Power Co. in Pioche, is largely responsible for putting the visitor center on the hot seat.

The larger power companies in Nevada, Arizona and California have remained silent. A smaller percentage of their electricity comes from Hoover Dam, so their customers contribute pennies to the debt.

Las Vegas residents, for example, will pay only 84 cents a year for the next 50 years. Homeowners in Pioche, 175 miles northeast of Las Vegas, will pay an average of \$63 more a year.

Federal officials and politicians are only beginning to address the payment inequity.

There have been preliminary discussions about writing off part of the \$120 million debt to the U.S. Treasury. There also is talk of raising the price of dam tours, requiring the larger power companies to shoulder more of the financial burden or forcing the bureau to eat some of the costs.

The unfair debt is a main concern for Sens. Reid and Bryan as they prepare for congressional hearings they hope will begin to mend Nevadans' faith in government.

But a decade of cost overruns, management indifference and lack of oversight are not quickly forgotten, especially when they arrive each month in the form of a power bill.

knew the \$32 million estimate was too low, but no one told Congress. Instead, bureau officials asked and were given money from Congress, year after year.

An inspector general's audit released in late July found that the method the bureau used to request money essentially hid the soaring costs.

But the retired bureaucrats closest to the project brush aside the accusation of sneakiness.

"I don't think there was any effort on the part of anyone to hide it," Hallenbeck said. "My God, you can't hide something like that."

Webber added, "They're going to have to come and prove that we did this on purpose, and what would be the motive for doing that?"

Engineering feat

The 44,000-square-foot visitor center and five-level parking garage will aesthetically complement Hoover Dam, one of the seven engineering wonders of the world and listed as a national historical site.

The drum-shaped visitor center is the same color as the dam and rises from a cut in Black Canyon wall. The building blends nicely with the dam towers' Art Deco style and the copper-tinted glass entry reflects the rocks and water.

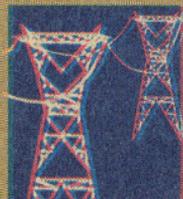
"Sometimes you see right through it depending on the time of day," said bureau civil engineer Don Bader.

The five-level parking garage was cast in concrete on site. The russet-colored garage, wedged into a ravine, blends with the volcanic rock.

Tourists will take an escalator beneath U.S. 93 to the visitor center entrance, where they will be greeted by receptionists

Hoover Dam overruns

The federal government's original 1983 cost estimate for the Hoover Dam visitor center was found to be exceedingly low. To date, there has been more than \$46.2 million in construction cost overruns and \$34 million in interest. All but one of the original construction estimates came in above the predicted cost.



■ Transmission towers —

Saved \$150,000.

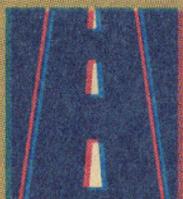
High-voltage transmission towers had to be relocated at a cost of \$750,000 before construction could begin.



■ Elevator shaft/tour gallery —

Spent \$8.3 million more than estimated, for a total of

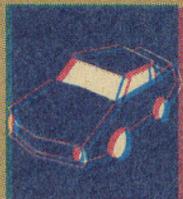
\$15.7 million. Additional costs are blamed on safety precautions. Other changes were made to accommodate electrical, communication and sewer services.



■ Roadway realignment —

Spent \$3.2 million more than estimated, for a total of \$5.1 million.

The original estimate did not account for the restrictive site conditions, safety precautions and traffic control.



■ Parking garage —

Spent \$9.2 million more than estimated, for a total of \$19.1 million.

The original plan called for two

garages, which would have a high visual impact on Hoover Dam. The current design is one structure recessed into the canyon, minimizing the visual impact.



■ Visitor center —

Spent \$8.2 million more than estimated, for a total of \$14.7 million.

The current design has more space and is excavated into the rock, rather than being perched on top. Additional costs were accrued with a revolving theater, handicap access and landscaping.



■ Exhibits/viewing platform —

Spent \$4.25 million, which was not part of the initial

cost estimate. The exhibits will educate tourists about the dam and use of water in the West. The platform will help accommodate the projected increase in visitation.



■ Administrative costs —

Spent \$13 million more than estimated, for a total of \$19.7

million. The additional cost is due to increased federal supervision, and minor contracts such as ticket machines.



■ Bigger debt —

There \$23 million in unresolved construction debt due to delays.

Source: U.S. Bureau of Reclamation, PCL Construction Services



BY LEE ZAICHICK / STAFF

CONSTRUCTION WORKER Larry Hatfield helps operate a cement truck next to the dam's parking garage.