

Arizona finds water project provides an expensive product

By Tom Kenworthy
The Washington Post

PHOENIX — It was shortly after World War II when Arizona's farming, industrial and municipal interests first went to Washington to ask for help with their grandiose dream of transporting Colorado River water hundreds of miles to make the desert bloom around Phoenix and Tucson.

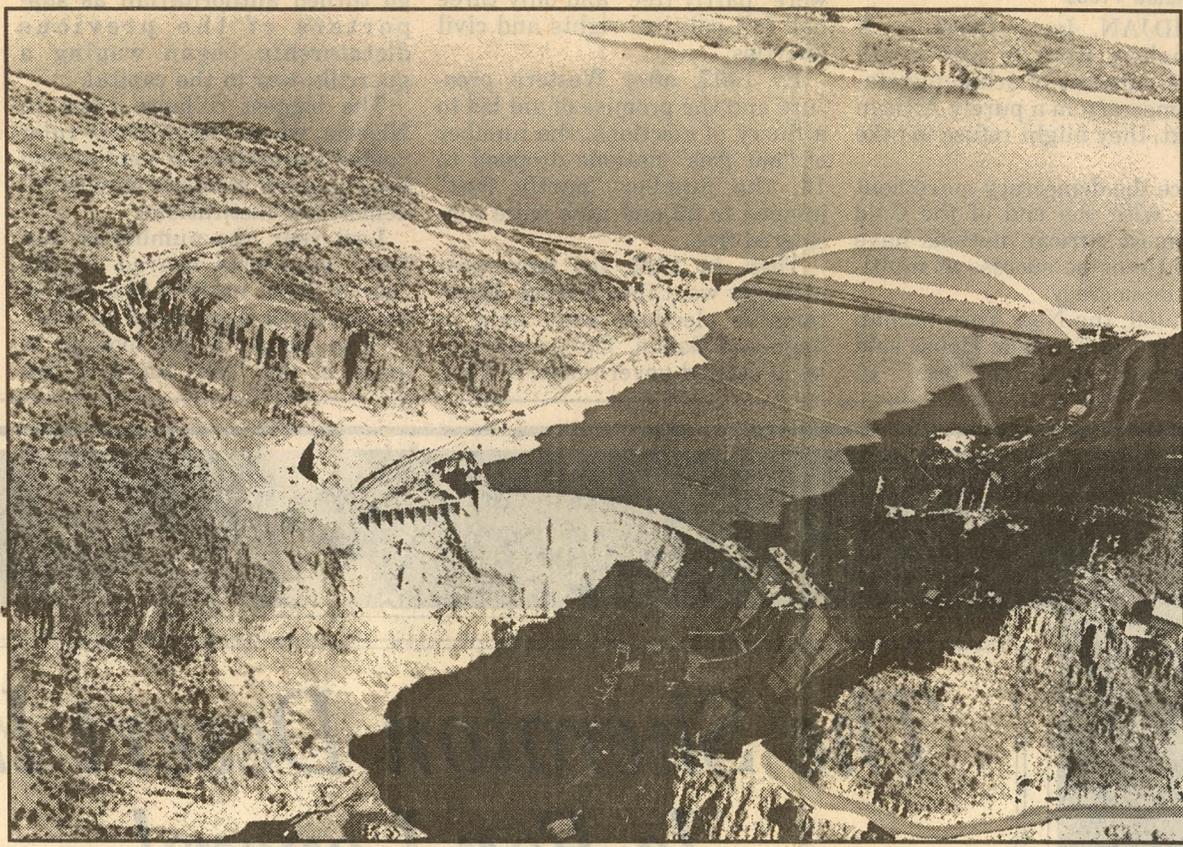
Nearly 50 years later, the massive, federally built engineering project they envisioned is nearing completion as construction crews put the finishing touches on the far-flung plumbing of the Central Arizona Project.

The multibillion-dollar project's centerpiece, a 336-mile-long concrete aqueduct, pierces the desert from Lake Havasu on the California border to just beyond Tucson — a thin, blue artery carrying billions of gallons of water over mountainous terrain and dry river washes, sped by gargantuan pumps and then stored behind towering dams.

Initially funded primarily by the federal government and built by the Department of Interior's Bureau of Reclamation, the project is being turned over in stages to the Central Arizona Water Conservation District, a state-created entity responsible for paying back the state's share of the cost.

The completion of the CAP ought to be good news for C.L. "Bill" Scott and other Arizona farmers who were supposed to use a big chunk of the 1.5 million acre-feet of water the system can deliver each year, enough to satisfy the eventual household demands of about 7 million people.

Cheap, plentiful CAP water was supposed to wean farmers



The Washington Post

Roosevelt Dam in Arizona is being renovated as part of the multibillion-dollar Central Arizona Project. But the one problem that has arisen is

the state is balking at making the first payment on a project that is providing expensive water with little demand.

like Scott off dwindling underground water supplies. Arizona agriculture, which uses 80 percent of the state's water, was supposed to provide a reliable market for CAP supplies until they were needed by residential and industrial users in the 21st century.

But Scott, who raises 1,000 acres of cotton and seed grains on his farm 45 miles south of Phoenix, says he cannot afford to take any CAP water in 1994 unless prices are slashed. Nor, he

says, can most of his neighbors in the Maricopa-Stanfield Irrigation District, all of whom are struggling with low prices for cotton — the major crop in the area — as well as repayments on bonds and loans used to finance irrigation networks for CAP water.

Under current pricing, Scott and others would pay about \$61 an acre-foot (about 326,000 gallons), but the district wants to cut that to as low as \$17 for farmers.

With cotton revenue down and expected CAP prices high, many growers are reverting to their former practice of pumping water from cheaper underground sources, a practice the CAP was specifically intended to reduce.

Therein lies a fundamental problem for the Central Arizona Project. It has just about everything its early proponents foresaw, except enough customers and enough income to reimburse the federal government the roughly \$2 billion price tag.

Some back more water for wildlife

The Washington Post

Arizona's environmental community is pushing to use a crisis over paying for the Central Arizona Project to have more water allocated for restoration of fish and wildlife, arguing that it will be a long time, if ever, before other water users will need the full CAP capacity.

They have asked for 150,000 acre-feet a year, about 10 percent of the system's total capacity.

"Funding the protection and restoration of Arizona's rivers and streams is at least as important as subsidizing irrigation-water users so the state can gain more 'interest-free' water," Dale Pontius, vice president of the conservation group American Rivers, said during a hearing.

Once seen as a testament to man's ingenuity and skill at tinkering with nature, the CAP now threatens to become a monument to outdated federal water policies and flawed assumptions.

The state is scrambling to find a way to make the project work, as the first bill in a 50-year repayment schedule comes due this month. And once again, Arizona is asking for help from Washington.

The state's proposal for financially restructuring the CAP poses a key test for Interior Secretary Bruce Babbitt and other officials who have pledged to overhaul federal water policy by reducing subsidies to agriculture, encouraging conservation and dedicating more of the resource to fish and wildlife.

The state solution, however, would dramatically increase subsidies to farmers of water-intensive crops such as cotton; shift costs to residential and industrial users; and ultimately increase the cost borne by U.S. taxpayers.

It wasn't supposed to be this way. But then, few of the assumptions behind the CAP have held up over time.

Authorized by Congress in 1968, it was projected to cost less than \$1 billion and to be built in

seven years. Now, the total cost is expected to be \$4.7 billion when the last yard of concrete cures in 1999, almost three decades after construction began.

Often propelled by fears of water scarcity, the CAP's major problem is "underutilization." With farmers declining to buy the water, and whole irrigation districts defaulting on their repayment obligations, the CAP has never delivered even half of its planned capacity, and deliveries have been steadily declining for the past four years. Municipal demand for all of the water is decades away.

The cheap water envisioned by CAP advocates several decades ago is growing increasingly expensive, and residential and industrial customers may face continued tax increases to pay for the project in the face of declining agricultural demand.

Meanwhile, the federal share of the project may be \$1 billion greater than anticipated, according to a recent report by the General Accounting Office.

Although mop-up construction work will continue for several years, the Interior Department last fall declared the major phase of the CAP construction project substantially complete.