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Why the huge cost
for dam renovation?

By Burton J. Simpson

Special to the Review-Journal

There have been a number of Review-Journal news stories about the new visitor facilities that are being constructed at Hoover Dam. With each story we learn how some very large cost increases have taken place, and how these have caused power bills to escalate.

Originally, the center was supposed to cost \$32 million. The price tag today is \$120 million.

Burton J. Simpson retired as chief design engineer for the Bureau of Reclamation in 1987. He lives in Boulder City.

The commissioner of reclamation, Dan Beard, vowed that he would investigate soon after he was appointed by the Clinton administration, but he quickly dropped his interest in examining the boondoggle aspects of this project. I suspect that some bureaucrat put the word in his ear about the way government really works.

Before my retirement, I was employed by the Bureau of Reclamation in Boulder City, and I had some involvement in the selection of an architect to design the facility that is now being constructed at Hoover Dam. I also had some responsibility to review the completed designs and cost estimates. I have some ideas on how the costs could have escalated to such a degree in the seven or so years between completion of the designs and the beginning of construction.

First, there is a law called the Davis-Bacon Wage Act which provides that the contractor's employees on all government projects must be paid the "prevailing wage rates of the local community." As it works out, the labor unions can coerce the bureaucrats responsible for determining the prevailing wage rate, to set them far above the top of the union scale. Then the unions would strike the private contractors to obtain parity. Once this is accomplished a new wage scale is established for government contractors.

Before I retired, common laborers on government construction contracts were making more money than the government engineers designing the projects or those responsible for supervising the construction. Of course, Davis-Bacon causes a substantial increase in the wages of each and every

worker on the project.

Then consider that there has been a host of new laws, such as the Americans With Disabilities Act. If I were investigating the increased costs, I would ask how much redesign has been performed in order to meet the requirements of these new social laws. Redesign is a very expensive process because each change affects many other parts of the project that also have to be changed to accommodate the original design change.

In the Reagan/Bush era, the onerous regulations of the Occupational Safety and Health Administration were relaxed to a degree. Compliance with these myriad regulations and rules is extremely expensive. New regulations and rules have exploded with the Clinton administration.

Contractors are required to participate in federally mandated affirmative-action programs. These minority hiring programs require all government contractors to employ a certain number of minority employees whether they have the required job skills or not. In theory, contractors can avoid these requirements if they cannot find minority workers with the required skills, but in the practical world, they find that they must go along in order to get along. In addition, the Small Business Administration has a minority set-aside contracting program which requires that certain contracts must go to minority businesses whether or not they have the experience, skills or efficiency to perform the job economically.

Next, every government office is mandated to have a cadre of compliance personnel to assure compliance with the regulations regarding discrimination, sexual harassment, and all of the other politically correct programs. The more cases these personnel process, the more they can justify an entitlement to their inflated salaries and perks. The employee training that goes along with each of these programs takes people away from their jobs. In addition, the contractors who deliver this specialized training are paid very handsomely indeed.

Every government construction office is required by law to have a staff of environmental experts. Unless you have worked for the government, you cannot imagine the cost of preparing a 10-volume, 30-pound Environmental

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Impact Statement, all printed and bound. But the injury is that the Environmental Impact Statement process is designed to make the project so expensive that it cannot be constructed, or if it is constructed that it meets the whims of every fringe environmentalist who chooses to comment on it.

And you can rest assured that with a project as large as the Hoover Dam visitor facilities, the environmental advocates will have a large staff of cockalorums on the government payroll, strutting about demanding compliance with every ridiculous

Environmental Protection Agency regulation that was ever dreamed up.

In addition, the various environmental groups will be demanding mitigation to supposedly offset any environmental impacts, real or imagined. This often amounts to really big bucks and can add 5 percent or more to the project construction costs. And the mitigation most often will not have any relation to the construction project.

Finally, during the Carter administration, the entire government contracting method was changed. The whole contracting process of the Bureau of

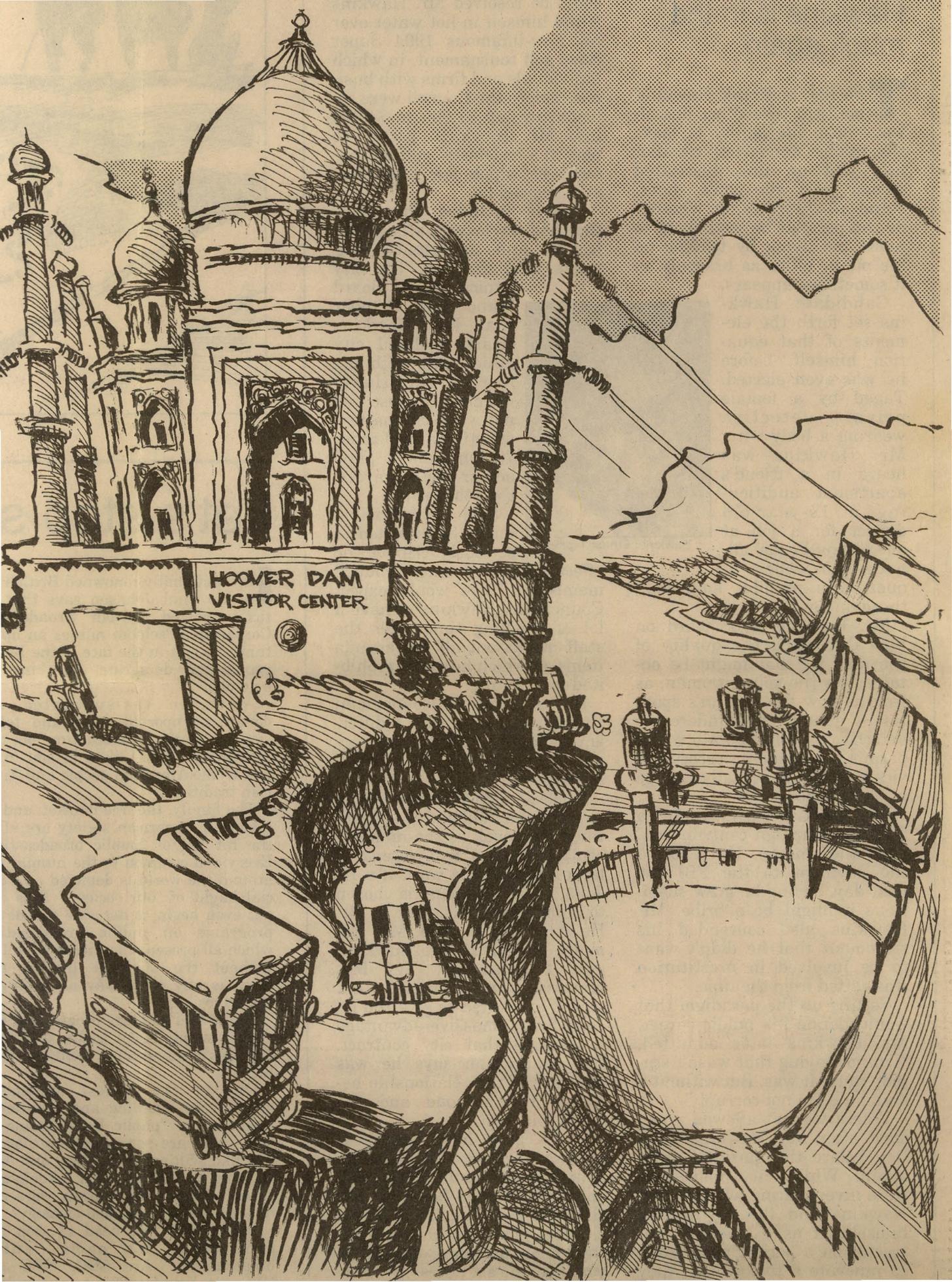
Reclamation was turned over to non-professional employees who were classified as "procurement specialists," and their salaries were doubled and tripled. The importance of this action was that these people had been trained to purchase paper clips and pencils, and not to manage large costly engineering projects. Now, I'm not putting any particular blame on these good people. It is just that they are generally in far over their heads when it comes to negotiating with construction contractors.

They just do not have the professional acumen or the engineering background to evaluate claims. They can easily be cajoled by a skillful entrepreneur into settling claims with large

amounts of your tax money.

These are just the few things I can think of that have caused huge cost overruns on many government civil projects. And, of course, most of these things are the direct responsibility of our elected legislators and the bureaucrats and regulators who administer their legislation. You can bet there will be a lot of finger pointing, but no one in government will ever acknowledge the real source for the cost overruns on the construction of the Hoover Dam visitor facilities, or any similar project.

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