

Written Testimony of the ENMRWA on **HR.5710**
The Eastern New Mexico Rural Water System Authorization Act
US House of Representatives Committee on Natural Resources
Subcommittee on Water and Power Legislative Hearing
May 8, 2008

- Eight cities and counties on the eastern side of New Mexico make up the Eastern NM Rural Water Authority (ENMRWA), including: Clovis, Curry County, Elida, Grady, Melrose, Portales, Roosevelt County and Texico (please refer to the map on the last page of this document).
- Presently, municipal and commercial water supply to the region is provided entirely by groundwater from the Ogallala formation of the High Plains Aquifer.
- Groundwater levels in the region are declining at an average rate of between 2.6 and 4 ft/yr and water well production is dropping at an alarming rate. For example, in the Clovis area, hard evidence supports that in 2008 it takes 53 wells to provide 9500 gallons per minute of production compared to 28 wells providing 10,500 gallons per minute in 2000.
- ENMRWA members are saddled with ongoing expensive and unsustainable development of existing groundwater resources while actively pursuing conservation and wastewater reuse projects. The member communities have collectively incurred costs of approximately \$22 million since 2000 in purchasing groundwater water rights, converting existing wells and completing new wells.
- The Eastern New Mexico Water Supply Project, Feasibility Report, May 1972 (rev. August 1972) by the Bureau of Reclamation stated:
 - “There is a definite need for the Eastern New Mexico Water Supply Project...”
 - “Although the investigations presented herein are in sufficient detail to establish engineering feasibility and economic justification of the project, additional investigations will be required prior to construction to insure that the final plan provides the most economical and desirable project in the interest of the state, the public, and the water users.”
 - “It is recommended that: 1. The Eastern New Mexico Water Supply Project be authorized to be constructed...”
 - The project envisioned at the time the 1972 Feasibility Report was prepared was larger and more complex in size and scope than that currently proposed.
- The NE New Mexico Regional Water Plan (June 2006), covering five eastern NM counties, specifically identifies the ENMRWS as a priority strategy for long term sustainable water supply to the region.
- There is no viable or more cost effective alternative to the project as proposed. Other than the surface water from Ute Reservoir available to New Mexico through the three state Canadian River Compact, there is not a sustainable water supply available to the citizens of eastern New Mexico.
- A standalone brackish water supply project using aquifers located below the Ogallala is not viable economically nor is it sustainable. The only potential alternative for making the fresh groundwater supply sustainable is rapid, large-scale buyout and retirement of irrigated agriculture at massive cost and an undesirable (some say catastrophic) socio-economic impact.
- A sustainable supply of municipal and industrial water is critical to the socio-economic future of eastern New Mexico and is in the national interest. There is a history of federal support for similar regional rural projects nationally. The area supports large scale food production (peanuts, cheese, milk and milk products), an expanding ethanol industry, a regional education complex (Eastern NM University),

extensive railway commerce, a critical military presence at Cannon AFB, and regional large scale wind power development.

- The City of Clovis' Comprehensive Plan (2007) identifies the development of a long-term sustainable water supply for the region as its #1 Infrastructure Goal, with five main components:
 - Implement the ENMRWS as quickly as possible.
 - Protect the quality of existing water supplies in Ute Reservoir and the Ogallala aquifer.
 - Implement an effective water conservation program.
 - Implement an effective wastewater reuse program.
 - Continue to identify, evaluate and plan for new long-range water sources.
- Stringent conservation and reuse programs, coupled with retirement of much agricultural pumping could prolong the present groundwater supply in the Ogallala, but probably for only a decade or two based on simulations made with several groundwater models.
- Failure to use the supply of New Mexico water available in Ute Reservoir for municipal and industrial purposes could lead to it being lost to NM users under provisions of the Canadian River Compact.
- A large body of work has been completed over the past two years by the ENMRWA consultant team in close coordination with Reclamation, the NM Environment Department, the Office of the State Engineer, the NM Interstate Stream Commission and member communities. Engineering work completed, in progress, or programmed for the near term includes:
 - Executive Summary
 - Planning Memoranda
 - ENMRWA Member Existing Water System Facilities
 - Fresh and Brackish Groundwater Resource Assessment
 - Conservation and Reuse Assessment
 - Member Needs for Project
 - Conceptual Cost Estimating Guide
 - Dynamic Simulation Hydraulic Modeling
 - Treatability Testing and Water Treatment Plant Alternatives Evaluation
 - Alternatives Evaluation Summary
 - Alternative Pipeline Route Analysis
 - Wind Energy Feasibility Study
 - Environmental Issues
 - Benefit Cost Comparison
 - Reservoir Operations
 - Financial Analysis
 - Best Technical Alternative (BTA) Preliminary Engineering (10%) Technical Memoranda
 - Raw and Finished Water Pipelines Process/Mechanical
 - Raw and Finished Water Pump Stations Process/Mechanical
 - Water Treatment Plant Process/Mechanical
 - Structural Preliminary Engineering
 - Architectural
 - Civil/Site Preliminary Engineering
 - Building Mechanical/Plumbing
 - Electrical Preliminary Engineering
 - Instrumentation and Controls
 - Corrosion Protection
 - Cost Opinion

- Best Technical Alternative Preliminary Engineering Drawings (10% design)
- Surveying and Mapping
 - Survey Control Map
 - Land Ownership Maps
 - Utility Mapping
 - Geophysical Test Sites Map
 - Survey Report
 - Topographic, planimetric and digital orthophoto mapping
- Geohazard and Geotechnical
 - Geologic Hazards Report
 - Schematic Level Geotechnical Investigation Report
- Schematic Level Design (30%)
 - Pipeline Design Criteria Technical Memorandum (TM)
 - Pipeline Hydraulics TM
 - Draft and Final Pipeline Alignment Selection TM
 - Pipelines Plan and Profile Schematic Design
 - Pressure Control, Metering, and Member Interconnections
 - Updated Cost Opinion
 - Pipeline Standard Details
 - Pipeline Master Specifications
 - Pump Stations
 - Water Treatment Plant
 - Process Schematic Design TM's
 - Engineering Disciplines Schematic Design TM's
 - Cost Opinion
 - SCADA System
- Environmental Assessment (EA) activities began in mid-2007. Scoping, the first step in the NEPA process, was initiated in September 2007. Three public meetings were held in Logan, Clovis and Portales from September 18 through 20, 2007. The public provided feedback on the project and asked questions about the process. Meetings were held with area experts in hydrology, cultural resources, and socio-economic resources to elicit information. Agency meetings have been ongoing since September 2007. A meeting was held in Santa Fe with State Historic Preservation Officer (SHPO) representatives to commence early communication about the project. Coordination with New Mexico Department of Transportation, U.S. Fish and Wildlife Service, U.S. Army Corps of Engineers, and other agencies is ongoing. Reclamation is preparing to initiate contracts necessary to complete U.S. Fish and Wildlife Service Coordination Act requirements. A report summarizing scoping activities is now available on the project website.
- Three “methods of analysis” technical memos for hydrology, cultural resources, and socioeconomics have been prepared and approved by Reclamation. Work is continuing on the first two chapters of the EA; Purpose and Need (Chapter 1) and Alternatives (Chapter 2). Compilation of current and project water supply, demand, conservation, and background information, as well as a summary of required project permits, is included in Chapter 1. A meeting among Reclamation, NMISC, and ENMRWA to discuss the alternatives and options available to meet the *purpose and need* for the project was held on April 28, 2008. In addition, information collection for resource studies is underway. Detailed field studies will commence in the spring, following finalization of proposed infrastructure locations. At this time, a public review for the EA is anticipated by September 2008, and an EA/FONSI is anticipated by February 2009.

- The consultant team has proposed and members of the ENMRWA have adopted a *conceptual* Finance Plan for the project utilizing federal, state and local funding. Federal funding (75%) is assumed over a 10 year period with State contributions (15%) over six years. Local cash contributions (10%) will begin in FY 2009 at approximately \$1,000,000 per year with debt issuance in FY 2015 and FY 2017. Water rates will be phased in and adjusted up to the initial water rate that will be sufficient to pay all operation, maintenance, renewal and replacement, and debt service costs of the system. The ENMRWA will need to issue bonds in order to provide the local portion of the non-Federal match. These bonds will be issued by the ENMRWA and are expected to be fixed rate utility revenue bonds payable from the net revenue of the water supply system. The bonds will be issued in two installments to be amortized over 25 years at an estimated interest rate of 5.25%. The draft finance plan proposes an initial pre-construction (FY 2009) wholesale water rate of \$0.19 per 1000 gallons of water reserved on the system. This will be followed by a construction period wholesale water rate of \$0.28 per 1000 gallons reserved. An initial fully adjusted water rate of \$2.05 per 1000 gallons is proposed with the system in operation.
- Most of the ENMRWA members have enacted one or more programs to begin to generate capital for the local cost share of the project such as water rate increases and gross receipts increments.
- The financial resources for the efforts described above have been provided by NM's Congressional Delegation, the State of New Mexico through the Water Trust Board, and ENMRWA member agencies. At the end of the day, all of the recent study efforts and those going back over the past 44 years conclude that the ENMRWS project is the most cost effective long range solution.
- The layout and capacity of the presently proposed Best Technical Alternative (BTA) water supply project has been optimized in the latest engineering work by design consultants to be the most hydraulically efficient, cost effective project possible. The latest engineering work validates the work of at least three previous studies done by various agencies and consultants – each of which recommended a project with a configuration and route similar to that now proposed.
- The current cost estimate is \$436 million (2006\$) and the project is expected to incur an \$8 to 9 million annual operation and maintenance (O&M) cost. O&M will be entirely borne by the users and these costs are included in the projected wholesale water rates.
- To date, the State of New Mexico has provided significant investment in the project having authorized or appropriated approximately \$12 million (including \$4.5 million in April 2008) to advance the planning and design of the project and to prepare associated environmental investigations and documentation (NEPA). This does not include the major investment the State made in the 1950's and 1960's (approximately \$140 million in 2008\$) to construct Ute Dam creating the water supply storage reservoir. Out of hundreds of projects submitting applications for funding through the NM Water Trust Board since its inception, the ENMRWS has consistently ranked in the very top tier of projects.
- The recent steep escalation in construction costs indicates that postponing the project may lead to greatly increased costs – escalation of construction costs is outpacing general economic inflation by 2-3% per year.
- Unlike many other water projects in New Mexico and the southwest, the proposed ENMRWS project has no known or anticipated significant environmental issues, no associated Native American settlement, and no water rights disputes. The water in Ute Reservoir is owned by the State and administered by the NM Interstate Stream Commission (ISC). The ISC and the members of the Ute Reservoir Water Commission, which includes the eight ENMRWA members, have a relatively straightforward water purchase agreement in effect.
- On behalf of the eight member entities of the ENMRWA and our citizens and businesses we sincerely appreciate your consideration of this critical project and for holding this hearing. Collectively, we have

made major investments in this project in time, energy, resources and funds with the full recognition that the cost and consequences of inaction will be much greater down the road without it.

Statement of Gayla Brumfield Mayor of Clovis, New Mexico

Chairwoman Napolitano and Members of the Committee, my name is Gayla Brumfield and I am Mayor of the City of Clovis, New Mexico. The City of Clovis with a population of 32,667 is a member of the Eastern New Mexico Rural Water Authority and serves as the fiscal agent for the project.

I want to thank Congressman Tom Udall for introducing HR 5710, and the entire New Mexico delegation for supporting our efforts to meet eastern New Mexico's future water needs. HR 5710 will authorize the federal government to help build the Ute Water Pipeline Project carrying water to communities in Curry and Roosevelt counties. I cannot emphasize enough how important this legislation is to the future of Clovis and eastern New Mexico.

The Eastern NM Rural Water System (ENMRWS) is critical to our ongoing efforts to strengthen and diversify our economic base in the region. In addition to being a state leader in agricultural production, Clovis and Curry County are host to a number of growing industries, including ethanol refining, food processing and railway commerce. We are proud to be the home of Cannon Air Force Base, which plays a vital role in protecting our nation's interests at home and abroad.

Groundwater resources currently supply municipal water in eastern New Mexico, and long-term water supply availability and sustainability are concerns for many communities. These concerns stem from the fact that our groundwater source, the Ogallala aquifer, is rapidly approaching its limited supply of available water. The ENMRWS will address our future water shortage issues by providing a much-needed mechanism for sustainable surface water delivery to Curry and Roosevelt counties.

We have been able to attract a great deal of new business to our area, though some companies have recently expressed concerns about the sustainability and availability of our water supply. It is becoming evident that bold steps will be required on the water issue to ensure our region's standing as a potential site for business relocation and growth. The ENMRWS is the type of bold step that is needed. While the cost of its construction will be considerable, its projected delivery of potable surface water to Curry and Roosevelt counties will undoubtedly provide the resources necessary for our region to remain economically viable and prosperous. All of the alternatives available to us are more expensive than the ENMRWS and are not sustainable.

The Clovis community always unites to support programs that are vital to the well-being and future of the area. The Project represents the best alternative for providing a sustainable water supply well into the next century.

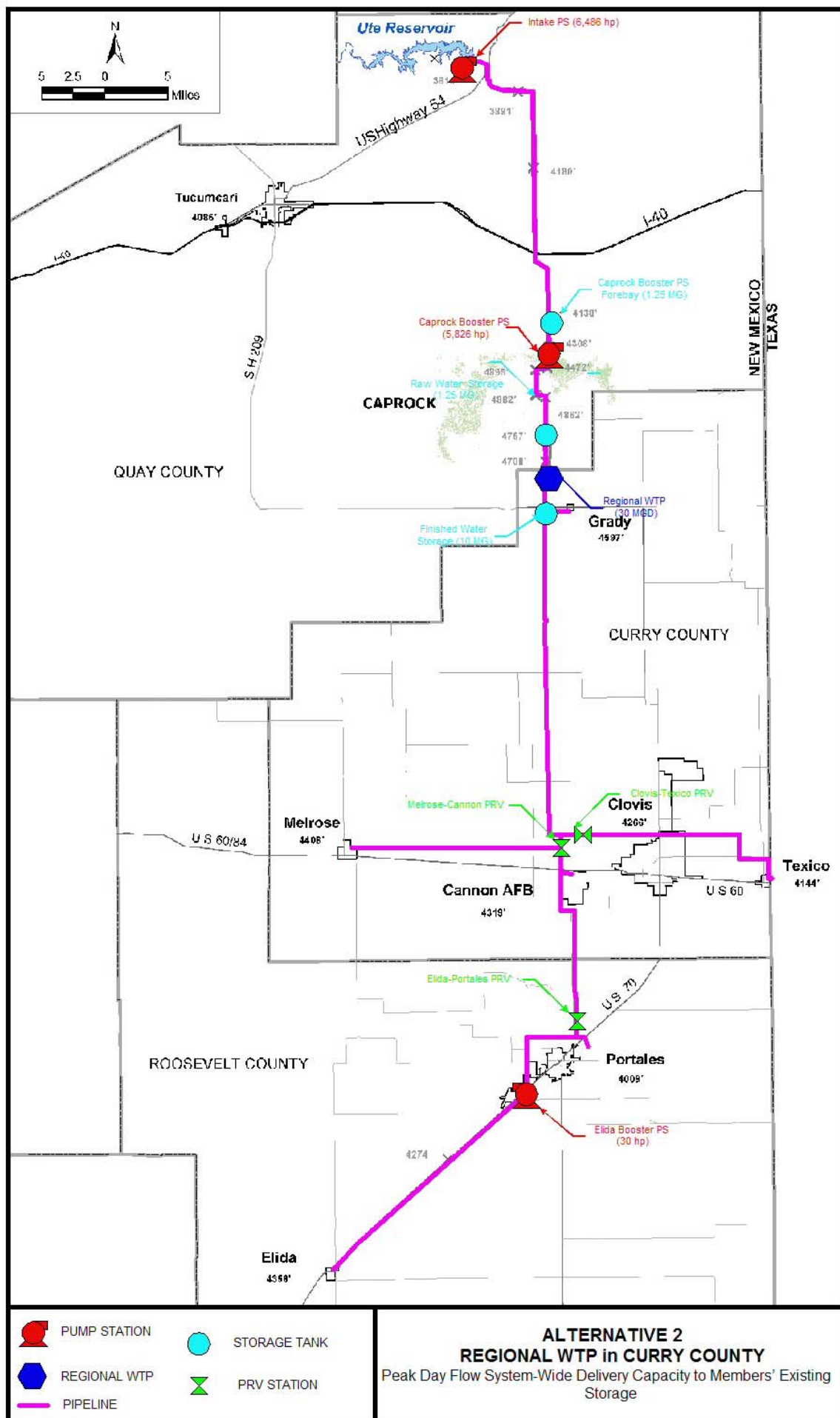
After 45+ years of research, planning and design, we are now ready to take the next big step towards making the Project a reality. If we fail to act, the result could mean significant losses to our existing economic base and lost opportunities for future economic development.






H.R.5710 represents the important next step toward addressing the overarching issue of water in the arid West and we look forward to working with Congress and the United States Bureau of Reclamation to secure its passage.

Thank you again for the opportunity to present our request at this important hearing.

For more information contact:

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|  | PUMP STATION |  | STORAGE TANK |
|  | REGIONAL WTP |  | PRV STATION |
|  | PIPELINE | | |

ALTERNATIVE 2
REGIONAL WTP in CURRY COUNTY
 Peak Day Flow System-Wide Delivery Capacity to Members' Existing Storage