

The Central Utah Project

Introduction

The Central Utah Project ("CUP") has been in formal existence for over 3 decades and will provide part of the water supply for Salt Lake City's future needs. On May 16, 1986 the Metropolitan Water District of Salt Lake City ("MWDSLCL") gained an approved petition for 20,000 acre-feet of project water to be delivered beginning in the year 2005, in 4,000 acre-foot increments over a 5year period until the full 20,000 is delivered. In 1990 Sandy City was annexed into MWDSLCL and the 20,000 acre-feet of CUP water will be used to meet both of the cities' future water supply requirements. The CUP has been controversial at times, and in recent years has changed, reflecting changing environmental and political times. Nevertheless, the project will play a significant role in meeting the future water supply needs of Salt Lake County.

History of the Project

- **Purpose of the Project**

The CUP is a water resource development project that provides water supplies to the central portion of the state of Utah. It was authorized under the Colorado River Storage Act of April 11, 1956, with planning and construction initially by the Bureau of Reclamation ("BuRec"). The CUP diverts a portion of Utah's 23 percent share of the Upper Basin of the Colorado River to originally a 12 county area within Utah (Millard and Sevier Counties have since withdrawn from the district, reducing the number of counties to10). Project features divert water from the southern slopes of the Uinta Mountains and the Colorado River to the Wasatch Front through a collection system consisting of a series of aqueducts, tunnels and dams.

The CUP was considered by local farmers and civic leaders as far back as the turn of the century. In 1902, these leaders began investigating the Strawberry Valley Project, and subsequently it was one of the first in the nation to be constructed in 1905 under the newly passed Reclamation Act of 1903. The original study envisioned a farsighted project that would divert waters from Uinta Mountain streams as far east as the Yellowstone River for storage in a reservoir situated in the Strawberry Valley. The water would then flow by tunnel through the Wasatch Divide into the headwaters of the Spanish Fork River. By 1919 local municipal, agricultural and state leaders began planning for the expansion of the Strawberry Valley Project to obtain additional water supplies. Between 1939 and 1945 the BuRec investigated means of developing additional Colorado River water. In 1945, BuRec

studies identified and first named the CUP in a document entitled "Project Planning Interim Report."

The state of Utah and its congressional delegation worked diligently to gain authorization of the CUP and were successful in having the CUP, Initial Phase, authorized for construction as a participating project under the 1956 Colorado River Storage Project Act. Under the Act, authorization was given to four storage units of the Colorado River Storage Project and to ten other participating projects, all of which would develop water of the Upper Colorado River Basin and would be linked financially through the Upper Colorado Basin Fund.

- **Formation of the Central Utah Water Conservancy District ("CUWCD")**

The CUWCD was established on March 2, 1964, as the local government sponsor of the project and as the contracting agent for all but two of the units, with responsibility for subcontracting water to users. The CUWCD has the responsibility to (1) market the water made available for those needing it for irrigation, municipal and industrial use, (2) repay the federal Treasury all reimbursable construction costs of the projects, (3) operate and maintain the facilities, and (4) to the extent necessary, deliver water for the various users.

The CUWCD was originally formed with 7 counties; Duchesne, Juab, Summit, Wasatch, Uintah, Salt Lake and Utah Counties; three years later 5 additional counties, Garfield, Millard, Piute, Sanpete and Sevier joined the district. A 19-member board of directors (reduced to 18 with the withdrawal of Millard and Sevier Counties in 1994) governs the CUWCD with balanced representation from areas of water origin and use; and between urban and rural users, rather than on the basis of population. The Fourth District Court first appointed the board members, but this was later changed so that the Governor appoints the board, requiring the consent of the state senate, with nominations from the various county boards of commissioners.

- **Cost Allocations**

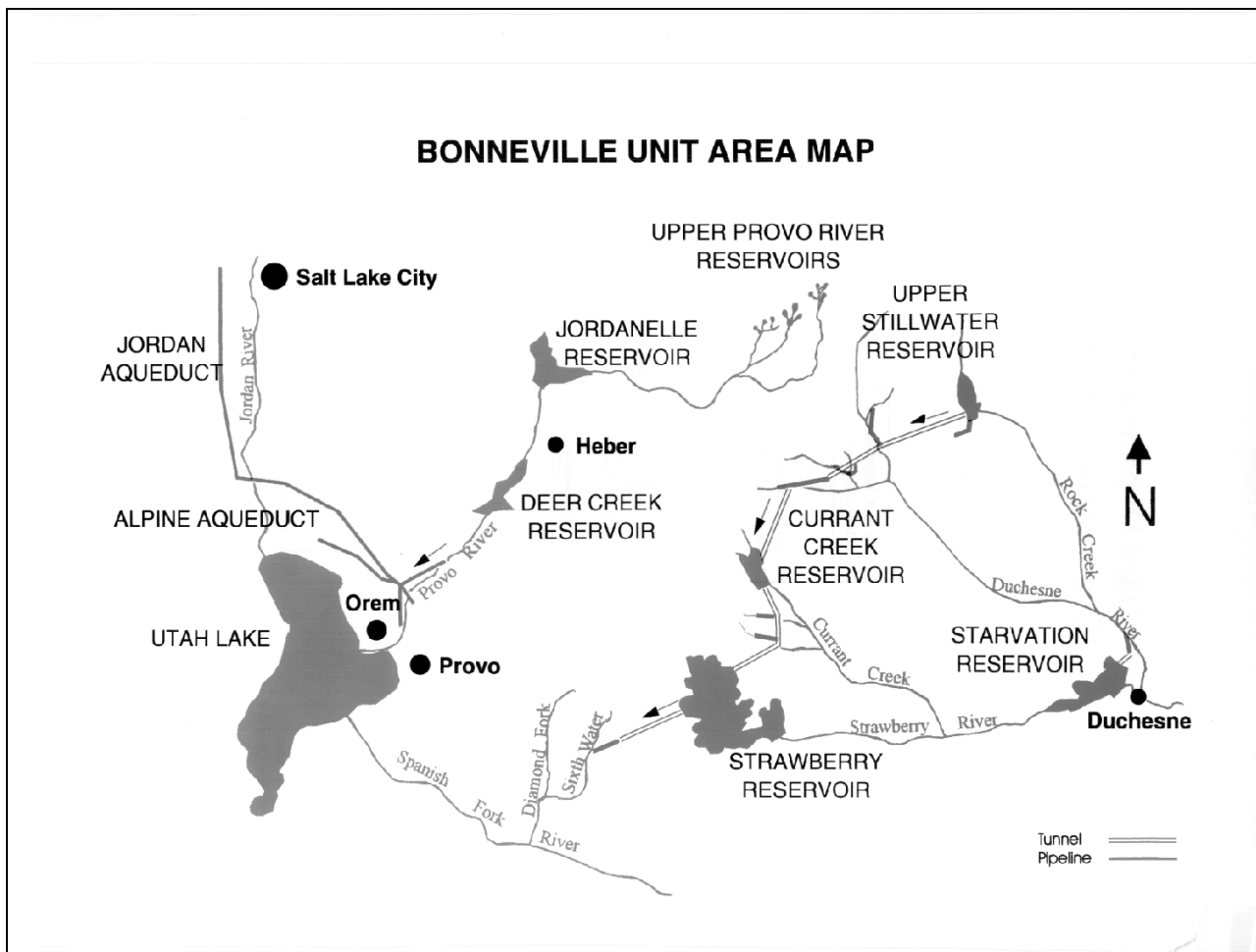
Approximately 80 percent of the costs are reimbursable to the federal Treasury, to be repaid from water sales, power revenues and local taxes. The nonreimbursable costs include benefits for recreation, fish and wildlife and flood control.

In order for the CUP to be affordable, it was necessary to build a multiple-use project consisting of M&I water that is fully reimbursable, irrigation water that is based on "the ability to pay" and is heavily subsidized by power revenues, and non-reimbursable uses; such as recreation, fish and wildlife, flood control and related costs that would provide benefits to the general public. Costs were allocated among the above listed uses to the various features of the project. This allocation of costs reduced the overall cost of the project to the district petitioners of water and taxpayers. The allocation of costs and utilization of either non-reimbursable costs and subsidized costs lowered the cost of the M&I fully reimbursable costs of the various features. It is most unlikely that the project could ever have been built had it not been for the "mix" of cost allocations. This required a

coalition of urban and rural counties, M&I users and irrigation users to cooperate in sponsoring the project. As a result, the M&I reimbursable costs are only about 25 percent of the total project costs under the cost allocation process.

- **Project Features**

For the purpose of this report, only the Bonneville Unit will be discussed in any detail. The BuRec Commissioner on November 5, 1965 approved the Bonneville Unit Definite Plan Report. It included the construction of 10 new reservoirs and the enlargement of two existing reservoirs, and 140 miles of aqueducts, tunnels and canals, developing about 313,000 acre-feet of water for municipal, industrial purposes, irrigation, hydroelectric power generation, and fish and wildlife conservation. Key features included the collection system to bring the waters from the Uinta Mountains to the enlarged Strawberry Reservoir, and the Syar Tunnel which would divert water from the enlarged Strawberry Reservoir through the divide between the Uinta and Bonneville Basins. This diversion would bring Colorado River water to the Wasatch Front for both Municipal and Industrial (M&I) uses in Utah and Salt Lake Counties and irrigation water for Utah and



Juab Counties and later proposed supplemental irrigation water for the Sevier Basin. The Jordanelle Reservoir on the Provo River is the key facility, providing M&I water to Salt Lake County. Water from Strawberry Reservoir released through the Syar Tunnel to the Spanish Fork River into Utah Lake replaces water stored in Jordanelle Reservoir that otherwise would have to flow to Utah Lake to satisfy earlier water rights in the lake. This exchange from Utah Lake to Jordanelle made the construction of Jordanelle critical to the success of the Bonneville Unit.

At the urging of the Utah Board of Water Resources, the Bonneville Unit Definite Plan Report was amended on May 3, 1967 to provide 36,000 acre-feet of water annually for supplemental irrigation in the Sevier Basin. This somewhat reduced the water that was intended for irrigation in Utah and Juab Counties.

- **Repayment Contracts**

The cost of the Bonneville Unit was estimated at \$324 million, and about 91 percent of this amount is reimbursable costs to the federal Treasury from revenues derived from water users, power revenues from CUP power plants and the Upper Colorado River Storage Project and local taxes

An election was held in the 12-county CUWCD on December 14, 1965 to approve the repayment contract with the federal government, which passed 13 to 1 in favor.

On December 28, 1965, the CUWCD signed a repayment contract with the federal government, in the amount of \$130,673,000 with a provision that the obligation could increase, not to exceed 20 percent, or to a total of \$156,808,000. This obligation was to be paid by the municipal and industrial users with interest of 3.222 percent over a 40-year period. The irrigation users agreed to a repayment obligation of a capped \$16.4 million.

By 1985, the CUP costs had reached the 1965 repayment limit, and it was necessary to add another \$335 million, plus a 10 percent contingency to a supplemental repayment contract. Combining the 1965-repayment obligation and the 1985 supplemental repayment obligation, the new total repayment obligation is \$508,908,000. The total cost of the CUP had increased to nearly \$2.2 billion. An election was held on November 19, 1985, and passed with a 72.6 percent voter approval rate. The vote within Salt Lake County was 42,480 (75 percent) for and 13,812 (25 percent) against.

- **M&I Water for Salt Lake County**

The Bonneville Unit of the CUP developed 94,100 acre-feet of M&I water supply. On June 30, 1971 the Salt Lake County Water Conservancy District ("SLCWCD") signed an agreement for 50,000 acre-feet of project M&I water, and on May 16, 1986 MWDSL C signed an agreement for 20,000 acre-feet of water to be delivered beginning in the year 2005 in four 5,000 acre-foot increments through the year 2009.

The two districts have joint ownership of the Jordan Aqueduct with the SLCWCD owning 5/7 and MWDSL 2/7. The Jordan Aqueduct terminates at 2100 South and 3800 West and is the main supply of water for Salt Lake City's Northwest Quadrant. Connecting conduits and the Victory Road Reservoir built in the 1980s provide the distribution network to service this growth area of the city. Also, the 180 mgd Jordan Valley Water Treatment Plant, constructed with CUWCD tax revenues will be deeded over to SLCWCD and MWDSL in the future with the same ratio of ownership. The treatment plant and aqueduct are operated and maintained by the SLCWCD, and managed by a board consisting of members from the SLCWCD, MWDSL and CUWCD.

With the 20,000 acre-feet of CUP water, MWDSL has an adequate water supply to meet Salt Lake City and Sandy City's needs beyond the year 2025. On the other hand, the SLCWCD with 50,000 acre-feet of CUP water is seeking to develop additional water supplies to meet its future growth needs. SLCWCD and the Weber Basin Water Conservancy ("WBWCD") are jointly developing plans for the Bear River. This has provoked opposition by the environmental community, and has been one of the motivating forces behind opposition to the Spanish Fork to Nephi ("SFN") component of the CUPCA as presently being planned.



Jordanelle Reservoir, north of Heber City is a key element of the Bonneville Unit of the CUP.

The 1992 Central Utah Completion Act

The Central Utah Completion Act ("CUPCA") changed the CUP, requiring 35 percent local cost sharing, water conservation requirements and environmental mitigation. It would subsequently pave the way for Sevier and Millard Counties to withdraw from the CUWCD. It also took away the responsibility from the BuRec for constructing the remaining features of the project and passed these responsibilities on to the CUWCD.

The CUPCA was fashioned during a turning point in federal policy regarding water reclamation. Congressman George Miller (D-Ca.) Chair of the House Interior Subcommittee on Water and Power and Bill Bradley (D-NJ), his counterpart in the Senate, were instrumental in changing federal water policy. The National Wildlife Federation had a strong influence on the CUPCA, with Ed Osands of the National Wildlife Federation and Dan Beard, legislative aid to George Miller, influencing the final bill. Marc Reisner's *Cadillac Desert*, published in 1986, was a harbinger of the change and chronicled the events leading up to a new federal water development policy. This change in policy reversed nearly 90 years of federal water development in the 17 western states where the BuRec had

built hundreds of water reclamation projects authorized by the 1903 Water Reclamation Act signed by President Teddy Roosevelt. The CUPCA solidified this change in federal water policy.

The Act was signed by President Bush late in the election year of 1992. It made additional major changes to the California Central Valley Project, as President Bush sought reelection.

- **Financing the CUPCA**

In order to finance the CUPCA, the CUWCD had to find additional funds. In 1993, the district approached the state legislature with a bill to raise taxes to finance the completion of the project. The major new obligations were the environmental mitigation fund and the local cost sharing of the project. Newly elected Governor Mike Levitt, impaneled a committee to study the issue. Salt Lake City's position during the committee hearings was that it supported the CUPCA, but did not support water rate and/or tax increases to finance it. Later the state agreed to pick up the mitigation fund obligation costing \$3 million each year for 6 years. The CUWCD was to find the means of financing the remaining costs of the project within its own financial capability.

As a result of the CUPCA, Millard and Sevier Counties withdrew from the district, which reduced the cost of the project by not requiring the district to construct facilities to send water to the south to the Sevier Bridge Reservoir.

A substitute project, the Spanish Fork Nephi System (SFN), replaced the original Irrigation and Drainage project that would have included the withdrawn counties. Currently there is opposition to the SFN. The main argument against the SFN is that the taxpayers in Salt Lake County are paying a disproportionate share of the taxes assessed for the CUPCA and only receive 20 percent of the project water when including both the irrigation water and municipal water. The argument continues that if SFN water was delivered to the urban Wasatch Front it would negate the need to build a \$304 million dam on the Bear River. The CUWCD is quick to point out that Salt Lake County is receiving the largest portion of M&I water from the project, amounting to 67.5 percent of the 103,500 acre-feet of Bonneville Unit M&I water, and that the return flow from the SFN will provide an additional 20,700 acre-feet of water to Utah Lake, making the M&I water supply from Jordanelle in part possible.

The Salt Lake County Council of Governments (“COG”) took this issue through its Public Works Committee that had a study conducted by Dale R. Gardiner. The Public Works Committee received Mr. Gardiner’s study results on October 3, 1996.

The CUWCD was successful during 1997 in having Congress pass legislation, allowing the district to restructure the CUP M&I debt under the 1967 and 1985 supplemental contracts. The restructuring allows the CUWCD to prepay the discounted debt obligation, and with the savings, complete the CUPCA. The district feels that it has met the requirements of the Governor's study committee, by not raising taxes to finish the project.

According to a study dated August 13, 1997 entitled, "Local Cash Share Financing Plan Overview," prepared by Lewis Young Robertson & Burningham Inc., the present worth savings in prepaying the debt could amount \$206,728,135, with a projected \$45 million in present value gain after paying the new debt incurred through bonding. As part of the financial plan the CUWCD would request an interest buy-down loan from the Utah Water Resources Board.

For more information on the CUPCA see <http://www.cuwcd.com/cupca/>