Impacts of Lake Powell Pipeline on Washington County Residents

The Lake Powell Pipeline is the largest new diversion of the Colorado River proposed by an appointed Utah water agency under Governor Gary Herbert. The diversion would pipe water 2000 feet uphill across 140 miles of desert delivering the equivalent of what 800,000 average Americans use in a year to just 150,000 people in Washington and Kane Counties. The recipients of this water are among the biggest water users (per person) in the United States.

The sponsor of the pipeline, the Utah Division of Water Resources, claims the pipeline is needed for future population growth. But critics point to this agency's inflated water needs and to the many inexpensive alternatives the agency is ignoring, as documented in the 2015 Legislative Audit of the Division of Water Resources. These less-expensive alternatives include surplus agricultural water, existing water supplies owned by local cities and a variety of inexpensive water conservation sources including phasing out taxes used to lower water rates and encourage waste.

Lake Powell Pipeline Per Capita Annual Debt

Washington County Family

Debt Repaid with Increased:

+ Property Taxes

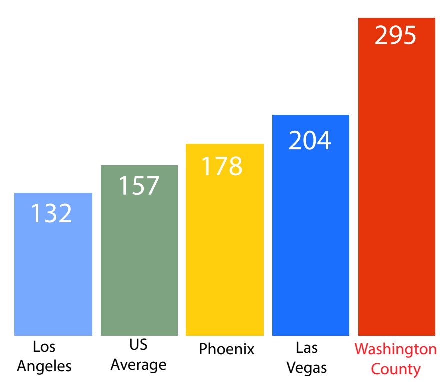
+ Impact Fees

+ Water Rates

A group of economists recently examined the impacts of the pipeline debt upon Washington County residents. This debt is equivalent to up to $781 on every man, woman, and child living in Washington County every year for the next 50 years. This explains why water rates, impact fees and property taxes must be increased dramatically if the pipeline is constructed. The Division of Water Resources is ignoring the financial impacts the multi-billion pipeline will have upon Washington County residents' water rates, impact fees and property taxes.

Per Person Water Use,
Gallons per Day

Washington County's per person water use is nearly twice the national average, and higher than all major surrounding communities.



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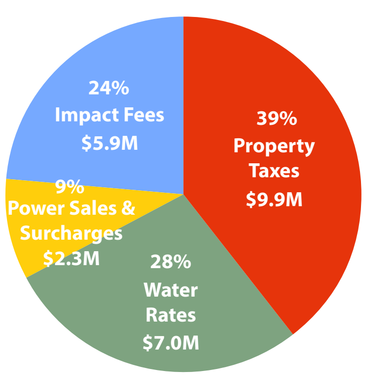
How would the Lake Powell Pipeline be Paid for?

State law mandates that Utah taxpayers pay the costs of the ~$2 billion pipeline, then be repaid with interest from recipients of pipeline water. The economists determined that loan payments will require massive increases in water rates, impact fees and property taxes for Washington County residents that will last for 50 years.

Repaying the pipeline debt requires that water rates in Washington County be increased at least 576% and may increase by 1900%. Impact fees must be be increased by at least 123% and could be raised as high as 1000%, alongside raising property taxes to the maximum amount on homes and businesses. All of these increases will last for 50 years, even if one includes the increase in revenues from newcomers moving into Washington County.

Two pipeline cost estimates were evaluated, the least expensive option of $1.4 billion and a higher cost estimate of $3.2 billion. These costs are likely to underestimate the total capital expense required to build and operate this massive water project. Three repayment scenarios were considered.

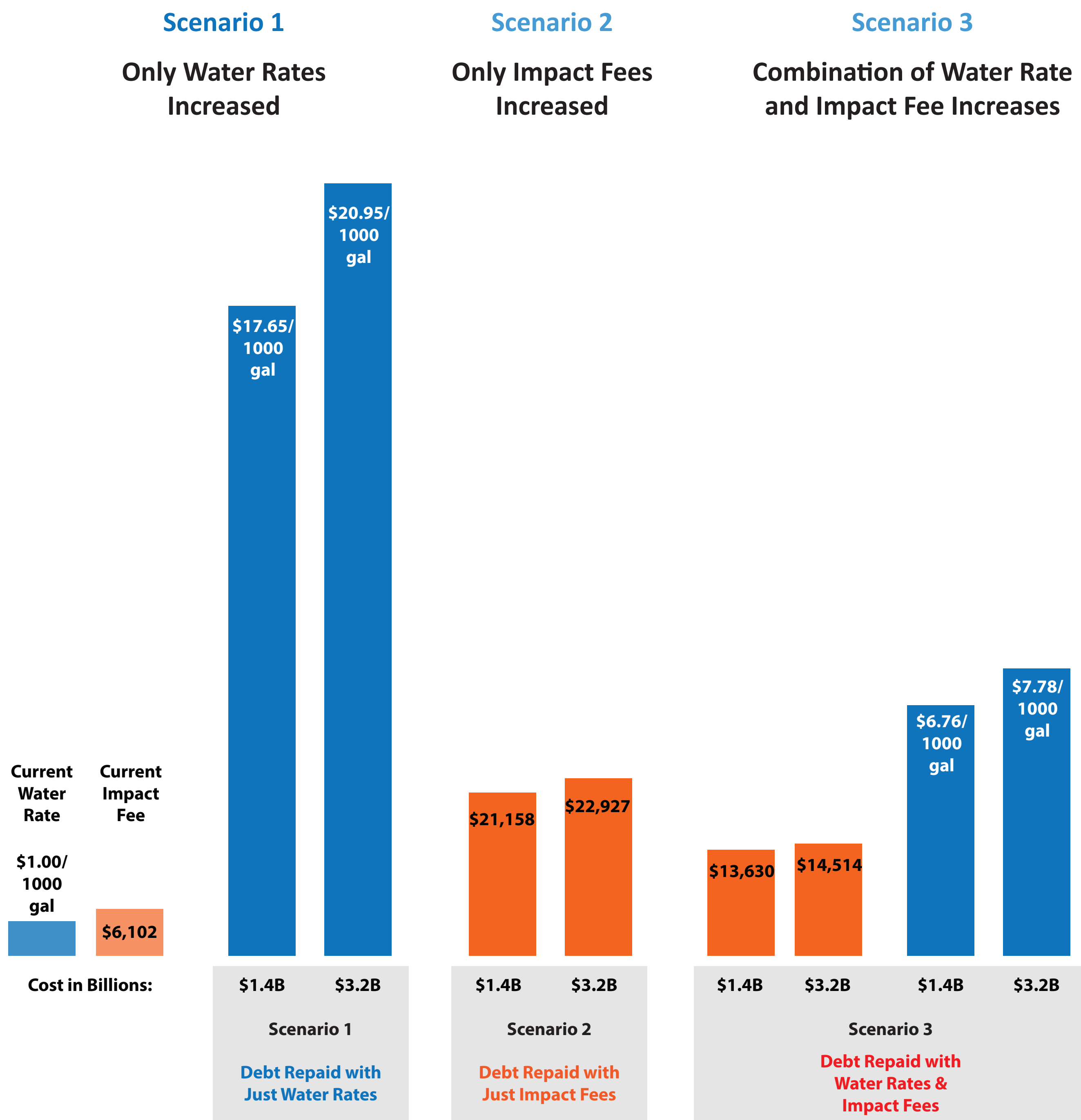
Washington County Water District Revenues



Above: St. George Agriculture. Washington County has the ability to expand its water supply through the conversion of water formerly used for agriculture. As homes continue to replace farmlands, this surplus will increase. A pipeline will not stop farmland from being developed.

Left: The Washington County Water District receives more money collecting property taxes than from selling water. This explains why the region has some of America's cheapest water rates and highest per person water use.

Water Rate and Impact Fee Increases Required to Repay Debt



Scenario 1. In order for water sales to cover the pipeline debt, water rates would increase between 1665–1995%.

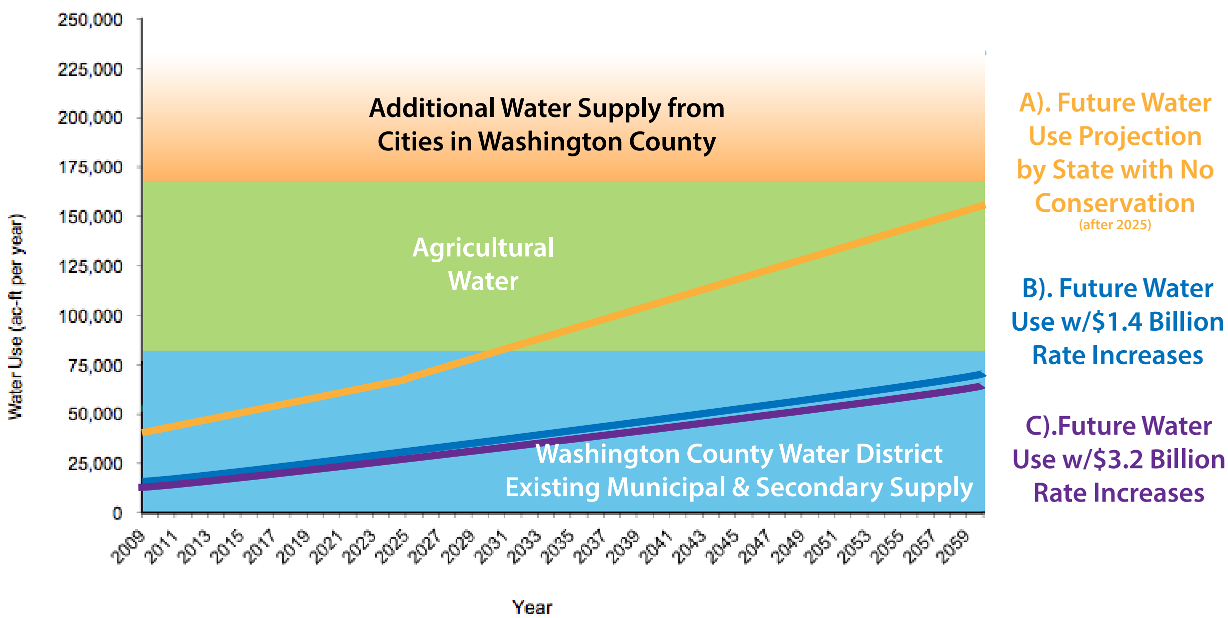
Scenario 2. If the pipeline debt was paid solely by impact fee increases, impact fees would increase by 247–276%, raising collections to $21,158–$22,927 per lot.

Scenario 2. If the pipeline debt is repaid by raising **both** impact fees and water rates together, water rates would have to be increased by 576% and impact fees would increase 123% for the $1.4 billion alternative. The $3.2 billion alternative would require raising water rates 678% and raising impact fees 138%.

Does Washington County Need the Pipeline?

As basic market economics dictates, increasing water rates over 500% would decrease Washington County residents' demand for water to the point the pipeline water would go unused.

Water Demand Projections for Washington County



Sources: Lake Powell Pipeline Water Needs Assessment, Division of Water Resources, 2011.
Governor's Office of Planning and Budget 2012 Baseline Population Projections
Kanab Creek/Virgin River Basin Plan Division of Water Resources, 1993.

Inexpensive Alternatives for Water

The 2015 Legislative Audit of the Division of Water Resources criticized Utah's lack of water conservation and outlined other water sources being ignored by this agency, which is the official proponent of the Lake Powell Pipeline. This Audit noted that Washington County is currently planning not to save a single drop of water by water conservation for 35 years, between 2025 and 2060.

Auditors also noted that many municipalities, including St. George, have their own water rights and water supplies. These water sources are being ignored in future water use calculations to create a false need for more water in the region. As urban growth replaces agricultural lands, it creates a surplus of water formerly used to irrigate crops. Washington County can expect at least 40,000 acre-feet of unused agricultural water to be available in the future, which is also being ignored by the Division of Water Resources.

Finally, since the Washington County Water District receives more money collecting property taxes from taxpayers than from selling water to consumers, the Division of Water Resources is ignoring the large quantity of water that would be provided by phasing out property taxes for water. Eliminating these property taxes would ensure that all users of water pay for their use, including large government water users like municipal golf courses and schools which pay no property taxes.