Costs of Diverting Gila River Water

Expensive Diversion Puts Taxpayers at Risk

Key Points:

- **Gila River water is not needed.**
- *Recent scientific evidence shows that the regional aquifer contains 15 million acre-feet of water with 15,900 acre-feet of recharge annually, enough water to supply the Silver City area for hundreds of years.*
- **Future water needs of southwestern New Mexico can be met cost-effectively with:**
- *municipal conservation*
- *agricultural conservation*
- *sustainable use of groundwater*
- **Gila River water is very expensive.**
- *Exchange costs are $1.65 million/year in 2010 and rise annually*
- *Estimates of total construction costs for a diversion project range from $193 M - $300 M*
- *AWSA subsidy covers only part of the construction costs of a Gila River diversion, leaving the tax payer shouldering the difference*
- *Operation and maintenance costs are estimated at $6.6 million/year*

Stakeholders in southwestern New Mexico are trying to determine how to use funding from a Congressional water bill to cost effectively balance water supply and demand while protecting the Gila River.

Southwest New Mexico can use $66 million to meet local water needs or use up to $128 million in a federal subsidy to divert up to 14,000 acre-feet per year from the Gila River and its tributary, the San Francisco. A Gila River diversion project has been promoted by the Interstate Stream Commission and others as a means to keep this water from flowing to Arizona.

No need for Gila River water has been demonstrated.

The regional aquifer contains enough water to supply Silver City for hundreds of years. Silver City's water supply is only limited by its existing water rights rather than the availability of water, according to INTERA Inc. Deming's 2009 water plan demonstrates that it has already acquired enough water rights to meet future demand over the 40-year planning period.

A Gila River diversion would require major infrastructure in the Cliff-Gila Valley

This project would require a diversion structure and some combination of a huge pumping station, a power station, a massive pipeline, canal system and an off-stream dam and reservoir.

Diversion cost far exceeds AWSA subsidy

The construction cost has been projected at $300 million– more than double the $128 million federal subsidy. The additional cost would be shouldered by local taxpayers and burden local government with debt. At a time when federal, state and local budgets are spread thin, a diversion project outstrips our financial resources.

Gila River water is not free. New Mexico must pay the CAP to replace Gila River Indian Community water that it diverts

If New Mexico uses Gila River water, it must pay an annual exchange cost set by the Central Arizona Project to deliver replacement water to the Gila River Indian Community. In 2010, the cost is $118/acre-foot and it increases every year. 2010 costs total $1.65 M for use of Gila water.

Operation and maintenance costs are not covered by the AWSA

Estimated by the SWNM Regional Water Plan at $6.6M/year, the annual O&M costs of the diversion would need to be paid by water users.

Expensive Water

Given that annual exchange costs plus operation and maintenance costs total more than $8M per year, each acre-foot of Gila River water would cost $589 *before including the capital costs of the diversion.* These costs would be paid by the water users directly. Estimates of total construction cost for a project range from $193M - $300 M, tens of thousands of $/acre-foot.

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A pipeline as wide as 10 feet in diameter or a canal 25 feet in diameter would be required to convey up to 350 cubic feet/second, the maximum allowed under the AWSA..

Exchange Costs—There ain't no free lunch!

Because the 14,000 acre-feet/year of Gila River water is currently being used by downstream water rights holders in Arizona, one of the stipulations of the Arizona Water Settlements Act (AWSA) is that New Mexico pay the exchange cost of Gila River water to the Central Arizona Project (CAP) if it chooses to divert.

The annual exchange cost is set by the Central Arizona Project and would be used to pay the costs of delivery of replacement water to the Gila River Indian Community. In 2010, the cost is $118/acre-foot. 2010 costs total $1.65 M for use of Gila water.

This cost would be incurred even before paying for the construction of a diversion project, its operation and maintenance, and delivery to the water user.

The exchange costs are projected to rise an average of 5%/year after 2011, according to the CAP.

If New Mexico chooses not to divert Gila River water, there is no need to pay the exchange cost, and the region would still receive $66M to use on projects that meet a water supply demand in southwestern New Mexico, such as municipal and agricultural conservation, improved water delivery, and sustainable groundwater development.

A Gila River diversion would cost $193 - $300 million to build

AWSA subsidy covers only part of total construction cost

Taxpayers will be left picking up the difference

Construction Costs of a Gila River Diversion

Diverting Gila River water under the AWSA would require an enormous investment in a diversion structure and some combination of: a huge pumping station, a power station, a massive pipeline and/or canal system and an off-stream dam and reservoir to store up to 50,000 acre-feet of water.

In 2008 dollars, the regional water plan's capital cost estimate for a diversion project is $193 million. In Congressional hearings on the AWSA, the NM Office of the State Engineer testified that a diversion project would cost between $220M - $300M. Additional infrastructure would be required to distribute water to Silver City and the Mining District, estimated by the SWNM Regional Water Plan at $35M.

Annual Operation & Maintenance Costs

Estimated by the SWNM Regional Water Plan at $6.6M/year (2008 $), the annual O&M costs of the diversion would need to be paid by water users and cannot be paid by the AWSA subsidy. Given that enormous amounts of electricity would be required to pump Gila River water over the Continental Divide to Silver City, the costs of operation of this water infrastructure project would be highly impacted by volatile energy prices.

At a time when we are trying to minimize our use of energy due to dependence on foreign energy sources and environmental impacts, this project doesn't make economic sense.