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# Economists Warn Powell Pipeline Will Force Massive Water Rate Increases to St. George Residents

**New Analysis Shows Washington County Residents Will See at Least 500% Increase in Water Rates, Impact Fees and Property Taxes from Pipeline**

A group of 21 Utah economists are warning state leaders that the proposed Lake Powell Pipeline will indebt Washington County residents and require draconian water rate and impact fee increases for St. George residents that last for 50 years.

Economists from 3 Utah Universities sent a letter to Governor Herbert, Senate President Niederhauser and Speaker Hughes warning that the water project would burden every man, woman and child in Washington County with as much as $781 of debt every year for the next 50 years.

At the October 14, 2015 Lake Powell Pipeline Management Committee Meeting, the state announced its intention to submit their application for federal approval of the pipeline on December 1st, 2015. To pay for the proposed pump storage alternative presented at the October meeting with water rates alone, Washington County would have to raise rates as much as 1995% to repay the $3.2 billion cost. Other alternatives are shown on page 2.

**"The water district's revenues are significantly less then the annual debt payments needed for the Lake Powell Pipeline,"** said Gabriel Lozada, Associate Professor of Economics at the University of Utah, **"Unless the Washington County Water District raises revenues considerably, Utah taxpayers will not be repaid for the costs of building the project."**

The economists wrote a 42-page analysis conducted over the last year by looking at a range of construction and financing scenarios to repay the $1.4 – 1.8 billion pipeline. They determined Washington County residents will have to pay between $61.8 and $131 million of pipeline debt annually for 50 years.

**"The only options Washington County has to raise necessary revenues to service the debt of the Lake Powell Pipeline are massive increases in water prices and/or impact fees. The huge increases in prices and/or impact fees will reflect back on Washington County's economy affecting its growth and demand for water,"** said Gail Blattenberger, Associate Professor Emeritus of Economics at the University of Utah, who helped conduct the lengthy analysis.

The analysis documented cheaper sources of water which pipeline advocates are ignoring, as confirmed in the 2015 Legislative Audit of the Utah Division of Water Resources. These include the ability for St. George to expand their water supply without the assistance of the Washington County Water District, eliminating the property tax subsidies for water that encourage waste, and converting water formerly used by agriculture to municipal uses as well as more aggressive water conservation programs.



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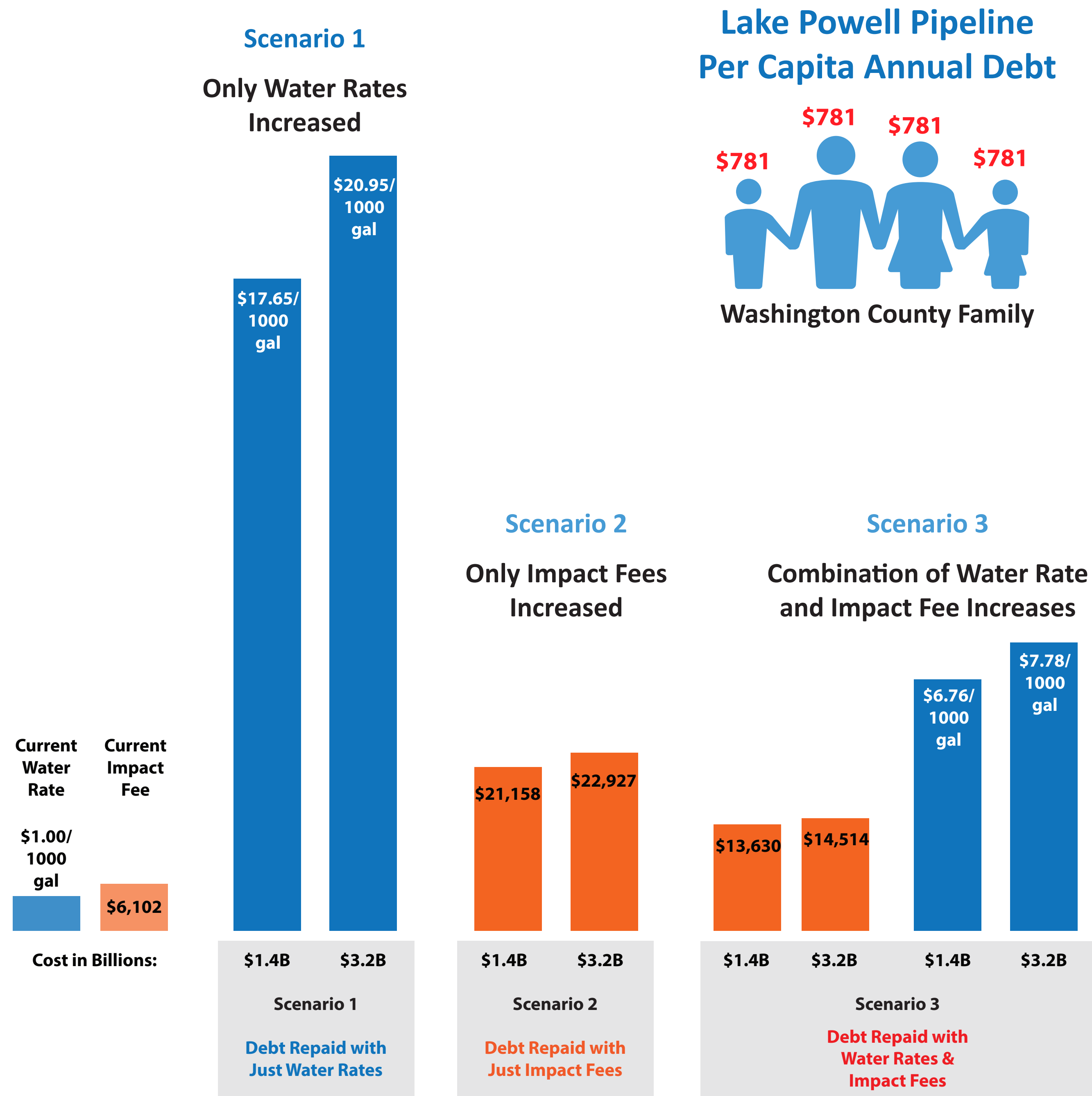
# Water Rate and Impact Fee Increases Required to Repay Debt




**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%.

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