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# DEPARTMENT of the INTERIOR

## news release

Office of the Secretary  
For Release June 30, 1986

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### ADMINISTRATION ACCEPTS ANIMAS-LA PLATA COST SHARING AGREEMENT

Under Secretary of the Interior Ann McLaughlin announced today that the Administration has accepted the agreement for funding the Animas-La Plata Project.

"While the agreement that has been reached contains several elements that are quite different from those we requested at the opening of negotiations, I believe that we have reached the best agreement possible with the states of Colorado and New Mexico and the Ute Mountain Ute and Southern Ute Tribes," McLaughlin said. "Considerable concessions were granted on all sides during the formulation of this agreement.

"We continue to be impressed with the strong coalition that has been formed locally and in Congress on behalf of the project. Without their constant support, this agreement would not have been possible."

During the negotiations, the estimated costs to the federal government of building the project were reduced from \$518 million to \$359.4 million. This includes \$80 million in cash from local sponsors to fund project construction and tribal development funds.

Key sections of the agreement call for the non-federal project sponsors to assume responsibility for building the Southern Ute Reservoir, elements of the "Dry Side" diversion unit, and facilities for irrigation of 24,600 acres of full-service farmlands, when such facilities were economically feasible. The agreement also provides for straight-line repayment of project costs associated with irrigation over a 30-year period.

The cost sharing agreement is a necessary step in final settlement of outstanding Indian water claims.

"Final implementation of the settlement and the cost sharing agreement will depend on several actions of Congress. For example, authorization of the proposed tribal development fund will be necessary," McLaughlin said.

Federal officials began negotiations with representatives from the states of Colorado and New Mexico and the Ute Mountain Ute and Southern Ute Tribes after an earlier cost sharing offer composed by those states and the Tribes failed to win approval by the Department of the Interior. The Continuing Resolution for Fiscal Year 1986 contained \$1 million to begin work on the Animas-La Plata Project. Expenditure of those funds was contingent on the acceptance of a cost sharing agreement from the project beneficiaries.

The Animas-La Plata Project is located in Montezuma and La Plata Counties in southwestern Colorado and San Juan County in northwestern New Mexico. The multipurpose project will provide municipal and industrial water supplies to cities and industries in the area as well as supplemental and full-service irrigation water supplies to local farmers.

-DOI-

Note to editors: A short summary of the agreement is attached.

June 30, 1986

EXECUTIVE SUMMARY

AGREEMENT FOR THE SETTLEMENT OF  
INDIAN WATER RIGHT CLAIMS AND FUNDING OF  
THE ANIMAS-LA PLATA PROJECT, COLORADO AND NEW MEXICO

- ° The agreement represents an attractive "win-win" situation for all parties.
  - Project sponsors gain local water development for M&I purposes and support of their agricultural economy;
  - A significant portion of the cost (38%) for project development and Indian development has been assumed by the non-Federal sponsors;
  - Both the non-Indian interests and the Federal government benefit greatly from settlement of Indian water right claims, and the Indians get the monetary and physical resources to support self determination.
  - The agreement decreases the Federal expenditure for development of the Animas-La Plata Project by \$139 million;
  - As a result of phasing, future development and financing of facilities to serve 24,600 acres of full service irrigation lands were assumed by the non-Federal project sponsors.
  
- ° There are no performance penalties against the United States in the agreement.
  
- ° The agreement provides for \$80 million of non-Federal financing for Phase I facilities and the Tribal Development Funds.
  
- ° Precedent for Tribal Development Funds was set in the Papago settlement (\$15 million trust fund for purposes similar to those for the Ute development funds).
  
- ° The agreement also has the following provisions which increase the value of the proposal to the United States compared with traditional (unshared) policy:

30-year straight-line amortization of irrigation costs which will be repaid by Colorado River Storage Project revenues. (Enhances the present value of the repayment stream to the United States.)	\$ 26 million
- Phasing of Federal contributions to Tribal Development Funds. (Reduces the present value cost to the United States.)	\$ 4 million
  
- ° This is the first such agreement obtained under negotiating guidelines agreed to in advance by the Department of the Interior and OMB.

° The agreement meets the terms and the intent of President Reagan's cost sharing policy as expressed in his January, 1984, letter to Senator Laxalt by:

- Meeting the requirement for the negotiation of "reasonable financing arrangements" by tailoring the cost sharing for the project to meet the ability the project sponsors to assist in the funding of the project;
- Recognizing the implied "prior commitment" for the project inherent in the 1968 authorizing legislation for the project.

Recognizing the value of settling the Tribal water right claims and the avoidance of future breach of trust claims against the United States.

° Provides for full review of the agreement by the Congress through the necessity of securing implementing legislation to carry out the terms and conditions of the agreement.

#### PROJECT COST SUMMARY

TOTAL PROJECT COST	\$517.9 million
TRIBAL DEVELOPMENT FUND	<u>\$ 60.5 million</u>
TOTAL	\$578.4 million
LESS NON-FEDERAL CONTRIBUTIONS	
PHASED CONSTRUCTION (PHASE II)	\$ 139.0 million
TRIBAL DEVELOPMENT FUND CONTRIBUTIONS COLO.	\$ 11.0 million
CASH CONTRIBUTION COLORADO	<u>\$ 69.0 million</u>
SUB-TOTAL FEDERAL COSTS	\$ 359.4 million
ADDITIONAL FEDERAL COSTS REDUCTIONS PRODUCED BY THE AGREEMENT	
PHASED TRIBAL DEVELOPMENT FUNDING	\$ 4.0 million
STRAIGHT-LINE AMORTIZATION-IRRIGATION	\$ 26.0 million

#### PROJECT ACREAGE SUMMARY (Costs in Millions)

	TOTAL		PHASE I		PHASE II	
	ACREAGE	COSTS	ACREAGE	COSTS	ACREAGE	COSTS
INDIAN	13,780	\$75,602	1,800	\$18,502	11,980	\$57,100
NON INDIAN	<u>53,680</u>	<u>\$294,614</u>	<u>41,080</u>	<u>\$219,074</u>	<u>12,600</u>	<u>\$75,540</u>
TOTALS	67,460 <sub>1</sub>	\$370,216	42,880 <sub>1</sub>	\$237,576	24,580	\$132,640

1/ Includes 17,650 acres of supplemental service land

ANIMAS-LA PLATA PROJECT,  
COLORADO AND NEW MEXICO

INTRODUCTION

The Animas-La Plata Project would be located in the Upper Colorado River Basin in La Plata and Montezuma Counties of southwestern Colorado and San Juan County of northwestern New Mexico. The Congress authorized it as a participating project in the Colorado River Storage Project.

PROJECT OBJECTIVES

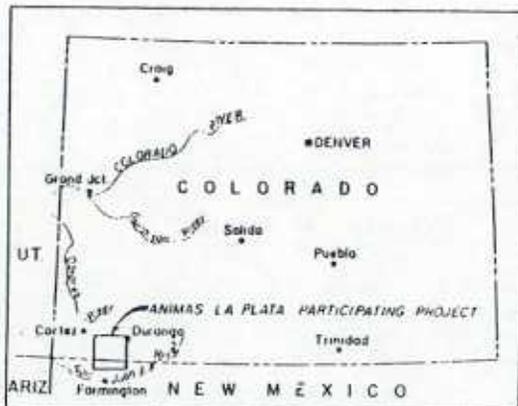
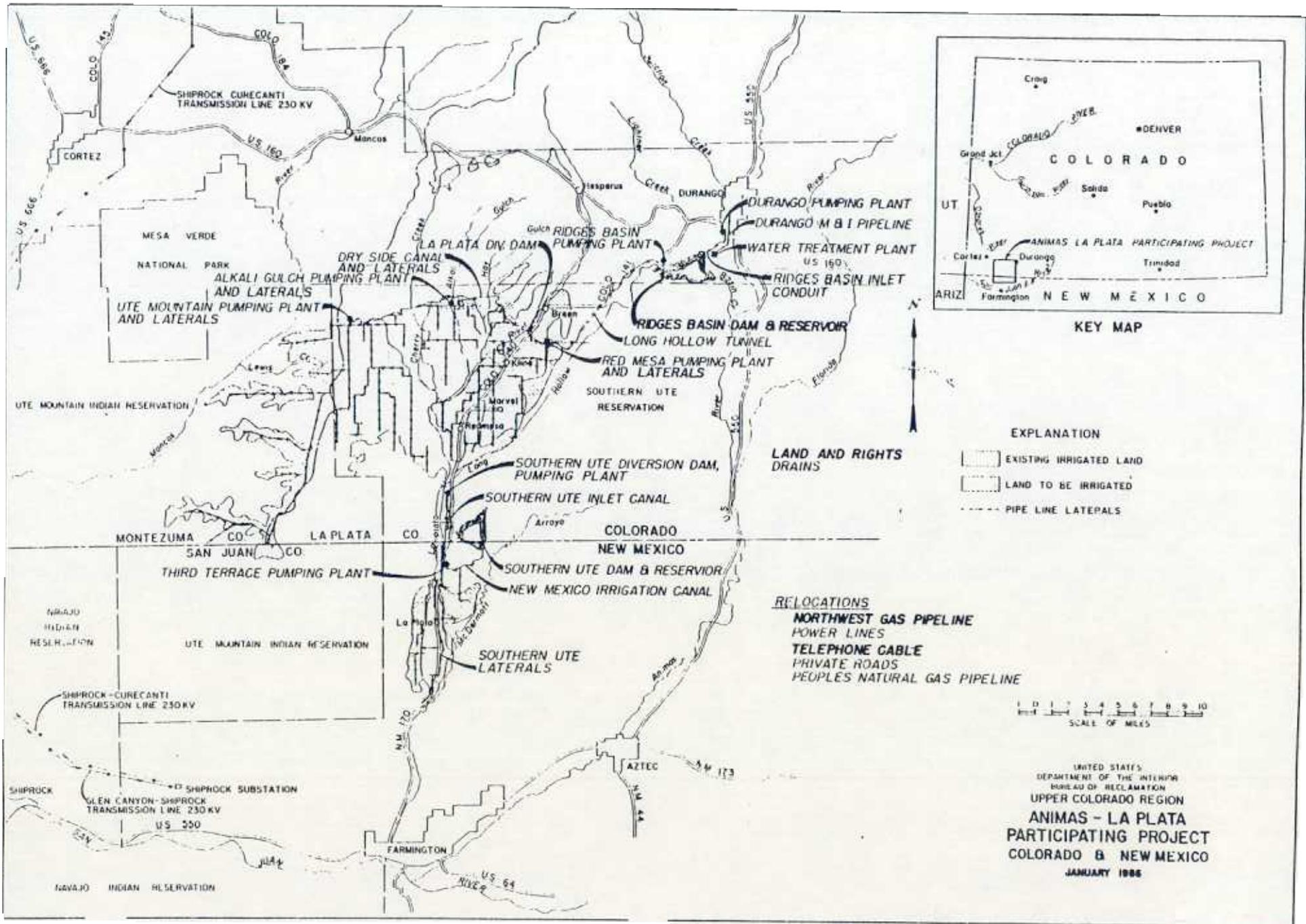
The project would be a multiple-purpose water resource development. Municipal and industrial water would be furnished to Durango and to the rural La Plata area in Colorado and to Farmington, Aztec, Bloomfield, and several smaller communities, as well as the Navajo Tribe in New Mexico. The Southern Ute and Ute Mountain Ute Indian Tribes would receive industrial water primarily for the development of coal resources on their reservations. The project would provide water for the irrigation of Indian and non-Indian farmland in the La Plata and Mancos River drainages, and opportunities would be made for recreation at project reservoirs. A program for developing land for wildlife would compensate for wildlife losses at both reservoirs, and a program would be instituted to collect and preserve cultural resources. Project construction would take about 10 years.

PHASED DEVELOPMENT

Under the cost-sharing agreement, the Animas-La Plata project would be developed in two phases. The first phase would provide for irrigation service for 42,880 acres, municipal and industrial water service, and some recreation and fish and wildlife features. The first phase would cost \$379,300,000. Colorado would contribute \$69 million of that amount. The second phase would provide for irrigation service to 24,580 acres and additional recreation and fish and wildlife features. The second phase would cost \$132,640,000 and would be financed by the project sponsors in the States of Colorado and New Mexico.

INDIAN SETTLEMENT

In order to settle tribal water rights claims, the Indian tribes would get irrigation service to 1,800 acres and municipal and industrial water service under the first phase of the Animas-La Plata Project and municipal and industrial water service from the nearby Dolores Project. The tribes also would get irrigation service to 11,980 acres under the second phase of the Animas-La Plata Project. In addition, a tribal development fund of \$61 million would be provided, \$11 million of which would be funded by the State of Colorado and the balance by the Federal Government.



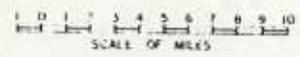
KEY MAP

EXPLANATION

- EXISTING IRRIGATED LAND
- LAND TO BE IRRIGATED
- PIPE LINE LATERALS

RELOCATIONS

- NORTHWEST GAS PIPELINE
- POWER LINES
- TELEPHONE CABLE
- PRIVATE ROADS
- PEOPLES NATURAL GAS PIPELINE



UNITED STATES  
 DEPARTMENT OF THE INTERIOR  
 BUREAU OF RECLAMATION  
 UPPER COLORADO REGION  
**ANIMAS - LA PLATA  
 PARTICIPATING PROJECT**  
 COLORADO & NEW MEXICO  
 JANUARY 1986