



OKLAHOMA

water news

MONTHLY NEWSLETTER OF THE OKLAHOMA
WATER RESOURCES BOARD

Gerald E. Borelli, Chairman

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Financing Theme Brings 500 to Fifth Water Conference

Nearly 500 came from all over the state to the Governor's Fifth Annual Water Conference in Oklahoma City December 12. Attracted by the conference theme, "Paying for Water—It's Up to Us," most came to learn new ways to finance water projects as the feds draw the pursestrings ever tighter in their assault on the deficit.

Leadoff speaker from Washington, D.C., Joan Kovalic, executive director and general counsel for the Interstate Conference on Water Problems, opened by citing public misconceptions concerning water: that it is cheap, that it is clean and that it is easily available and therefore, not worthy of being a high-priority for investment. That attitude is ironic and self-defeating, she said, because our successes over the past 40 to 50 years in getting the infrastructure in place is now working against us in trying to get where we need to be.

"The problem of the eighties is how we are going to pay for water," she said, citing ballpark figures of national needs amounting to \$120 billion for wastewater facilities, \$60 to \$100 billion for drinking water improvements, and \$500 billion for traditional water resource needs such as irrigation, industrial water supply, flood control and hydropower.

Kovalic pointed out a federal budget of a trillion dollars and likened it to a single dollar bill. "If this dollar were the federal budget, 42 cents would go to pay benefits such as Social Security and unemployment. Another 29 cents pays for national defense; then 11 cents goes in grants to state and local governments, and 13 cents pays interest on the national debt. There's five cents left," she said, "one nickel—or about 50 billion of the trillion dollars—for everything else. Of that nickel, one penny belongs to environmental and natural resource projects. Out of that penny, one-third of one cent pays for water—and the amount is going down," she warned.

Kovalic said she sees something she perceives as almost schizophrenic. "We've got the generic goal of giving more financing responsibility to state and local government, but this is going hand-in-hand with budget cuts. While this is going on, we have in Washington what I perceive to be a steady trend to cut away the ability of state and local governments to finance water projects."

According to Kovalic, this has come within the recent

administrations and the tax committees, where we're seeing restrictions on existing financial instruments for alternatives to federal grants and loans. She warned that the Administration has launched an assault on tax exempt modes of financing. She foresees a further narrowing of public purposes, deferment of the distinction between revenue bonds and general obligation bonds and the elimination of arbitrage benefits which could permit a public entity to float a bond issue for eight percent, invest the proceeds for 13 percent, then use the interest for a public purpose.

She encouraged the OWRB to take its bond package to the market as quickly as possible, warning against a federal proposal which would force the spending of a minimum of five percent of the money within one month or the entire issue would become taxable. Kovalic said another proposal is to tax the proceeds from tax exempt monies.

"If Oklahoma wants to float a bond issue, keep the interest, get that nestegg and have the security and the capital, then you'd better do it right away. What you are trying to do in Oklahoma is the way it must be done to get some security, to get the capital accumulated and to leverage it," she said.

The answer, Kovalic believes, is pushing back very hard to keep the tax exempt instruments that we have, then get into fostering some self-sufficiency in financing. "We must use all the tools that exist in financing by putting them together and repackaging them in creative ways," she said in closing.

Jim Nelson, OSU economist who shared the keynote spot with Kovalic, took as his topic 'Oklahoma's Water Situation—Our Destiny is in Our Hands.' "And they're good hands," he said. "Oklahomans have traditionally lived close to our natural resource bases—water, land and petroleum. Generally, Oklahoma's water situation is good."

He pointed out that in the passage of State Question 581 and appropriation of \$25 million to the water development revolving fund, Oklahoma had taken some noteworthy steps in making water affordable to cities, towns and rural water districts.

There are some misconceptions regarding irrigation, however, among them that High Plains conditions are typical of Oklahoma irrigation, and that High Plains agriculture is threatened with a return to the Dustbowl. In dispelling the first misconception, Nelson said only about 50 percent of the state's irrigation is in the High Plains. Although there is no

Continued on page 4; See photos on pages 2-3

A. Keynote Joan Kovalic of the Interstate Conference on Water Problems, Washington, D.C., spoke on "Water: the National Perspective."

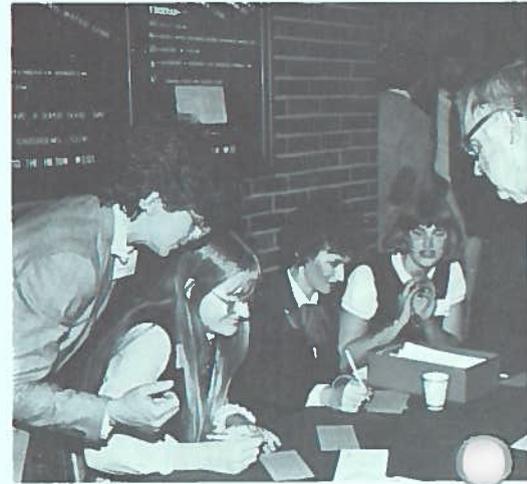
B. James R. Barnett of the OWRB with Oklahoma Representative Brooks Gallman and Commissioner Bob Olson of the Bureau of Reclamation in Washington, D.C.

C. Gov. George Nigh congratulates legislative award winners at lunch.

D. Certificates of Appreciation were awarded to Reps. Cal Hobson, Don Johnson, Howard Cotner and Sens. Ray Giles, Gilmer Capps and Butch Hooper.

E. Dale Metcalfe, Susan Lutz, Connie Ziegelgruber and Donetta Blanlot helped with registration.

F. Dr. Jim Nelson of OSU sketched Oklahoma's water perspective at the Governor's Water Conference.





D
G. R. Thomas Lay of the Board shared the topic of interstate waters with Attorney General Mike Turpen.



J. Gov. Nigh cited Sen. Marvin York for support of water development legislation in Oklahoma.

K. Certificates were awarded to Charlie Elder, Mrs. Marvin Baughman (for the late representative), Herschal Crow, Bob Kerr III and Bob Murphy.

L. Gerald Borelli chaired the conference held at the Hilton Inn West in Oklahoma City.

I. Comm. Olson, OWRB Chairman Gerald Borelli, Gov. Nigh and Congressmen Dave McCurdy and Wes Watkins shared the head table at lunch.

I. Delegates to the Governor's Water Conference listen to the opening remarks of Gerald Borelli.

Financing Theme, continued from page 1

room for expansion of irrigation in that area, water-rich eastern Oklahoma holds abundant opportunities for growing irrigated specialty crops on a schedule that will fit into the market.

"The High Plains will not, under any imaginable scenario, return to the Dustbowl situation of the thirties," he emphasized in dismissing the second misconception. Considerable public research and planning coupled with the character of High Plains farmers prevent it, he said. "High Plains farmers are the most innovative, sophisticated agriculturists in the world, and they're bringing new technology on line in the High Plains at a rate unheard of in peacetime. They're using low-pressure sprinklers, surge flow systems and LEPA—low-energy precision application," he affirmed.

Nelson credits High Plains farmers with being progressive, innovative and early adopters to even exist in their risky environment. In addition to water problems, they face high costs of production and low value of their commodities, he said.

Addressing water quality in Oklahoma, Nelson said he regards pollution of ground water as more serious than pollution of surface water because it is less understood. "We need research and a better understanding of pollution from agricultural chemicals, septic tanks, organic and non-organic natural materials and oilfield activities," he asserted. "Failure to maintain control of our water destiny will result in our looking back from a different and complicated tomorrow at today's water problems, and seeing them as problems of simpler times. I am concerned that we may realize at some point in the future that now was the good old days!"

Still more advice on getting Oklahoma's share of federal dollars came from Commissioner of Reclamation Robert Olson, who advised Oklahoma water users approaching the 99th Congress to negotiate cost sharing on a case-by-case basis instead of adopting an all-for-nothing attitude. He

pointed to Reclamation's recent budget successes, including a \$650 million increase in dam safety programs, the ground water recharge studies in which Oklahoma is expected to participate, salinity control in the Colorado River basin, upgrading of the Hoover Dam power plant and visitor facilities, and fishery restoration in California—all of which had cost-sharing features.

"For the past several years, financial issues have been central to everything connected to the discussion of water policy in Washington, D.C., he reminded. "Money will continue to be the focus of the Administration, Congress, and water-user and environmental groups. Resolving these economic issues has been the greatest challenge facing us," the commissioner said.

In considering Oklahoma's situation, Olson reminded that money had been provided in the fiscal year 1985 budget for Northwest, Southeast and East-Central Water Supply Studies and the Kiamichi Hydropower Study. He said closure is expected on McGee Creek Reservoir, a Bureau project, in September. Noting that there had been interest in Oklahoma in the Bureau's Small Reclamations Projects Act which authorizes loans to small, private water-user organizations, Olson said they expect to make lifting the \$600 million per-project ceiling a priority before the Congress this session.

In a program feature new to the conference this year, 20 past and present members of the Oklahoma Legislature were recognized with awards for their support of water development legislation. They were Speaker Jim Barker, President Pro Tempore Rodger Randle; Senators James McDaniel, Robert Murphy, Marvin York, Paul Taliaferro, Ray Giles, Herschal Crow, Lee Cate, Gilmer Capps; Representatives Jack Kelley, Lewis Kamas, Don Johnson, Roy Hooper, Cal Hobson and Howard Cotner; also Robert S. Kerr III, Charles Elder and Cleta Deatherage Mitchell. A special award was presented to Mrs. Marvin Baughman for the efforts of the late Rep. Marvin Baughman.

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