

Rural Water Supply Act a (small) Step in the Right Direction

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Ensuring the continued viability of irrigated agriculture in the West depends in large part on strengthening and protecting the Bureau of Reclamation's (Reclamation) ability to carry out its core responsibilities. Simply stated, these are the operation and maintenance of existing water infrastructure and the fulfillment of contractual obligations to water and power users.

The U.S. Congress late last year took a small but important step to help Reclamation and its customers when it passed the Rural Water Supply Act of 2005. Many Reclamation facilities are near the end of their design life, and maintaining the West's aging water infrastructure is a major financial challenge for Reclamation. Authored by Senator Pete Domenici (New Mexico), the rural water bill will, among other things, authorize a new federal loan guarantee program to help irrigation districts finance major operation and maintenance costs. The alternative financing mechanism proposed in S. 895 provides a government loan guarantee to allow local entities to amortize expensive operation, maintenance and replacement projects.

Water users throughout the West have grave concerns about the aging of Reclamation facilities. They should be concerned, because their communities rely on those facilities for their very existence. Federal water customers also are the ones who pay most of the costs of maintaining and modernizing Reclamation projects. In general, irrigators are obligated to pay 100 percent of the costs of project operations and maintenance, which covers everything from repainting guard shacks to replacing multi-million-dollar flood gates. Repair and replacement of aging gates, canals and other facilities often involve major construction projects costing millions of dollars. Under Reclamation law, project beneficiaries are required to pay these costs immediately; they cannot be repaid over time.

Private financing is difficult for many local entities to obtain because they do not own the facilities that are being repaired. In the past, programs such as the Rehabilitation and Betterment Act provided federal loans and other assistance for meeting the costs of repairs and replacement of equipment. However, such programs are no longer available.

The Rural Water Supply Act of 2005 takes positive steps to address this challenge. The alternative financing mechanism it proposes -which provides a government loan guarantee to allow local entities to amortize expensive operation, maintenance and replacement projects - will be helpful to some local agencies struggling to afford repairs to federally owned facilities. By making it easier for local agencies to meet their financial responsibilities, this bill will make it easier to protect the federal investment in the West water supply infrastructure.

However, while the loan guarantee program would be helpful in many cases, it will not work in every case, or at least not be itself. Other options that Congress should consider for new legislation include adapting repayment requirements that ease borrowing requirements and extend repayment periods, and reinstating the Small Project Loan Program.

The Rural Water Supply Act will also authorize Reclamation to build rural domestic water supply projects that meet certain engineering and feasibility criteria. Currently, Congress authorizes rural water supply projects on an ad-hoc basis, adding large construction obligations to Reclamation's already strained budget. Subjecting proposed rural water supply projects to strict scrutiny is certainly an improvement over current practice, and it seems logical that such scrutiny would result in fewer, better and cheaper projects.

So, Congress did the right thing in last fall's lame duck session, and passed a measure that will provide important – albeit incremental – improvements to how Reclamation and its customers do business.

However, many of us are still waiting to see Congress address what's really important to the family farmers in the West. Their future is what's really important to them, and their future is at risk.

Urbanization and competition for water supplies for environmental uses are driving Western farmers off the land at a time when American food production in general is following other industries "off-shore" in search of lower costs. For farmers to survive; for food to be produced in America, there must be a stable water supply for Western agriculture. Yet, supplies are anything but stable. Urban and environmental demands are claiming more and more water, and they are draining it from agriculture.

Congress and the federal agencies need to take a careful look at what's happening in the West and decide if irrigated agriculture is important to the nation or not. If it is important, then we need to have a public policy conversation about how meet urban and environmental needs while providing for a healthy agricultural sector.

But we need to answer that question soon, because some part of the rural West is drying up and dying every day.

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