



P.O. Box 216 Klamath Falls, Oregon 97601

February 6, 2009

The Honorable Ken Salazar
Secretary
U.S. Department of the Interior
1849 C Street, NW
Washington, DC 20240

The Honorable Tom Vilsack
Secretary
U.S. Department of Agriculture
1400 Independence Ave., S.W.
Washington, DC 20250

Re: Stimulus funding for western water supply infrastructure repair and enhancement

Dear Secretary Salazar and Secretary Vilsack:

On behalf of the Family Farm Alliance (Alliance), I congratulate both of you on your recent confirmation to serve in President Obama's cabinet. We applaud the willingness of the Administration and Congress to apply economic stimulus funding to the critical condition of aging water infrastructure in the Western United States.

In the American West, Federal water supply systems are essential components of communities, farms, and the environment. These facilities are an integral part of the nation's food-production system and their consistent operation helps ensure our farmer's ability to provide a reliable and secure food supply for our own citizens and the rest of the world. But much of this infrastructure is decades old and in dire need of rehabilitation. In addition, population growth, environmental demands and climate change are placing an unprecedented strain on water storage and conveyance systems designed primarily for agricultural use.

Our members are family farmers, ranchers, irrigation districts and related businesses in 17 Western states, many of whom rely on the federal water supply facilities of the Interior Department's Bureau of Reclamation. They also look to the Agriculture Department's resource conservation programs for advice and assistance in the maintenance and development of local water supply systems.

The Alliance believes that the economic stimulus proposals being considered by Congress present a unique opportunity to make the investments necessary to secure a more reliable water supply infrastructure for the West, while creating jobs and opportunities in economically distressed rural areas. Repairing and modernizing our western water infrastructure also will

directly address some of the West's vexing water supply problems by improving water resource management and conservation. These in turn will produce greater energy efficiencies and will provide more flexibility to meet environmental needs, thereby alleviating conflict.

Seizing this opportunity will require that your agencies quickly identify actions that will yield the greatest benefits to water supply security, then move decisively to carry them out. Bureaucratic inertia must give way to a creative "can-do" approach whose goal is to channel stimulus resources into effective action through expansive use of existing programs and rapid implementation of new authorities.

The Alliance has developed the following policy recommendations for your consideration as your agencies prepare to use stimulus funding for western water supply infrastructure rehabilitation and enhancement.

Recommendations for the Department of the Interior, Bureau of Reclamation

The Bureau of Reclamation (Reclamation) built and manages the largest part of the water supply infrastructure that is the foundation of the economic vitality of many Western States. Much of this federally-owned infrastructure is now 50-100 years old, approaching the end of its design life, and needs to be rebuilt and rehabilitated for the next century. Towards that end, we offer the following recommendations.

1. Rehabilitate and Improve Aging Reclamation Infrastructure

The rehabilitation and upgrading of the Bureau of Reclamation's water management and delivery infrastructure in the West should be the top priority for the use of funds made available by the stimulus package. Within that priority, first attention should be given to repairing or improving aging project features whose operation or safety are currently, or soon will be, impaired.

- a. Because project beneficiaries are often responsible for a major portion of the costs of major repairs to Reclamation projects, the Department should, in combination with stimulus funding, make maximum use of existing financing tools for project beneficiaries, including direct loans and loan guarantees, such as those authorized by The Rural Water Supply Act of 2006 (PL 109-451.) and the pending Aging Infrastructure title of the Omnibus Public Lands Management Act of 2009 (S. 22). Also, the House version of the stimulus package (HR 1) currently includes a provision authorizing Reclamation to provide for extended repayment of reimbursable repair and rehabilitation expenses by project beneficiaries. If this authority is enacted, Reclamation should employ it expansively where doing so will facilitate infrastructure repair and rehabilitation.
- b. Reclamation should aggressively outsource design, engineering and environmental work whenever feasible, economical and necessary to speed project implementation. Project beneficiaries should have the option of using their own staff or consultant teams to execute projects. When appropriate, especially where the operation and maintenance of

federally-owned projects have been transferred to local project beneficiaries (water districts), funding should be advanced to these project beneficiaries to carry out work that will facilitate project implementation.

- c. Provide funding to speed implementation of current and ready-to-go Safety of Dams Program projects, consistent with provisions of the Safety of Dams Act of 2004 that provide opportunities for participation by project beneficiaries in project design and management.
- d. Stimulus funding should also be directed toward rapid development and implementation of projects to improve water management and delivery facilities in urbanizing areas, consistent with the Aging Infrastructure provisions of the pending Omnibus Public Lands Management Act of 2009. As specific standards are developed in such cases, Reclamation, after consultation with water users, should identify near-term inspections, even though there may have been a recent inspection.

We can provide you with a list of many water infrastructure projects that could benefit from any combination of these recommendations. For example, the Minidoka Dam Spillway project (Idaho) is set to begin next year but the completion time line could be shortened if funding was provided at this time. Currently, this project is estimated to cost \$60 million, with the Bonneville Power Administration paying 50%, the federal government covering 8% and the water users responsible for 42% of costs. The benefit of stimulus dollars for the Minidoka Dam spillway project is that additional funds can cover the non-federal share of the construction costs, which would be repaid over time, as directed in the stimulus bill provisions.

Red Bluff Fish Passage Improvement Project is another “shovel-ready” project. Environmental documents are complete, and the project sponsor – Tehama-Colusa Canal Authority - has a completed Record of Decision. This project is critical to preservation of the regional agriculturally based economy, and will also provide great benefit to endangered and threatened fish species in the Sacramento River. The completion of this project will benefit water users statewide by providing near-term benefits to the fishery resource, thereby helping to resolve some of the regulatory issues that are crippling the ability to effectively manage water in California.

A scheduled project to overhaul the electrical power, control and communications systems at Laguna Imperial Dams on the Colorado River is an example of work that could be facilitated by the extended repayment provisions in the economic stimulus bills. Refurbishing the aging electrical systems at these two key facilities is a priority for the agricultural and municipal agencies in the region.

2. Improve Drought Management Through Water Management / Conservation / Reuse

Reclamation should allocate a substantial amount of stimulus funding to the over-subscribed water conservation and management Challenge Grant program and other existing cost-shared

programs for planning, designing, or constructing improvements to water infrastructure that conserve water, provide management improvements, and promote increased efficiencies.

For example, Solano Irrigation District has “shovel-ready” projects to address aging infrastructure, include a canal lining project nearing completion funded under a Reclamation Challenge Grant. In addition, as the canal lining projects are categorically exempt under the California Environmental Quality Act, the District can meet the work performance goals and demonstrate significant water conservation. In addition to creating jobs, this project would also impart a significant beneficial economic multiplier impact due to purchase of related materials, services, etc.

3. Fund “Shovel-Ready” Title XVI Water Reclamation & Reuse Projects

Stimulus resources should be directed to funding the federal share of existing Title XVI projects that are ready for construction or can be made ready for construction within the timeframe prescribed by the stimulus legislation. These reclamation and reuse projects augment existing urban water supplies and thereby reduce pressure on agricultural and rural supplies. We believe that additional focus should also be placed on using alternative energy sources (namely, solar) in tandem with improved desalination technology to tap into saline water sources to expand existing water supplies.

4. Provide Clean Water to Rural Areas

Ready-to-go rural water projects, including those already under construction, or “at risk” facilities, should be funded with priority in the manner specified by Congress in the final stimulus legislation. This includes addressing ongoing challenges associated with poor water quality on lands contained within Reclamation projects. For example, lands that produce some of the most salt and selenium are tied to the Mancos Shale, which underlies portions of western Colorado. Lands like these which were once submerged under ancient inland seas produce heavy salt loads (and potentially, selenium), which can discharge into rivers and tributaries in the Great Basin. While cattle producers east of the Mississippi actually have to add selenium to promote good animal health, here in the West, our problem is too much selenium. In fact, the U.S. Fish and Wildlife Service is now considering issuing a "take" under the Endangered Species Act if selenium levels are not reduced in critical habitat areas. The existing Salinity Control Program currently addresses many water quality problems, but selenium is not one of them. Providing incentives and funding assistance for water users in the Gunnison Basin could help rural communities escape avoid being caught between a rock and a hard place.

Recommendations for the Department of Agriculture, Natural Resources Conservation Service (NRCS)

We recommend that the Department and NRCS use stimulus funding to support the following previously authorized programmatic actions and activities:

1. Provide grants and loans for local water management, conservation and infrastructure improvement projects through the Watershed and Flood Prevention Operations Program;
2. Fund direct loans for Rural Water and Waste Water Disposal;
3. Provide grants for local water conservation, water quality and supply enhancement;
4. Coordinate with other agencies to allocate grant resources to help address environmental issues that could threaten the water available to the agricultural sector.
5. Provide funding to support projects through the Agricultural Water Enhancement Program (AWEP) and Environmental Quality Incentives Program (EQIP).

Within AWEP, priority should be given to those projects that are most likely to improve water quality or water conservation, involve multiple partners, maintain agricultural production, minimize administrative costs, and involve the highest percentage of producers in a region or watershed. Water and irrigation districts should be viewed with priority as potential partners, since they will be critical players in any successful regional water project. The Alliance believes that off-stream water storage impoundments and monitoring should be considered eligible AWEP projects.

Other Recommendations

1. Streamline the federal regulatory process

The slow pace of the federal regulatory process is likely to be a major obstacle to implementation of projects and actions that could employ stimulus funding to secure the Western water supply infrastructure. The goals of the economic stimulus legislation – job creation, renewed economic activity and an improved national infrastructure – could well be stymied by a protracted, duplicative and overly-complex regulatory process.

During consideration of the omnibus legislation in the House Transportation and Infrastructure Committee, Chairman James Oberstar said, *“This is a national emergency, and business as usual is not good enough anymore. If the purpose of this legislation is to be achieved, then we must set tight deadlines, and hold everyone accountable to them, both the federal agencies and the state and local grant recipients.”*

We couldn't agree more.

The Departments of Interior and Agriculture must work on an urgent basis with other appropriate federal agencies to streamline the regulatory process into one that is efficient, fair and effective.

The Senate stimulus bill recognizes the need for streamlining and provides funding for that purpose. It directs that NEPA reviews be “*completed on an expeditious basis and that the shortest existing applicable process*” under NEPA be used. The same principle should be applied to ESA and Clean Water Act reviews of ready-to-go projects. This can be accomplished through improved Inter-agency coordination and simultaneous rather than sequential project review by regulating agencies.

2. Refine and Improve Our Understanding of Watersheds Across the Nation Through Science and Data Collection

The House economic stimulus bill contains \$200 million for the U.S. Geological Survey (USGS). Our country has tremendous, but limited, resources available to fix our problems, so we must prioritize and sequence our actions. We urge your departments to promote coordination with other federal agencies like USGS as these stimulus funds are expended. The USGS National Streamgauge Information Program (NSIP) must become a priority for funding, increasing (not decreasing) the number of federally funded streamgages operated in this program and including the use of economic stimulus funds to update aging streamgauge equipment to the latest technologies available. This investment will not only create jobs in the high-tech industry, but will reduce operational costs in areas where water resource data collection is critical but are costly due to the remote landscapes. Scientific knowledge and understanding of groundwater and surface water supplies and management in many areas of the Nation will be critical to new storage projects that can help minimize the impact of climate change and global warming while meeting the growing demand for water in the future.

Thank you for this opportunity to share our recommendations with you. Success of the economic stimulus legislation is important to the family farmers and ranchers of our membership, and our recommendations are intended to ensure that federal stimulus dollars are used as effectively as possible.

If you have any questions please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dan Keppen', with a stylized flourish at the end.

Dan Keppen
Executive Director