AMERICAN RECOVERY AND REINVESTMENT ACT FUNDS FOR THE BUREAU OF RECLAMATION AND THE WATER RESOURCES DIVISION OF THE UNITED STATES GEOLOGICAL SURVEY (USGS)

OVERSIGHT HEARING

BEFORE THE

SUBCOMMITTEE ON WATER AND POWER

OF THE

COMMITTEE ON NATURAL RESOURCES
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

Tuesday, April 28, 2009

Serial No. 111-17

Printed for the use of the Committee on Natural Resources

Available via the World Wide Web: http://www.gpoaccess.gov/congress/index.html
or
Committee address: http://resourcescommittee.house.gov

U.S. GOVERNMENT PRINTING OFFICE

49-371 PDF WASHINGTON : 2009

For sale by the Superintendent of Documents, U.S. Government Printing Office
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OVERSIGHT HEARING ON "AMERICAN RECOVERY AND REINVESTMENT ACT FUNDS FOR THE BUREAU OF RECLAMATION AND THE WATER RESOURCES DIVISION OF THE U.S. GEOLOGICAL SURVEY (USGS)"

Tuesday, April 28, 2009

U.S. House of Representatives

Subcommittee on Water and Power

Committee on Natural Resources

Washington, D.C.

The Subcommittee met, pursuant to call, at 10:00 a.m. in Room 1324, Longworth House Office Building, Hon. Grace F. Napolitano [Chairwoman of the Subcommittee] presiding.

Present: Representatives Napolitano, McMorris Rodgers, Miller, Grijalva, Costa, Baca, Smith, Coffman, and McClintock.

Also present: Representatives Salazar, Hastings, and Radanovich.

Mrs. NAPOLITANO. Good morning, ladies and gentlemen. The Subcommittee on Water and Power will come to order.

Today's meeting and its purpose is to hold an oversight hearing on the "American Recovery and Reinvestment Act Funds for the Bureau of Reclamation and the Water Resources Division of the USGS, United States Geological Survey."

I ask unanimous consent that Congressman Salazar and Congressman Radanovich be allowed to sit on the dais when they arrive and participate in the Subcommittee today. No objection?

[No response.]

Mrs. NAPOLITANO. After my opening statement, I will recognize all the members of the Subcommittee for any statement they may have. Any Member who desires to be heard will be heard. Additional material may be submitted for the record by Members, by witnesses, or by any interested party. The record will be kept open for 10 business days following the hearing.

The five-minute rule for speaking, with a timer which is in front, and I have one and you have one, will be enforced. The green means go; yellow, you are near the end, please wrap it up; and the red means stop, or I will.

STATEMENT OF THE HONORABLE GRACE F. NAPOLITANO, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mrs. NAPOLITANO. First I would like to commend the Bureau of Reclamation and the U.S. Geological Survey for rightly prioritizing Title XVI water reuse projects, alleviating the rural backlog, and focusing on the streamgage system. Now, I realize it is not enough money, given the backlog that currently exists. However, we should be happy that we have some money to be able to do that, and continue to push every year until hopefully we will be able to make some inroads in being able to upgrade and maintain.

I have always been a very firm believer that the firsthand effects of Title XVI on a community's water supply are critical. The Title XVI program was authorized in 1992, during the sixth year of drought in California.

Since its authorization 17 years ago, Reclamation has consistently underfunded, and has been consistently unsupportive of this program. I hope you caught the emphasis.

We now face a third consecutive year of drought conditions, and the renewed urgency and importance for Title XVI. This program is more crucial now than ever. To quote my friend, Mr. Atwater, "we have reached a point where the consensus exists that this program can no longer be an afterthought."

I understand you are currently in the process of prioritizing which Title XVI projects will receive a part of the $135 million of American Recovery and Reinvestment Funds, plus $50 million in Fiscal Year 2009 budget. I request that the Bureau please provide this Committee and its members a copy of the final list as soon as feasible.

And while we are pleased with the progress shown in prioritizing the projects, we still have many unanswered questions. For my friend and colleague, Representative Costa, his constituents face a dire situation of a third straight year of horrible drought conditions in California, in Northern California. However, we are also pleased that Reclamation has decided to address the balance between ecosystem and water delivery upfront—funding restoration projects that restore the environment, but also protect water deliveries.

There are some questions sometimes about why we are protecting the ecosystem. Unfortunately, it is not talked about very well, but it does protect water.

I also have some questions about your infrastructure portion and the use of our funds for transferred works. Reclamation still holds title and liability to these projects although operation and maintenance costs are the responsibility of the non-Federal agency. Maybe in the underlying discussions we need to have at another time, is how we assist these non-Federal agencies in finding a mechanism for funding these programs, so as not to fall in disrepair and later cost the taxpayer woes.

For USGS, now is certainly not the time to lessen our water data by discontinuing gauges. And I have some questions regarding your streamgage system, and what is going to happen to those streamgages that are being rendered inoperable.

Again, Reclamation and USGS would commend your work in prioritizing projects, and look forward to your testimony. To all our

witnesses I look forward to the reasoning behind Reclamation and USGS's prioritized position methods. I also want to ensure that through the process, some accountability and transparency will be in place to safeguard public funds.

Now I yield to my friend and Ranking Member, Cathy McMorris Rodgers, for her statement.

[The prepared statement of Mrs. Napolitano follows:]

Statement of The Honorable Grace F. Napolitano, Chairwoman, Subcommittee on Water and Power

First, I would like to commend the Bureau of Reclamation and USGS for rightly prioritizing Title XVI water reuse projects, alleviating the rural water backlog, and focusing on the streamgage system.

I have always been a firm believer and have seen firsthand the effects of Title XVI on a community's water supply. The Title XVI program was authorized in 1992 during the sixth year of drought in California. Since its authorization 17 years ago, Reclamation has consistently underfunded and has been consistently unsupportive of this program. We now face a third consecutive year of drought conditions and a renewed urgency and importance for Title XVI. This program is more crucial than ever. To quote Mr. Atwater, "we have reached a point where the consensus exists that this program can no longer be an afterthought."

I understand that you are currently in the process of prioritizing which Title XVI projects will receive a part of the $135 million of American Recovery and Reinvestment Funds and $50 million in FY 09 Budget. Please provide the final list to the Subcommittee as soon as possible.

And while we are pleased with the progress Reclamation has shown in prioritizing their projects, we still have some unanswered questions. For my friend and colleague, Representative Costa, his constituents face a dire situation of a third straight year of drought conditions. However, we are also pleased that Reclamation has decided to address the balance between ecosystem and water delivery upfront—funding restoration projects that restore the environment but also protect water deliveries.

I also have some questions about your infrastructure portion, and the use of ARRA funds for transferred works. Reclamation still holds title and liability to these projects, though operation and maintenance costs are the responsibility of the non-federal agency. Maybe the underlying discussion we need to have at another time is how we assist these non-federal agencies in finding a mechanism for funding these programs so as not to fall in disrepair.

For USGS, now is certainly not the time to lessen our water data by discontinuing gages. I have some questions regarding your streamgage system.

Again Reclamation and USGS I commend your work in prioritizing projects and look forward to your testimony. To all our witnesses, I look forward to your perspective on the reasoning behind Reclamation and USGS prioritized decisions methods. I also want to ensure that through the process some accountability and transparency will be in place in safeguarding public funds.

I now yield to my friend and Ranking Member, Cathy McMorris Rodgers for any statement she may have.

STATEMENT OF THE HONORABLE CATHY McMORRIS RODGERS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

Mrs. MCMORRIS RODGERS. Thank you, Madame Chairman. I thank you especially for holding this hearing.

One of the goals of this Committee is to keep the water running and the lights on. And this goal crosses party lines, so I appreciate the bipartisanship, cooperation, and effort behind this hearing.

Federal projects have historically provided numerous benefits to my district in eastern Washington State. Many of our western deserts have been literally transformed into the most productive farmland in the world because of these legendary projects.

This infrastructure helped settle the Western part of our Nation, win World Wars and, still today, serves as a vital function in providing food for domestic and international consumers, and also provides important renewable hydropower.

Much of our infrastructure is in jeopardy, however, because of age, environmental litigation, insufficient funding, and other factors. In addition, there is a growing debate about the future role of the Bureau of Reclamation, the agency that owns many of these projects. And the agency's release of the so-called stimulus funding has only fueled the debate. And the debate will be front and center before this Subcommittee today as we hear from a diverse panel of witnesses.

There are numerous questions about the effectiveness and allocation of the stimulus funding. For example, was infrastructure shortchanged at the expense of ecosystem restoration? Why did the Bureau open itself to bipartisan criticism for not helping resolve the loss of 60,000 water-related jobs in California? And how many jobs will be created from this funding?

I look forward to hearing the answers to these questions, and hearing how the Bureau will be transparent and accountable in conducting its business.

And in closing, I want to thank the Chairwoman again for this hearing. I thank the witnesses for their testimony and dedication, and I look forward to working with everyone on this important issue.

[The prepared statement of Mrs. McMorris Rodgers follows:]

Statement of The Honorable Cathy McMorris Rodgers, Ranking Republican, Subcommittee on Water and Power

Thank you, Madam Chairwoman, for holding this hearing.

One of our goals here is to keep the water running and the lights on. This goal usually crosses party lines and this hearing represents a step in this direction, so I appreciate the bipartisan cooperation and effort behind this hearing.

Federal projects have historically provided numerous benefits to my district in eastern Washington State. Much o of our western deserts have been literally transformed into the most farmland in the world because of these legendary projects. This infrastructure helped settle the western part of our Nation, win world wars and still today serves a vital function in providing food for domestic and international consumers and renewable hydropower.

Much of our infrastructure is in jeopardy, however, because of age, environmental litigation, insufficient funding and other factors. In addition, there is a growing debate about the future role of the Bureau of Reclamation—the agency that owns many of these projects. The agency's release of so-called "stimulus" funding has only fueled that debate.

And that debate will be front and center before this Subcommittee today as we hear from a diverse panel of witnesses.

There are numerous questions about the effectiveness and allocation of stimulus funding. For example:

- Was infrastructure shortchanged at the expense of ecosystem restoration?
- Why did the Bureau open itself to bipartisan criticism for not helping resolve the loss of 60,000 water-related jobs in California?
- And how many jobs will be created from this funding?

I look forward to hearing answers to these questions and hearing about how the Bureau will be transparent and accountable in how it conducts business. This hearing should serve as a good step toward a collaborative process. To that end, I expect the agency to meet with this Subcommittee and its stakeholders throughout this process.

In closing, I want to thank the Chairwoman again and thank the witnesses for their testimony and dedication. I look forward to working with everyone on this important issue.

Mrs. NAPOLITANO. Thank you, ma'am. And now we will proceed to hear from Doc Hastings.

STATEMENT OF THE HONORABLE DOC HASTINGS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON [EX OFFICIO]

Mr. HASTINGS. Thank you, Madame Chairwoman. I thank you very much for holding this very important hearing. And I want to commend my fellow Republican Members for asking for this hearing, and I am glad to join all of you here today.

Madame Chairman, as you know, water is the lifeblood of central Washington and throughout the West. The Bureau of Reclamation's multi-purpose projects have formed the economic and social fabric of many of our western communities.

The food grown using Reclamation-delivered water has fed millions, both here in America and around the world. The Columbia Basin Project and the Yakima Project in my district are consistent examples of what is working regionally and for America. And they must continue to be part of our working river system. Yet they and many other irrigation hydropower projects are under constant assault.

My distinguished colleague from eastern Washington, Cathy McMorris Rodgers, just a moment ago spoke about the future of the Bureau of Reclamation. Our need for food security and domestic jobs must be included in this debate. And as we are witnessing in the San Joaquin Valley of California, where unemployment hovers around 40 percent because of agricultural water that has been diverted because of a three-inch fish.

People's economic needs must be one of the most important parts of this equation. In those contexts, I, and many others who understand the importance of our traditional water and power infrastructure, had hoped that the Bureau of Reclamation would focus much of its funding effort on aging infrastructure.

In some ways, the agency, frankly, did a good job. But overall, the numbers are much lower than many expected, especially when comparing them to some of the ecosystem restoration in other projects.

For example, ecosystem restoration funding has been allocated to help private, non-Reclamation efforts at the Klamath Basin and at Battle Creek, California; and the agency will also spend around $14 million on a green building in Nevada.

These projects, Madame Chairwoman, may be worthwhile, but some inevitable questions arise when we have $3 billion in aging infrastructure backlogs that are directly related to Reclamation and its customers. And we have a crisis situation, as has been mentioned by both the Chairwoman and the Ranking Member in the San Joaquin Valley. And yet the agency has failed to ask me how many overall jobs will be created by spending $1 billion in economic stimulus funding.

We had also hoped that the agency would use this as an opportunity to employ some permit streamlining and reduce overhead, so that more money could be used for "on-the-ground purposes," when we hear from the Family Farm Alliance today about this disappointment, as well.

And with that, I hope to get some answers today. Madame Chairman, I want to thank you again for agreeing to holding this hearing. I look forward to working with everyone here today on these important matters.

[The prepared statement of Mr. Hastings follows:]

Statement of The Honorable Doc Hastings, Ranking Republican, Committee on Natural Resources

Thank you, Chairwoman Napolitano, for holding this important hearing. I commend my fellow Subcommittee Republicans for asking for this hearing and am glad to join everyone here today.

Water is the lifeblood of Central Washington and throughout the West. The Bureau of Reclamation's multi-purpose projects have formed the economic and social fabric of many of our western communities. The food grown using Reclamation-delivered water has fed millions both here in America and around the world. The Columbia Basin and Yakima Projects in my district are consistent examples of what's worked regionally and for America. And they must continue to be a part of our working river systems. Yet, they and many other irrigation and hydropower projects are under constant assault.

My distinguished colleague from eastern Washington, Cathy McMorris Rodgers, spoke of the debate about the future of the Bureau of Reclamation. Our need for food security and domestic jobs must be included in this debate. And, as we are witnessing in the San Joaquin Valley of California—where unemployment hovers at 40% because agricultural water has been diverted to a three-inch fish—people's economic needs must be one of the most important parts of the equation.

In those contexts, I—and many others who understand the importance of our traditional water and power infrastructure—had hoped the Bureau of Reclamation would focus much of its funding effort on aging infrastructure. In some ways, the agency did a good job. But, overall, the numbers are much lower than many expected, especially when comparing them to some of the ecosystem restoration and other projects. For example, ecosystem restoration funding has been allocated to help private, non-Reclamation efforts at the Klamath basin and at Battle Creek, California. The agency will also spend $14 million on a green building in Nevada. Those projects may be worthwhile, but some inevitable questions arise when we have $3 billion in aging infrastructure backlogs that are directly related to Reclamation and its customers, we have a crisis situation in the San Joaquin Valley, and, yet, the agency has failed to estimate how many overall jobs would be created by spending one billion dollars of economic stimulus funding.

We had also hoped that the agency would use this as an opportunity to employ some permit streamlining and reduce overheard so that more money could be used for "on-the-ground" purposes. We will hear from the Family Farm Alliance today about this disappointment as well.

With that, I hope to get some answers today. Madam Chairwoman, thank you again for agreeing to hold this hearing and for allowing us to hear from a diverse panel today. I look forward to working with everyone here today on these important matters.

Mrs. NAPOLITANO. Thank you, sir. Mr. McClintock, I understand you do not have a statement.

Mr. Radanovich.

STATEMENT OF THE HONORABLE GEORGE P. RADANOVICH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. RADANOVICH. Good morning, Madame Chairwoman and Ranking Member McMorris Rodgers. Thank you very much for allowing me to participate back. It is good to be back on the Committee, I might add, and offer some opening statements regarding the funding for the economic stimulus package and how it may or may not affect our situation in California.

The purpose, Madame Chairwoman, of the American Recovery and Reinvestment Act, better known as the Stimulus, was to stimulate the economy and create American jobs. In this Act, the Bureau of Reclamation was given $1 billion of new stimulus funding to responsibly spend on projects that shore up water infrastructure and create jobs in America.

As this Committee is well aware from last month's hearing on the California drought, my state is facing a water crisis of epic proportions. Three record dry years, in culmination with judicial decisions that favor fish over humans, have resulted in our current crisis.

The drought caused in part by the Endangered Species Act only enlarges the national economic and financial crisis in the San Joaquin Valley. The region represents some of the highest foreclosure rates in the country, along with unemployment in the cities at 15 percent and growing, not to mention rural communities on the west side of Fresno County, which are being decimated with 40 percent unemployment.

Last week the Bureau of Reclamation released new Central Valley Project Water Allocation numbers, giving a 10 percent allocation to agriculture users south of the Delta. The 10 percent water allocation in the middle of April means little to the farmers who, months ago, made the decision to fallow their land or pull out crops because of the 0 percent allocation given at the beginning of the year.

This is a case of too little, too late for many of the ag workers in the district who are now without jobs. Times are so desperate that many hungry families must now get their food from food banks because they can't afford groceries. How ironic that this action is necessary in the largest agricultural-producing county in the nation.

With this $1 billion of new spending, the Bureau of Reclamation can meet the goals of the American Recovery and Reinvestment Act by simply moving forward with projects to allow Delta pumps to increase pumping, and thereby saving thousands of jobs in the San Joaquin Valley at no cost to taxpayers.

According to the University of California, increased pumping out of the Delta would save nearly 40,000 jobs in the San Joaquin Valley. With many of our cities facing skyrocketing unemployment rates, saving 40,000 jobs would have an enormous impact on our economy. And yet, no such relief comes to my region via this Act. And today I would like to know why.

I was disappointed, if not stunned, to see that the Two Gates Project on the Delta on the Bureau's stimulus was not included in the Bureau's stimulus funding project list. The Two Gates Project is an immediate and temporary solution to both protected, threatened Delta smelt from the pumps, and to increase Delta pumping to communities south of the Delta.

Why wouldn't the Bureau address the biggest factor contributing to the California water crisis, and move forward with a project to protect the species and increase pumping? And why they are not, I can't imagine why this is not happening.

Solutions to increase pumping in the Delta, such as the Two Gates Project, are only temporary. We still must move forward

with long-term solution, such as additional above-ground water storage and a peripheral canal. I encourage the Bureau to be responsible in their management of these taxpayer dollars, and use them in such a way that creates the most bang for the buck.

I also look forward to hearing from the Bureau, hearing the Bureau answer questions on why they did not include the Two Gates Project, and whether funds can be shifted to this project. Further, I want to know how the Bureau will specifically be spending money, be spending the funding assigned to the emergency drought relief, and how many jobs they expect to relate with their project list.

My constituents didn't need a stimulus bill full of funds to go to solve problems elsewhere or to clean up the environment; they need water. And I want to know why they can't get it.

Thank you very much, Madame Chair.

Mrs. NAPOLITANO. Thank you, Mr. Radanovich. And we have next Adrian Smith.

Mr. SMITH. Madame Chair, I will submit that for the record.

[The prepared statement of Mr. Smith follows:]

Statement of The Honorable Adrian Smith, a Representative in Congress from the State of Nebraska

Good morning and thank you, Chairwoman Napolitano and Ranking Member McMorris Rodgers for holding this important oversight hearing today. Representing Nebraska's Third Congressional District, I cannot understate the concerns from my constituents when it comes to accountability and transparency in how government spends taxpayer money.

The recently enacted American Recovery and Reinvestment Act (P.L. 111-5) appropriated $1 billion to the Bureau of Reclamation. As we all know, Reclamation's primary responsibilities are water and power projects and the maintenance of water and power infrastructure, and currently there are numerous Reclamation projects in serious need of stabilization.

At a time when farmers are experiencing higher input costs for fuel, electricity, feed and other expenses necessary to keep their operations going, we must remain mindful of the economic impacts on agriculture, especially on those farms dependent on Reclamation irrigation projects. Farmers cannot afford rising water costs, and I hope we can all agree on the need to repair and safeguard aging infrastructure before beginning any new initiatives.

That said landowners, water users, and other interested parties in Nebraska have questioned Reclamation's recent objectives. It is my understanding Reclamation recently participated in an arbitration hearing concerning the ongoing water dispute between Nebraska and Kansas. While the federal government has a role in assisting the state with water management, my constituents have raised concerns with this action, stressing the importance of state primacy on this sensitive issue.

I look forward to hearing testimony from Bureau of Reclamation Acting Commissioner Bill McDonald, and all of our witnesses. I hope they will be able to shed light on these important issues.

Thank you, Chairwoman.

Mrs. NAPOLITANO. Thank you. Mr. Coffman, you have no statement?

Mr. COFFMAN. Yes, I do, Madame Chairman.

STATEMENT OF THE HONORABLE MIKE COFFMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF COLORADO

Mr. COFFMAN. I would like to thank the Chairwoman and Ranking Member for holding this hearing today. I would also like to thank our witnesses for coming before us.

The Department of the Interior and the Bureau of Reclamation were allocated approximately $1 billion in the American Recovery and Reinvestment Act of 2009. As America struggles to update its aging water infrastructure, it is vital that funds allocated to the Department of Interior are wisely spent.

I, along with many of my colleagues, including Ranking Member Hastings, Congresswoman McMorris Rodgers, and Chairwoman Napolitano know the importance of water in the West. I look forward to ensure with them to ensure that funding allocated to the Department of the Interior is spent in a manor that will help us reach our current and future water needs. Thank you.

Mrs. NAPOLITANO. Thank you so very much. And I think we will move on to the testimony.

We have one panel today, and the witnesses will be introduced just before they are to testify. After we hear from all of you, we will move to questions. All your submitted prepared statements will be entered into the record, and all witnesses are asked to kindly summarize the high points of your testimony, and limit your remarks to five minutes. Again, the timer—I am an enforcer, according to Doc Hastings—rule applies to questioning for questions, including responses, and applies to our members. If there are any additional questions, we probably would have a second round.

For our first panel, we have Mr. Bill McDonald, Acting Commissioner for the Bureau of Reclamation here in Washington, D.C. We have Dr. Matthew C. Larsen, Associate Director for Water at the United States Geological Survey, Water Resources Discipline, in Reston, Virginia. Ron His Horse is Thunder, Chairman of the Standing Rock Sioux Tribe and Great Plains Tribal Chairman Association in Fort Yates, North Dakota. Mr. Dan Keppen, Executive Director of Family Farm Alliance from Klamath Falls, Oregon. Mr. Richard Atwater, Chief Executive Officer and General Manager for the Inland Empire Utilities Agency and WateReuse Association in Chino, California. And finally, Mr. Mike McDowell, General Manager at the Heartland Consumers Power District in Madison, South Dakota.

Gentlemen, welcome. And we will start with Mr. McDonald.

STATEMENT OF BILL McDONALD, ACTING COMMISSIONER, BUREAU OF RECLAMATION, WASHINGTON, D.C.

Mr. MCDONALD. Thank you very much, Madame Chairman. I am Bill McDonald, the Acting Commissioner of Reclamation. My written statement has been submitted for the record. I would also request that the Department's April 14, 2009, letter to the Chairman and Ranking Members of the Appropriation Subcommittees in the Senate and the House, which we have previously provided to the Subcommittee staff, be included in the record of this hearing, if you would, please.

Mrs. NAPOLITANO. Without objection, so ordered.

Mr. MCDONALD. Thank you.

[DOI's April 14, 2009, letter to the Senate and House Appropriations Committees follows:]

United States Department of the Interior

OFFICE OF THE ASSISTANT SECRETARY
POLICY, MANAGEMENT AND BUDGET
Washington, DC 20240

TAKE PRIDE IN AMERICA

APR 14 2009

The Honorable Byron Dorgan
Chairman, Subcommittee on Energy
and Water Development
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Senator Dorgan:

On March 19, 2009, the Department of the Interior submitted a general plan for the expenditure of American Recovery and Reinvestment Act (Recovery Act) funds which served to meet the requirement in Title IV that the Bureau of Reclamation submit a quarterly report beginning no later than 45 days after enactment. With this letter, we are providing a list of the projects to be funded by the Department using the $1,000,000,000 provided in Title IV. A description of the project selection process and the criteria used is also provided. The Department has chosen projects which stimulate the economy quickly and provide jobs, address high-priority mission needs, and provide lasting value.

Funding of $945,250,000 is allocated to projects in Reclamation with $4,750,000 for management and oversight pursuant to Section 403 of the Recovery Act. The remaining $50,000,000 is being transferred to the Department's Central Utah Project Completion Act, consistent with the provision in the Recovery Act for the discretionary transfer of funds.

This letter is being submitted in accordance with the arrangements and understanding the Department has with the House and Senate Committee on Appropriations with respect to American Recovery and Reinvestment Act procedures.

Identical letters are being sent to the Honorable Robert Bennett, Ranking Minority Member, Subcommittee on Energy and Water Development, Committee on Appropriations, United States Senate; the Honorable Peter Visclosky, Chairman, Subcommittee on Energy and Water Development, Committee on Appropriations, House of Representatives; and the Honorable Rodney Frelinghuysen, Ranking Minority Member, Subcommittee on Energy and Water Development, Committee on Appropriations, House of Representatives.

Sincerely,

Pamela Haze

Pamela K. Haze
Acting Assistant Secretary
Policy, Management and Budget

Enclosures

Mr. McDONALD. As Secretary Salazar announced on April 15, $945 million is being devoted to Reclamation projects; those are summarized in my written testimony and its attachment. And there is a complete list of individual projects in the April 14 letter to the Appropriations Subcommittee, so I will not run through those details. And would simply also note that $50 million, as permitted by the Recovery Act, was transferred to the Central Utah Project.

I would like to indicate that in the case of four financial assistance programs, the sums to be devoted to them have been announced, but the individual announcements have yet to be picked. Those programs will provide money for the Title XVI Wastewater

Reuse and Reclamation projects for our Challenge Grant Water Conservation Program, for Title II Colorado River Basin Salinity Control Projects, and for Lower Colorado River Multi-Species Conservation Plan Projects.

All of those grants, financial assistance programs are underway with competitive selection processes, and project evaluation criteria that were posted on Grants.gov website last month.

And finally, $40 million has been set aside for emergency drought relief projects to be accomplished in 2009, which will focus on the needs of California. Given the situation in California, which, as noted, is particularly dire south of the Bay Delta; and as I speak, indeed we are in the process of identifying drought relief projects, working with the water users at a meeting Friday, and continuing with conversations this week with the interests in the San Joaquin Valley. And through that process, we would expect to identify projects eligible for immediate funding under the Drought Relief Act of 1991 and other authorities, and move quickly to get that $40 million disbursed.

Let me turn now to which projects and programs were selected. This is discussed at some length in my written testimony and in the April 14 letter to the Appropriations Subcommittee, so I will just touch on a few highlights.

First, by way of background, Reclamation began assembly information on authorized projects which it would have the capability to start or accelerate last summer, as Congress began considering legislation that would potentially call on Reclamation to rapidly expend millions of dollars for stimulus of the economy.

As the Congressional deliberations proceeded and the scope and nature of that potential stimulus package changed over time, we collected additional information late in 2008, continuing right into January, as this new Congress reconvened. And by February, we were already at the point where we were refining our information and beginning to make decisions, even as we awaited the final passage of the bill.

The Recovery Act, as you well know, did not authorize new projects; it only appropriated money for already authorized projects and activities. The projects that were authorized by the Omnibus Lands Bill, Public Law 111.11, which was not enacted until March 13, simply came too late to be considered, except for the Title XVI projects which, because they are going through a competitive selection process, have yet to be selected and could be considered.

The Recovery Act and the accompanying conference report established a number of requirements to set the basic parameters for our project selection process. First, Section 1603 requires that all funds be obligated by the end of physical 2010. That is an absolute requirement that must be met.

In addition, the Recovery Act's conference report that indicated that when allocating funds, Reclamation should consider projects, programs, and activities which, number one, could be executed quickly; number two, have little schedule risk; and number three, will be executed by contract or direct hire of temporary labor, and will result in high immediate employment.

The Department also directed that we achieve a high rate of expenditure, not just obligations, by the end of physical 2010, con-

sistent with the spirit of the Act and the President's programs. So in short, we placed a very high priority on shovel-ready projects.

The Recovery Act also established minimum funding levels for Title XVI projects, rural water projects, and the canal inspections programs, so those minimums, as required by statute, further informed our decision-making process.

In the spirit of the Act, Reclamation and the Department used a multi-tiered merit-based evaluation process that considered the objectives of job creation and advancing Reclamation's overall program priorities. After screening the projects for the requirements that I just listed, we further gave priority to projects that would accelerate construction already underway, would achieve more efficient construction schedules by doing that, cost reductions, and an earlier realization of project benefits.

The selection process and the criteria, again, are detailed in my written testimony and the April 14 letter to the Appropriations Committees.

In the context of that framework and that set of requirements and objectives, we reviewed, at the end of the day, approximately $2 billion worth of potential projects. Since we could consider only authorized projects and activities, these were identified based on our fairly regular program formulation process or out-year budget projections and long-term investment plans.

Because of this, we generally looked only at extraordinary maintenance and replacement work on facilities for which we are responsible for budgeting the necessary monies, which we refer to as reserved works. The work is reserved, the O&M work is reserved to Reclamation.

Those facilities for which water users have assumed, by contract, the responsibility for maintenance at their own expense on their own budget, with their own workforce, which we refer to as transferred works, were generally not considered, because we are not responsible for, and do not budget for, those projects and their maintenance.

To the extent that a few transferred works were brought to our attention, we considered them, but they were given a lower priority.

As a result, all the specific projects and the infrastructure and reliability and safety investment program area ended up being reserved works.

To the extent that water users would otherwise have to advance these monies in the year in which we undertook an extraordinary maintenance or replacement activity, we will instead employ the new authority that allows for repayment or, over a period of time, a further recovery act if that is requested by a water user.

While this authority also could have been applied to Transfer Works, the idea of that language came so late in the Congressional deliberations, it was not in the House Bill that was passed last July; it was not considered and discussed in the course of the Fall.

It came so late long after we had started assembling data, that we had moved beyond the point of being able to go back and collect information about what water users might have in the way of proposed projects; did they have the necessary engineering complete;

did they have environmental compliance in order; could they obligate funds; could they expend. Simply too late in the process.

In conclusion, let me say that the Department will work to ensure that the Recovery Act's goals of job creation and mission advancement will have maximum transparency to the Congress and the public. There are multiple reporting requirements built into the Act, all of which we have complied with to date. We certainly will continue to do so in the future.

All of our financial assistance possibilities have been posted on Grants.gov. The information that has been transmitted to this Committee and to the Appropriations subcommittees has been posted on the website, and we will continue to do that sort of thing.

I want to thank the Subcommittee for giving me the opportunity to testify, and look forward to answering questions.

Thank you.

[The prepared statement of Mr. McDonald follows:]

Statement of J. William McDonald, Acting Commissioner, Bureau of Reclamation, U.S. Department of the Interior

Madam Chairwoman and members of the subcommittee, I am Bill McDonald, Acting Commissioner of the Bureau of Reclamation. I appreciate the opportunity to report on the selection of projects by the Department of the Interior to be funded with the $1 billion appropriated to Reclamation by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).

To begin, I know that the subcommittee has specific questions on the readiness of Recovery Act projects, the criteria used to select them, how we'll maximize effectiveness, and what the effect of this appropriation will be on Reclamation's 2010 budget. We look forward to this opportunity to address these issues during this hearing and through the statements below.

Reclamation's Investments in the Future

The Department and Reclamation are moving expeditiously with our customers to invest funds appropriated by the Recovery Act in projects which will quickly provide jobs and stimulate the economy. As Secretary Salazar announced on April 15, $945 million is being devoted to Reclamation recovery projects in six program investments areas, summarized here and with individual projects detailed in the attached one page table:

- Meeting Future Water Supply Needs — $450.9 Million
- Infrastructure Reliability and Safety — $164.5 Million
- Environmental/Ecosystem Restoration — $236.3 Million
- Green Buildings — $ 13.5 Million
- Water Conservation Initiative (Challenge Grants) — $ 40.0 Million
- Emergency Drought Relief — $ 40.0 Million

As permitted by the Recovery Act, $50 million is being transferred to the Department's Central Utah Project Completion Act for work that includes continuing construction of both the Spanish Fork Canyon Pipeline and the Spanish Fork—Provo Reservoir Canal Pipeline, as well as the construction of the Big Springs Fish Hatchery for the Ute Indian Tribe. Finally, as permitted by the statute, $5 million is being set aside for management and oversight.

From the $450.9 million for projects which will meet future water supply needs, $200 million will go to six rural water projects in the Dakotas and Montana, and $135 million will be devoted to water reclamation and reuse projects authorized by Title XVI of Public Law 102-575, as amended. Title XVI projects are currently being evaluated and prioritized based upon criteria which were publicly announced in March, with the selection of individual projects to be announced in the coming months. With these sums, we can make substantial progress on these projects and accelerate the delivery of project benefits to Native Americans, rural communities, and metropolitan areas.

Also of interest to this Subcommittee, Reclamation projects in many western states will receive Recovery Act dollars for infrastructure reliability and safety improvements. Reclamation is allocating $164.5 million for infrastructure, reliability and safety improvements, including accelerating construction work on the Folsom Dam in California and performing flatiron penstock recoating to the Colorado Big Thompson Project. Environmental/ecosystem restoration is another area that Reclamation is dedicating a significant amount of its ARRA funding. Oregon projects will benefit with more than $4 million in funds for environmental restoration and infrastructure reliability. Projects in Colorado will receive more than $20 million for infrastructure reliability, as well as $12.1 million at the Animas-La Plata facility straddling the border with New Mexico; projects in Arizona more than $66 million for infrastructure reliability, future water supplies and environmental restoration; projects in Washington more than $120 million for infrastructure reliability, future water supplies and environmental restoration; and projects in California more than $260 million for ecosystem restoration and infrastructure reliability. Additionally, Reclamation is yet to announce $135 million worth of specific water recycling projects funds, many of which are authorized for funds in California. Finally, $266 million is for various projects widely distributed across the western states.

Just as the final selection of individual Title XVI projects has yet to be made, this is also the case with the financial assistance that will be provided to non-federal parties for projects under the Water Conservation Initiative/Challenge Grants ($40 million), for Title II Colorado River Basin Salinity Control Projects ($10 million), and for Lower Colorado River Multi-Species Conservation Implementation projects ($2.5 million). All three of these are competitive grant programs for which the selection criteria and project solicitations have already been publicly announced on www.grants.gov. All three have closing dates in May, after which final projects will be selected.

Likewise, the final selection of emergency drought relief projects to be undertaken pursuant to the Drought Relief Act of 1991 and other authorities has yet to be made. This is because we are in the process of gathering information from those suffering from 2009 drought conditions regarding the assistance they need. We are moving as rapidly as possible on this front and expect to reach decisions and begin some projects within the coming months.

Project Selection Process

Consistent with the ARRA guidelines, funding was allocated to programs, projects, or activities that will complete either a project phase, a project, or will provide a useful service that does not require additional funding. The Recovery Act does not provide funding for any new projects not previously authorized by Congress. Accordingly, all selected projects are ones which would be undertaken by Reclamation in the normal course of business. They were identified from Reclamation's standard program formulation process, out year budget projections, and long-term investment plans.

In this context, Reclamation reviewed approximately $2 billion worth of potential projects. In the spirit of the Recovery Act, Reclamation and the Department used a multi-tiered, merit-based evaluation process that considered:

1. ARRA general objectives (e.g., creating jobs and investing in infrastructure) and Department of the Interior policy objectives (e.g., improving energy efficiency and assisting Native Americans),
2. Priorities specific to Reclamation as required by the Recovery Act and its Conference Report and as established by the Department,
3. Reclamation's overall program priorities, and
4. Criteria for selection of projects within individual program investment areas.

The Recovery Act requires, in section 1603, that all funds appropriated by the act be obligated by the end of Fiscal Year 2010. The Department further placed priority on those projects which could maximize expenditures by then, not just be obligated. Accordingly, we expect that nearly all projects which we have selected will be well along by the end of Fiscal Year 2010 and completed by the end of Fiscal Year 2011, although a few will not be completed until Fiscal Year 2012.

In addition, the Act and its Conference Report established a number of requirements unique to Reclamation. First, certain minimum funding levels were established for rural water projects ($60 million), Title XVI projects ($126 million), and inspections of canals in urban areas ($10 million). Second, the Conference Report indicated, but did not require, that priority be given to projects which have little schedule risk, will be executed by contract or the hiring of temporary labor, and will complete either a project or a phase of a project and will provide a useful service that does not require additional funding. Some have referred to these projects as

"shovel ready." Finally, with regard to rural water projects, priority was to be given to the water intake and water treatment features of these projects.

With regard to Reclamation's overall program priorities, we gave priority to Recovery Act activities which, through the acceleration of construction already underway, would achieve more efficient construction schedules, probable cost reductions, and an earlier realization of project benefits. In addition, we are funding a relatively small number of large construction projects, with the use of stimulus funding balanced across program investment areas to maximize the benefit from this appropriation. For this reason, project timelines and the transmittal of funds will vary depending on the state of a project at the time when Recovery Act funds are provided.

Within certain programs, Reclamation used evaluation criteria specific to those individual programs, such as dam safety projects, Title XVI water reclamation and reuse projects, water conservation grants, and infrastructure repairs and replacements. These have been documented in the Department's April 14, 2009, letters to the Senate and House Appropriations Committees.

Obviously many of the projects receiving funding under the Recovery Act may be included in the President's 2010 request. However, we do not have information at this point to characterize the Recovery Act's affect on funding amounts that will be requested for 2010.

Reporting on Our Progress

The Department will work to assure that the Recovery Act's goals of job creation and mission advancement will have maximum transparency to Congress and the public. At all levels of the organization we clearly understand that the Recovery Act represents a once-in-a-lifetime opportunity to concurrently advance Reclamation's mission and the country's economic future. We are committed to the success of this effort and to being accountable for the expenditure of the stimulus monies which have been entrusted to us.

As required by the law, we began reporting on our progress in implementing the Recovery Act with the first posting on March 3 to the Recovery.gov website. On March 19, the Department submitted a general plan for the expenditure of Recovery Act funds which met the requirement in Title IV of the Recovery Act to submit a quarterly report beginning no later than 45 days after enactment. The aforementioned April 14 letter to the Appropriations Committees then provided a list of the projects which had been selected for funding with the $1 billion appropriated to Reclamation by the Recovery Act. We will, of course, continue to provide all required reports.

The Department has also established its own specific web page at www.doi.gov/recovery, which links to Recovery.gov and displays more in-depth information on Recovery Act projects undertaken by Reclamation. This site will be kept up-to-date as we progress so that our Recovery Act projects and activities, and the expenditure of funds, is fully transparent.

Conclusion

In conclusion, I want to thank the Subcommittee for giving me the opportunity to testify on what Reclamation has done to move forward in creating jobs and implementing the Recovery Act. I would be pleased to respond to your questions.

Response to questions submitted for the record by J. William McDonald

Questions submitted by Chairwoman Grace Napolitano

Question 1: The outstanding question that your testimony did not answer is how many jobs will the Reclamation ARRA funds create'!

Answer: We expect to receive additional information on job creation in the months ahead as American Recovery and Reinvestment Act (ARRA) monies are disbursed and contracts are awarded to non-federal entities. At this time, it is difficult to determine exactly how many jobs ARRA funds will create because much of these funds will go to contractors who will hire employees to perform the work. As you know, the Council of Economic Advisers has provided guidance that one full time equivalent job year is created or saved by spending $92,136. Using this figure, Reclamation's $950 million funding would be equivalent to approximately 10,300 jobs. We are still developing means of tracking actual jobs created to compare to this estimate.

Question 2: What is your definition of shovel-ready'!

Answer: A project or activity must be previously authorized to be constructed by Reclamation or otherwise funded by Reclamation with ARRA monies. Further, the

design and engineering, and environmental compliance had to be well along, if not complete, and other construction prerequisites had to be well in hand in order to receive Recovery Act funds. The projects selected had to be executed quickly, have little schedule risk, and be executed by contract or direct hire of temporary labor and result in high, immediate employment.

Question 3: Currently, California and parts of Texas are experiencing drought conditions and water emergency supply losses. Why are there no emergency drought relief projects in the project list Reclamation submitted'! When do you expect these projects to be determined'!

Answer: Reclamation announced that it will allocate up to $40 million in Recovery Act funds to projects that will address the impacts of drought in the west with a focus on California. We are currently in the process of evaluating proposed drought relief projects for funding, and expect to finalize our selections in the coming weeks. Through our review process, Reclamation will ensure that ARRA funding will be used for emergency drought relief projects that can quickly and effectively mitigate the consequences of the current drought.

Apart from our steps to allocate ARRA funding to drought relief projects, Reclamation has taken other significant steps to address drought conditions. Other actions include Reclamation's prompt completion of appropriate environmental analysis needed to facilitate water transfers through California's Drought Water Bank. The water bank will make additional supplies of water available now and in the future by enabling the state to purchase water from willing sellers upstream of the Sacramento-San Joaquin Delta, and to approve the transfer of the water to willing buyers using State Water Project facilities or Central Valley Project facilities.

Reclamation has also obligated funding for water use efficiency projects in California though multiple grant programs to accelerate the implementation of water conservation activities. These activities included rebate programs, irrigation system upgrades, technology transfer to improve and advance Best Management Practices, and water conservation educational programs. Grants were funded through the Water Conservation Field Services Program, the Challenge Grant Program, and the CALFED Water Use Efficiency Grant Program. Finally, the State of Texas has not yet made a drought declaration and request to the Secretary of the Interior. Therefore, under the terms of Section 104 of the Reclamation States Emergency Drought Act (PL 102-250), Texas is not currently eligible for Drought Act funding.

Question 4: The Title XVI project selection criteria states that projects will not receive construction money unless they have a finding from the Bureau that their feasibility study meets the requirements of Title XVI of PL 102-575. How many projects have these findings from the Bureau? What do projects need to do to receive determination of feasibility?

Answer: There are now 53 individually authorized Title XVI projects. Amendments made in 1996 to Title XVI of P.L. 102-575 established a requirement that a project must include a completed feasibility study prior to construction funding. In addition to projects authorized in 1992 and other demonstration projects that do not require feasibility studies, twenty-eight projects have received a finding from Reclamation that the project's feasibility study meets the requirements of Title XVI. It is important to note that an activity proposed for Recovery Act funding might be merely one component of a larger authorized Title XVI project and that project's approved feasibility study.

To receive a determination of feasibility, project sponsors need to submit a copy of a feasibility study to Reclamation for review. The study must include introductory information such as a description of the study area, a statement of problems and needs, water reclamation and reuse opportunities, description of alternatives, economic analysis, justification of the selected alternative, environmental consideration and potential effects, legal and institutional requirements, financial capability of the sponsor, and research needs if applicable.

Reclamation has committed to timeframes for its review of the feasibility study report once submitted. For example, Reclamation will initiate review of the study report within 15 days, will establish a review team within 15 days of initiating review, and will notify the project sponsor within 90 days if additional information is necessary.

Detailed description of required elements of a Title XVI feasibility study, along with a description of the review process and timeframes, are publicly available at http://www. usbr.gov/recman/wtr/wtr11-0l.pdf.

The Bureau of Reclamation also recently announced its ARRA funding for water reclamation and recycling projects. Using funds appropriated by the American Re-

covery and Reinvestment Act of2009, Reclamation allocated approximately $132 million for 26 water reuse and recycling projects in California.

Question 5: A few people have raised the "Buy American" provision for ARRA funds for Reclamation. How will the waiver process be handled for water infrastructure needs?

Answer: When it is determined by the Project Manager that a waiver will be required due to meeting any of the three conditions identified in Section 1605 of ARRA, a request for waiver will be made through Reclamation's Procurement Chief to the Department of the Interior's Director, Office of Acquisition and Property Management for approval.

Question 6: Some have complained about the focus on large projects and the bulk of funding going to only a few places. How would you counter their criticism?

Answer: Reclamation used a multi-tiered, merit-based evaluation process which considered: 1) The general objectives of the ARRA (e.g. preserve and create jobs, and invest in infrastructure) and Departmental policy objectives (e.g., improving energy efficiency and assisting Native Americans); 2) Priorities specific to Reclamation as required by the ARRA and its Conference Report, and as established by the Department; 3) Reclamation's overall program priorities; and 4) Criteria for selection of projects within the six program investment areas.

In addition to the minimums set by the ARRA for canal inspections, Title XVI and rural water projects, Reclamation applied the following general criteria and considerations to its evaluation of all potential projects and programs: 1) priority was given to stimulus activities which, through the acceleration of construction already underway, would achieve more efficient construction schedules, probable cost reductions, and an earlier realization of project benefits than would otherwise be the case; 2) priority was given to funding large construction work that is difficult to accommodate within annual budget limitations; 3) the use of stimulus funding was balanced across programs and activities to ensure the continued delivery of public benefits, the operation and maintenance of facilities in a safe and reliable manner, the protection of the health and safety of the public and Reclamation employees, and compliance with environmental requirements and opportunities for ecosystem restoration; and 4) priority was given to larger projects to the extent possible in light of the workload limitation on the staff available to process procurements and financial assistance agreements. Further, I would suggest that through the abovementioned selection process, projects were selected in more than 12 of the 17 Western States. Additionally, several of the competitive grant programs, such as the challenge grants, have not yet selected projects to be carried out using ARRA funding so that distribution could rise as projects are selected across the west.

Question 7: Many of these projects have been authorized for the past decade. How did climate change and changing demand playa role in determining which water projects would receive ARRA funding? Will ARRA funds be used to establish a Reclamation Climate Change and Water Program, as authorized in P.L. Ill-II?

Answer: ARRA projects were selected from among existing and ongoing Reclamation projects without specifically addressing climate change. However, climate change and changing demand factor into decisions by Reclamation projects managers and agency partners. ARRA projects were considered and selected in accordance with the process explained in Question 6 above. Passage of P.L. 111-11 came after development of Reclamation's ARRA project list and after enactment of the ARRA itself, and therefore, new Reclamation Climate Change and Water Program authority did not playa role in the selection process.

Question 8: Can you please elaborate on the change you have made to the funding of the Water Conservation Initiative Program-where the minimum amount funded was increased from $300,000 to $1 million?

Answer: The purpose of having a larger minimum requirement, and a higher maximum, on project size is to accommodate large projects that cannot be handled within the limited annual funding that has typically been available. Reclamation is aware of several "shovel ready" water conservation projects that can avail themselves of this one-time opportunity. Reclamation anticipates that with the ongoing program funding, there will be plenty of funding for more than the usual number of smaller projects. Thus, it was deemed prudent to devote stimulus funding to larger projects.

Question 9: Can you please elaborate on the criteria for the high-risk assessment code (RAC). Do you have, or would it be possible to develop a similar assessment process for water supply reliability do to environmental compliance? (For example, some projects are more susceptible than others to supply disruptions due to endangered species or other environmental constraints.) Could such an assessment process help managers and water users allocate funding more efficiently?

Answer: The criteria for the RAC code are summarized in the table below:

RAC Code	Description
1	Represents an immediate danger to facility operation/reliability, safety, life, health or property and requires emergency action.
2	Represents a high level of threat to facility operation/reliability, contractual/legal commitments, life, health or property and requires action as soon as possible, but no later than 1 year.
3	Represents a medium level risk to facility operation/reliability, contractual/legal commitments, life, health or property and requires action to be planned and completed within 3 years.
4	Represents a low level risk, with action planned and completed within a 5-year period.
5	Represents the lowest level risk and is considered minor and related to enhancements and additions. The actions can be planned in the out-years, beyond the 5-year period.

In developing a similar risk assessment process for water supply reliability due to environmental compliance concerns, the critical risk factor would be the imposition of shortages to water users in order to comply with a biological opinion. Some consequence levels would need to be developed. For instance, no delivery shortage imposed on water users; 25% shortage; 50% shortage; 100% shortage. The probability of each consequence level would have to be developed, based on short-or long-term hydrology and the relevant biological opinion. One would have to compare a "without mitigation" scenario (e.g., not constructing a fish bypass facility) to a "with mitigation" scenario (constructing the facility) and assess the difference in consequences. For example, if constructing the facility would move the long-range consequences from a 50% shortage based on some hydrology scenario, to a 25% shortage based on the same hydrology, then the difference could be quantified and compared against the cost of constructing the mitigation facility. Most likely, this model would have to be developed basin by basin since the environmental, hydrological and beneficial use conditions would vary considerably.

Questions submitted by Representative Joe Baca

Question 1: Why is there a delay in the final selection of emergency drought relief projects?

Answer: Reclamation recently announced that it will allocate up to $40 million in funding available under the ARRA to projects that will address the impacts of drought in the west with a focus on California. We have received many requests for funding from a diversegroup ofstakeholders. Wearecurrentlyintheprocess ofevaluatingproposed drought relief projects for funding, and expect to finalize our selections in the coming weeks. Through our review process, Reclamation will ensure that ARRA funding will be used for emergency drought relief projects that can quickly and effectively mitigate the consequences of the current drought.

Apart from our steps to allocate ARRA funding to drought relief projects, Reclamation has taken other significant steps to address drought conditions. Other actions include Reclamation's prompt completion of appropriate environmental analysis needed to facilitate the transfer of water through California's Drought Water Bank. The water bank will make additional supplies of water available now and in the future by enabling the state to purchase water from willing sellers upstream ofthe Sacramento-San Joaquin Delta, and to approve the transfer of the water to willing buyers using State Water Project facilities or Central Valley Project facilities. Reclamation has also obligated funding for water use efficiency projects in California though multiple grant programs to accelerate the implementation of water

conservation activities. These activities included rebate programs, irrigation system upgrades, technology transfer to improve and advance Best Management Practices, and water conservation educational programs. Grants were funded through the Water Conservation Field Services Program, the Challenge Grant Program, and the CALFED Water Use Efficiency Grant Program.

Question 2: In regard to the green buildings funding. The written testimony on the $13.5 million is omitted. Can you explain how the funding will be distributed? What are your priorities for the green buildings funding"! Will this funding comply with Davis-Bacon requirements?

Answer: Reclamation has identified one building-Boulder Canyon Operations Office-that met Reclamation's Green Building selection criteria to: 1) reduce water and energy use; 2) lessen Reclamation's carbon footprint; and 3) save Federal funds in the long run due to lower electricity, water and maintenance costs. This funding will comply with the Davis-Bacon requirements.

Question 3: In your written statement, you shared that $5 million will be set aside for management and oversight? Can you explain how the funding will be used and prioritized? And will that funding be used for all recovery investments.

Answer: Section 403 of ARRA provides "up to 0.5 percent of each amount appropriated in this title may be used for the expenses of management and oversight of the programs, grants, and activities funded by such appropriation, and may be transferred by the head of the Federal department or agency involved to any other appropriate account within the department or agency for that purpose." In the case ofReclamation, this amounts to $5 million. ARRA also authorized the transfer of up to $50 million to the Central Utah Project Completion Act (CUPCA). Therefore, CUPCA received $250,000 as their share of 0.5 percent for management and oversight which leaves Reclamation with $4.75 million for management and oversight which will be prioritized and allocated to Reclamation offices based on justification that it will be for the purpose of paying for salaries of employees who are detailed and/or specifically hired for the purpose of managing and overseeing all ARRA related activities.

Question 4: When do you hope to announce the selection of individual projects for Title 16 projects?

Answer: Title XVI projects have been rated and ranked within Reclamation's $135 million allocation for that program. The official announcement was recently made. Reclamation allocated approximately $132 million to 26 water recycling and reuse projects in California. In addition, a Title XVI project in Albuquerque, New Mexico, was also selected for funding.

Question 5: Of the $164.5 million set aside for infrastructure reliability and safety improvements exactly how much will be allocated to the Folsom Dam in California and to the Colorado Big Thompson Project?

Answer: Funds in the amount of$30,620,000 have been identified for Folsom Dam in California, $22,300,000 for safety ofdams activities, and $8,320,000 for RAX activities (replacement, additions, and extraordinary requirements.) Funds in the amount of $19,650,000 have been identified for the Colorado Big Thompson Project for about seven RAX items.

Question 6: When will you announce the $135 million worth of specific water recycling projects? Why is there a delay?

Answer: Title XVI projects have been rated and ranked within Reclamation's $135 million allocation for that program investment. Reclamation's rating and ranking process necessitated an information-gathering step from project sponsors which increased the time needed to complete the process. Reclamation recently announced the projects it had selected for funding with ARRA dollars.

Question 7: Of the $266 million that will be used for various projects widely distributed across the western states, can you provide examples of projects that you are considering? When will you make a decision?

Answer: The $266 million figure represents a mixture of project funds from the six different ARRA funding categories announced April 15. It was used simply as a point of reference in Reclamation's April 28, 2009 subcommittee testimony, since the testimony provided a summary of ARRA funds of interest to the subcommittee members' home states of Arizona, California, Colorado, Nebraska, Oregon and Washington. The $266 million figure is not significant as a standalone funding category. Most of the projects included in the $266 million have been approved for

funding and procurement activity is underway. Examples include the rural water projects in Montana, North Dakota, and South Dakota ($200 million); Colorado Basin Salinity Control Projects meant to provide system-wide, regional benefits ($10 million); and various other ecosystem ($7.8 million) or infrastructure improvements ($11.9 million) both within and outside the aforementioned states. Water Conservation Initiative grants for which projects may compete for funds west-wide ($40 million) will be announced in the coming weeks. To correct our previous figure, this grouping actually totals to $269.7 million, not $266 million as stated in the testimony.

Mrs. NAPOLITANO. Thank you, Commissioner. And I did give you additional time, because hopefully some of what you have said might answer some questions. If not, I am sure there are going to be plenty of questions for you.

I would like to call on Mr. Costa, who arrived a little bit, for an opening statement. I believe he does have one.

Mr. Costa.

STATEMENT OF THE HONORABLE JIM COSTA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. COSTA. Thank you very much, Madame Chairwoman, for hosting this important hearing on the economic stimulus and its impact on water conditions as it affects our entire country and the potential for the stimulus package to try to assist in those areas that are in deep crisis.

Your efforts today and your efforts in the previous hearing on the drought are appreciated, as well as the Ranking Member's. Thank you both—and your staff.

Members of the Subcommittee, I want to underline the efforts that have taken place. Of course, Secretary Salazar was in Sacramento about 10 days ago; announced the potential economic stimulus package in California. And we appreciate the efforts very much.

But I was disappointed in the list. I was disappointed because I think that the current water shortage that has a devastating effect for farmers and farm workers and communities throughout the San Joaquin Valley ended up, in terms of balance, not getting a fair share in my view. And let me tell you why.

More than 300 crops are grown in the Valley, some of which are not grown anywhere else in the world. The Valley's agriculture is a $20 billion-a-year industry that accounts for nearly 40 percent of the Valley's employment.

Three consecutive years of either manmade or Mother Nature's, I guess, impact on dry water conditions and manmade water shortages—i.e., the regulatory scheme—have had a crippling effect on communities throughout the San Joaquin Valley.

We think over 800,000 acres of farmland will be fallowed this year. Experts indicate that maybe 30,000 to 40,000 jobs may be lost. In the San Joaquin Valley. We aalready have a crippling of water deliveries that has led to 41 percent unemployment in the City of Firebaugh. I represent 8,000 farm workers and farmers.

The City of Mendota has 38 percent unemployment. And Delano, now over 50,000 population, four high schools, the home of Cesar Chavez, has 34 percent unemployment.

When you have those numbers where a third are close to 40 percent of your community has no jobs, it is no longer a recession, it is a depression. So the economic devastation, coupled on top of the housing crisis, coupled on top of the dairy meltdown, has made this absolutely horrific for the people who live there.

My question, and when it gets to the witnesses, and Mr. McDonald, and Mr. Atwater as it relates to the application of funds—and I realize when I voted for this in February, it was for the purpose of economic stimulus. But we are very clever. We can do more than one thing at a time. We can use economic stimulus also that will solve problems that have been festering for a while.

And so my question is not on the outline of the $260 million that the Secretary indicated, because all of those projects I think have merit. The Red Bluff Diversion Area, I mean, all of these things I would support.

But when you are in a crisis, when you have a situation as we find ourselves in, and have only $40 million of the $1 billion in stimulus funds set aside for emergency drought relief, I think that is, the balance is sadly lacking. Four percent of the local funds are devoid to Reclamation, the Bureau's efforts on recovery projects in total for drought-related efforts.

And so the Two Gates, that was supported by Congressman Radanovich and myself and others in the Valley, including Congressman Miller, was put on the list. This transfer works that Mr. McDonald commented on, I have real problems with what fell under the definition or what didn't.

So Madame Chairwoman, I want to thank you and the Ranking Member for allowing me to make comments that I think are critical. And I know it is local, I am focusing local here, but that is where my crisis is.

And as we examine the entirety of the stimulus package and its merits—and I voted for it, like you did, and I support the projects, generally—my point is that we have a crisis here. And I think there needs to be balance.

Thank you very much, Madame Chairwoman.

Mrs. NAPOLITANO. Thank you, Mr. Costa. Mr. Baca.

Mr. BACA. Thank you very much, Madame Chair.

Mrs. NAPOLITANO. By the way, I do agree with you, Mr. Costa. There is an emergency. Thank you.

STATEMENT OF THE HONORABLE JOE BACA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. BACA. Thank you. First of all, I want to thank you for the burrito.

[Laughter.]

Mr. BACA. But, Madame Chair, I really want to thank you for having this important hearing. It is well known that the prices in water not only in the State of California, but throughout our nation, I know that I have several questions. And I know that one of my staffers worked for Secretary Salazar as well, and he seems to be proactive on water crises and the issue's impact in California.

And he recently toured our area. And I know that, Madame Chair, you happened to visit him in San Francisco. We appreciate

the fact that you have always taken the leadership, and have always been one of the strongest advocates for water.

Like me, I am very much concerned with the amount of dollars that we are getting, and we actually should be looking at further dollars as we look at the drought, not only in southern California, but northern California, and maybe explore other avenues.

I know that I spoke to the Secretary of Ag, and he came up with an idea of the possibility that maybe we can look at, in terms of the future, when we look at water, is water coming from South Dakota areas and having it come down, and channel like we do, you know, the Alaska Pipeline. There are some avenues that we have to explore, which means that we may need additional dollars. So this way we are not always competing with northern California from southern California on water, but then the water would also be available not only for us, but for those individuals in Nevada.

These are some of the things that we have to start looking at and exploring other ways. Because this would not only stimulate South Dakota and that area in terms of jobs that could be created there, but they have plenty of water that maybe they will channel into us. That is something that we have to explore, as well.

And with that, Madame Chair, I thank you. I look forward to asking several questions of our speakers here today.

Mrs. NAPOLITANO. Thank you, Mr. Baca.

Next I have Mr. Matthew Larsen, Associate Director for Water, United States Geological Survey in Reston. Sir, welcome.

STATEMENT OF MATTHEW C. LARSEN, Ph.D., ASSOCIATE DIRECTOR FOR WATER, UNITED STATES GEOLOGICAL SURVEY, RESTON, VIRGINIA

Mr. LARSEN. Madame Chairwomen and members of the Subcommittee, I appreciate this opportunity to provide the Department of Interior's views to provide USGS efforts to implement the American Recovery and Reinvestment Act of 2009.

The Act provides $140 million to the USGS that will fund projects across all 50 states, Guam, and Puerto Rico. We welcome this opportunity to create and support jobs, and also to support the scientific research that underpins the Department's decisions on behalf of the American people, as the stewards of the nation's natural resources.

The Recovery Act provides an unprecedented opportunity to address funding needs that could not be met with current appropriations. The funding received through the Act will allow the USGS to address streamgage modernization, deferred maintenance projects at the USGS facilities, and abandon groundwater wells that have not been remediated, as well as streamgages and cableways that have been discontinued and should be removed.

Finally, it also includes funds for upgrades to modern capabilities for earthquakes and volcanoes and a collection of much-needed elevation data especially in coastal and riparian areas.

My remarks today focus on the water-related project areas which are of most interest to the Subcommittee. Of the total, they are an investment for the USGS water program; $14.6 million will be used to upgrade the National Streamgage Network, and an additional

$14.6 million will be distributed to deferred water maintenance projects. These funds will be expended in all 50 states.

USGS National Streamgage Network consists of 7,500 sites that provide critical information used to estimate flood dangers, protect fragile ecosystems, construct safe bridges and roadways, and monitor the effects of climate change on water availability. This network depends on the NOAA GOES satellite for transmission of real-time streamflow data.

In order for the USGS to continue to use the GOES satellite, USGS must convert its streamgages to a new high-data-rate radio technology by the end of 2013. Approximately 4,500 streamgages across the Nation have already been upgraded to this new technology, using annual appropriations.

Funding through the ARRA, combined with annual appropriations, should enable the USGS to complete the conversion well before the 2013 deadline.

USGS will also use $14.6 million, or part of the $14.6 million from the Recovery Act to upgrade streamgages with new streamflow measuring technologies that are safer to use than older technologies, and reduce operation and maintenance costs. The new streamflow measurement equipment will allow the USGS to monitor their streamflow more efficiently, and provide higher-quality data.

In keeping with the Administration's focus on renewable energy, solar-powered technologies will be used to the greatest extent possible.

The other $14.6 million will be used for deferred maintenance at a range of sites. USGS operates many streamgages and groundwater wells in cooperation with state and local funding partners. When partners no longer fund the streamgages and wells, sites are usually closed and removed or remediated.

However, in some cases, funding for remediation has not been available. The $14.6 million received through the Recovery Act will be spent on equipment and services that will remove or remediate structures that are no longer in use, thereby restoring the sites and making them safe for public enjoyment.

Approximately 1200 discontinued mining sites nationwide will be remediated. Once this work is completed, there will be no future operating costs associated with these sites.

In order to meet the President's call for transparency and accountability for money spent as part of the ARRA, and to fulfill citizens' desires to track where their taxpayer dollars are going and how they are being spent, the USGS has established a Recovery Oversight Board. The Board will ensure that USGS projects are executed according to the requirements of the Act; in other words, plans are meeting the objectives, spending rates are aligned, and work is on schedule.

The USGS welcomes this opportunity to provide the science needed to meet the imperatives of the nation's challenges, particularly in the water resources arena. And we thank you for the opportunity to testify. And I will be pleased to answer any questions the Subcommittee may have.

Thank you.

[The prepared statement of Mr. Larsen follows:]

Statement of Matthew C. Larsen, Associate Director for Water, U.S. Geological Survey, U.S. Department of the Interior

Madam Chairwoman and members of the Subcommittee, I appreciate the opportunity to provide the Department of the Interior's views regarding USGS efforts to implement the American Recovery and Reinvestment Act of 2009 (PL 111-05).

USGS Role in Economic Stimulus Program

The American Recovery and Reinvestment (ARRA) Act of 2009 (P.L. 111-5) provided $140 million to the U.S. Geological Survey that will fund 308 projects across all 50 states, Guam, and Puerto Rico. We welcome this opportunity not only to create and support jobs, but also to support the scientific research that underpins the Department's decisions on behalf of the American people as the stewards of the Nation's natural resources.

The funding received through ARRA will allow the USGS to address an inventory of deferred maintenance projects at USGS facilities; abandoned groundwater wells that have not been remediated; streamgages and cableways that have been discontinued and should be removed; upgrades to monitoring capabilities for earthquakes and volcanoes; streamgage modernization; and collection of much-needed elevation data, especially in coastal areas. A number of criteria were considered in order for a project to be deemed suitable for funding through ARRA. Among these criteria were (1) expediency of implementation; (2) addresses high priority mission needs; (3) job creation potential, and (4) long-term value.

Funding received under the Recovery Act will not significantly affect USGS's FY 2010 budget request. Recovery Act appropriations will be applied to projects meeting the criteria of the Act, as outlined above. The FY 2010 budget request will address needs of the entire USGS portfolio, most of which go beyond the criteria of the Recovery Act.

I will briefly summarize some of the planned projects and then will focus most of my statement on the two water-related project areas, which are of most interest to this Subcommittee.

Specific investments include:

- **Volcano Monitoring**—$15.2 million to modernize equipment in the National Volcano Early Warning System at all USGS volcano observatories. The U.S. and its territories include some of the most volcanically active regions in the world, with 169 active volcanoes. As many as 54 of these potentially dangerous volcanoes need improved monitoring.
- **Deferred Maintenance of Facilities**—$29.4 million for projects that address health and safety issues; meet functional needs such as improved laboratory space; make facilities more energy efficient; and incorporate sustainable design criteria in project implementation. There are 67 projects in 18 States and territories that will receive funding for deferred facilities maintenance, including Alaska, California, Guam, Louisiana, Maryland, Massachusetts, Michigan, Missouri, New York, Pennsylvania, South Dakota, Washington, Wisconsin, and West Virginia.
- **Earthquake Monitoring**—$29.4 million to enhance the Advanced National Seismic System (ANSS) by doubling the number of ANSS-quality stations and upgrading seismic networks nationwide, to bring the total from approximately 800 to 1600. These improved networks will deliver faster, more reliable and more accurate information—helping to save lives by providing better situational awareness in the wake of the damaging earthquakes that can strike this Nation at any time.
- **Construction—**A total of $17.8 million for research facilities at Patuxent Wildlife Refuge Research Center in Patuxent, MD; the Columbia Environmental Research Center (CERC) in Columbia, MO; and the Upper Midwest Environmental Services Center (UMESC) in LaCrosse, WI. Work at these centers will improve the ability of scientists to conduct innovative research on contaminants and wildlife, endangered species, wind power and wildlife, adaptive management, wildlife disease and much more. The rehabilitation of these facilities will support jobs for the local community, improve functionality, and reduce long-term operating costs.
- **Imagery and Elevation Maps**—$14.6 million to improve mapping data, which will be made publicly available for multiple uses including flood mapping, emergency operations, and natural resource management.
- **Data Preservation**—$0.5 million for the USGS Bird Banding Laboratory (BBL) to digitize, and make available to the public via the Internet, the historical banding recovery and bird banding records. Bird banding data have a wide variety of uses including applications for disease research.

Water Investments

Of the total ARRA investment for the USGS water program, $14.6 million will be distributed to deferred maintenance projects and $14.6 million to upgrade the national streamgage network; these funds will be expended in all 50 States.

Deferred Maintenance—Streamgages, Cableways, and Wells: The USGS operates streamgages and groundwater wells with state and local funding partners; when partners no longer co-fund the streamgages and wells, sites are usually closed and removed or remediated. Discontinued streamgages, cableways, and wells may pose public health and safety issues until they are removed or remediated. The $14.6 million will be spent on equipment and services that will remove or remediate structures that are no longer in use, thereby restoring the site and making it safe for public enjoyment. Approximately 1,200 discontinued monitoring sites nationwide will be remediated. Once this work is completed, there will be no future operating costs associated with these sites. This work will reduce the USGS liability for discontinued monitoring sites by at least $15.0 million.

Upgrades to Streamgages: The USGS national streamgage network (7,500 sites) provides critical information used to estimate flood dangers, protect fragile ecosystems, construct safe bridges and roadways, and monitor the effects of climate change on water availability. This network depends on the NOAA-operated Geostationary Operational Environmental Satellites (GOES) for transmission of real-time streamflow data. In order for the USGS to make streamflow information available and continue to use the NOAA satellite, the USGS must convert its streamgages to the new high-data rate radio (HDR) technology by the end of 2013. Approximately 4,500 streamgages across the Nation have already been upgraded to HDR technology using annual appropriations; funding through ARRA combined with annual appropriations should enable the USGS to complete the conversion well before the 2013 deadline.

With the $14.6 million in ARRA funding, the USGS will acquire equipment to upgrade streamgages in each State to HDR technology. In addition to HDR upgrades to approximately 2,000 streamgages, the USGS will use these funds to upgrade streamgages with new streamflow measuring technologies, including hydroacoustic flow measuring devices, side-looking hydroacoustic sensors, and non-contact radar units, which are safer than older units and reduce operation and maintenance costs. The new stream measurement equipment will allow the USGS to monitor streamflow more efficiently and provide higher quality data. In keeping with the Administration's focus on renewable energy, solar-powered technologies will be utilized to the greatest extent possible.

It is anticipated that private vendors and manufacturers of equipment will need to increase production to meet this increased demand. Installation of the new streamgage equipment, which will generally take less than 1 hour at each site, will be completed during regular periodic servicing visits by USGS hydrologic technicians.

Oversight and Implementation

In order to meet the President's call for transparency and accountability for money spent as part of the ARRA, and to fulfill citizens' desire to track where their taxpayer dollars are going and how they are being spent, the USGS has established a Recovery Act Oversight Board to ensure that the Bureau's projects are executed according to the requirements of the Act. This means that plans are meeting objectives, spending rates are aligned, and work is on schedule.

The USGS provides weekly and monthly reports to the Department and the Office of Management and Budget that will track our progress. This information is also available on the USGS recovery Web site (www.usgs.gov/recovery), on the Department of the Interior's Web site (www.doi.gov/recovery), and at Recovery.gov.

The USGS is implementing DOI and OMB guidelines to develop the administrative process by which funds will be released for the projects funded under the American Recovery and Reinvestment Act. The USGS has prepared an acquisition implementation plan and an acquisition review plan that were reviewed by the Department during the week of April 20. The USGS expects to have $56 million obligated, with $35 million in projected gross outlays by 9/30/2009. The USGS expects to obligate an additional $84 million by 9/30/2010, which would obligate the full $140 million that was appropriated under ARRA. Of this amount, the USGS projects gross outlays of $116 million by 9/30/2010, with the remaining $24 million in gross outlays projected by 9/30/2011.

Conclusion

The Recovery Act provides an unprecedented opportunity to address funding needs that could not be met within current appropriations. With this funding, the

USGS will meet the 2013 deadline that requires the USGS to upgrade radio transmission on streamgages to be able to use a new NOAA satellite. Stations in the Advanced National Seismic System (ANSS) will be upgraded to meet approximately one-quarter of the goal set for full implementation of ANSS. The National Volcano Early Warning System will begin a robust upgrade to digital systems and implementation of newly developed instruments. Critical elevation data along U.S. coasts will be gathered and archived, and data preservation will be advanced by digitizing historic records. The USGS will address a large proportion of its inventory of facilities repair in order to provide functional and technical workspace needed to advance its program missions.

The USGS welcomes this opportunity to provide the science needed to meet the imperatives of the Nation's challenges and to support the President's goals of jumpstarting our economy, creating or saving jobs, and enabling the Nation to thrive in the 21st Century.

Thank you for the opportunity to testify, and I will be pleased to answer any questions the Subcommittee may have.

Response to questions submitted for the record by Dr. Matthew W. Larsen

Questions from Chairwoman Grace Napolitano

Question 1: The outstanding question that your testimonies did not answer is how many jobs will the USGS ARRA funds create?

Answer: The Council of Economic Advisers has provided guidance that $92,136 of federal investment in ARRA projects is equivalent to one full time job year. Using this figure, the $140 million allocated to USGS would be projected to create or save approximately 1,500 jobs. The Department of the Interior is developing means of tracking actual jobs created to measure against this estimate.

Question 2: What is your definition of shovel ready?

Answer: The USGS considers "shovel-ready" projects to be those that are ready to proceed once funding is available.

Question 3: Will the USGS lose valuable streamflow or groundwater information by removing the streamgages and wells?

Answer: The USGS will not lose any valuable streamflow or groundwater information by removing the streamgages and wells. These sites have all been previously discontinued and have not been providing data in the recent past.

Question 4: Can the 1,200 streamgages be rehabilitated or upgraded for use?

Answer: The discontinued streamgages and wells are in various states of disrepair. It is possible that some of the existing structures could be rehabilitated and be put back into use. The bigger issue, however, is whether the site is still needed. The majority of the sites were discontinued because a cooperator/funding partner decided they did not need the data from the site anymore and no other potential cooperators were identified to fund the continued operation of the gages.

Question 5: Should some of the ARRA funds be used to operate streamgages or wells even if local funding partners cease to co-fund the site? What benefits could be gained from interim federal support for these gages until our state and local partners regain their financial footing and what data, or benefits, might be permanently lost?

Answer: The American Recovery and Reinvestment Act of2009 (ARRA) (P.L. 111-5) provides appropriated funds to the USGS for a number of activities, including one time equipment upgrades for streamgages and removal of discontinued streamgages, cableways, and wells. Projects proposed for funding through the ARRA were required to meet a number of criteria, among which was a requirement that proposed projects have no need for additional investment beyond that provided by the ARRA funds. The operation and maintenance of existing streamgages, the reactivation of discontinued streamgages, and the addition of new streamgages to the existing network do not meet this criterion.

If a decision were made to use any portion of ARRA funds to reactivate some of the discontinued sites to be removed and remediated by this project, it is very likely that these sites would only be operated for as long as the ARRA funds would allow. The USGS made significant efforts to find cooperator funding to continue the operation of these sites before they were originally discontinued; when the ARRA funds are expended, it remains unlikely that new cooperators could be found to fund the

continued operation of these sites. Most of the approximately 1200 discontinued sites to be removed through the ARRA funding have been discontinued for many years. Operating the sites for 1 or 2 years with ARRA funding would provide very little beneficial data because the sites would likely then again be discontinued indefinitely.

Mrs. NAPOLITANO. Thank you, Mr. Larsen. And now we have Mr. Ron His Horse is Thunder, Chairman of the Standing Rock Sioux Tribe, Great Plains Tribal Chairman's Association at Fort Yates.

Welcome, sir.

STATEMENT OF RON HIS HORSE IS THUNDER, CHAIRMAN, STANDING ROCK SIOUX TRIBE, GREAT PLAINS TRIBAL CHAIRMAN'S ASSOCIATION, FORT YATES, NORTH DAKOTA

Mr. HIS HORSE IS THUNDER. Thank you, Madame Chair, for allowing me to testify before members of the Subcommittee. And not only am I the Chairman of the Standing Rock Sioux Tribe, I am Chairman of the Great Plains Tribal Chairmen's Association, which represents 16 tribes in North Dakota, South Dakota, and Nebraska.

Of these tribes, many of them, off the top of my head I count seven of them that have given up land to this country so that the dams could be built under the Pick-Sloan Act. Doing so, those tribes lost over 400,000 acres of prime bottomland, land that we use for agriculture to sustain our people.

When we lost that land, we were moved up to the dry prairie, the high and dry prairie, and we have been in a drought for almost 10 years now.

We have been promised for losing our bottomland that we would get water for drinking purposes, as well as for irrigation purposes. But today, many of our people still live without running water. In fact, two weeks ago I visited an elderly gentleman. I didn't even know his condition, and found that he had no water, no well water either, and had to haul his water on a daily basis.

Many of our people do still live off well water, which is brown in color and has minerals which are toxic if you drink enough of it. That still exists today.

And so one of the things we want to ask the Bureau is this. Is, there are a number of shovel-ready projects for drinking water in the Dakotas, and some of those tribes didn't get any money in the stimulus package. My tribe did receive $19 million; yes, it did. But there are a number of tribes that did not receive any money under the stimulus package, and we want to know why.

We also want to know this. That, as a number of the Congressmen have testified here today that irrigation is necessary for a sustainable economy, is definitely so for us in the Dakotas when we gave up our bottomland. Again, we were promised irrigation. My tribe alone has today $8 million worth of shovel-ready irrigation projects ready to go right now.

I know a number of other tribes also that have shovel-ready irrigation projects ready to go, and they have received no money for irrigation at all. We want to know why no money was given for irrigation projects.

When you talk about unemployment, and I heard the Congressman talk about unemployment at 35 percent to 40 percent, on my

reservation alone unemployment in the summertime is 45 percent. In the wintertime, it is 76 percent. I know other tribes in the Great Plains who have unemployment rates up to as high as 90 percent. They have shovel-ready projects. We could put people to work.

The last thing I want to know is this, is we did, yes, receive $19 million worth of money for our MR&I Project, for drinking water purposes. But no rules and regulations have come out in terms of the reporting requirements. We are concerned about that, that how extensive are these reporting requirements going to be?

As it is right now, we spend a good portion of our appropriations that we normally get on reporting. How more extensive are these going to be? We need to be in a negotiation process right now at the Bureau so that when we sign our documents and accept the money, that not only can we spend it, but we know what the reporting requirements are.

We are ready to go right now, right today we are ready to go bid those contracts out today. But we don't know the reporting requirements, and we need to know those, so that we can spend the money in a timely way.

Thank you for this opportunity to testify before you.

[The prepared statement of Mr. His Horse Is Thunder follows:]

Statement of The Honorable Ron His Horse Is Thunder, Chairman, Standing Rock Sioux Tribe, and Chairman of the Great Plains Tribal Chairman's Association

My name is Ron His Horse Is Thunder. I am the Chairman of the Standing Rock Sioux Tribe. I also serve as the current chair of the Great Plains Tribal Chairmen's Association. I thank Chairwoman Napolitano and the subcommittee for the opportunity to present a tribal perspective on the Bureau of Reclamation's efforts and funding under the American Recovery and Reinvestment Act of 2009.

The Standing Rock Sioux Tribe is a rural reservation straddling North Dakota and South Dakota. More than 10,000 Tribal and non-Native citizens reside on our 2.3 million acre Reservation, which is slightly smaller than the State of Connecticut. The other Great Plains Tribes are similar to us—with rural reservations, a large land base, and substantial residential population. We all share a need for safe, clean drinking water for our people and irrigation for sustainable living.

Like our fellow Great Plains Tribes, our ancestors occupied the lands and relied upon the waters of the Upper Missouri River basin from long before the Lewis and Clark expedition. Our ancestors thrived on the bottomlands of the rivers and streams, which provided nutrient-rich soil for ranching and farming, as well as a homeland for our peoples. However, the Federal government built dams in the 1950s which flooded our best farmlands and, in some instances, displaced over 90% of our people. We were forced to move to higher, dryer ground. Our Tribal communities, agricultural lands, and reservation infrastructure were destroyed—including roads, hospitals, schools, and homes. We suffered catastrophic personal and economic losses. Unemployment soared. Our way of life was never the same.

Decades later, in an attempt to make the Tribes whole again, the United States promised—among other things—to build drinking water and irrigation water systems for our reservations. The Secretary of the Interior's Joint Tribal Advisory Committee, or JTAC, determined in 1986 that construction of safe, complete drinking water systems would be essential to revitalize economic growth and public health. Safe drinking water systems also contribute substantially to the health of our people—as currently many Reservation families must still clean dishes and bathe themselves and their small children in brown well water that reeks of heavy minerals like manganese, coal, iron, and lime, which exacerbate diabetes. The JTAC also reported that thousands of additional acres needed to be irrigated in order to provide our Tribes with sufficient replacement agricultural lands.

Through Congressional legislation like the Garrison Diversion Unit Reformulation Act of 1986 and the Dakota Water Resources Act of 2000, Congress authorized substantial funding for these drinking water and irrigation projects. The Standing Rock Sioux Tribe's municipal, rural, and industrial (MR&I) water system was authorized in the Dakota Water Resources Act at $80 million, which has increased to almost

$140 million today through cost indexing. The authorization for the Standing Rock Irrigation Project was recently increased by $8 million, as well, coming to a total of about $20 million.

However, our drinking water systems and irrigation systems remain far from complete. Historically, annual funding for these projects has not even been sufficient to keep up with construction inflation or cost indexing. Tribes in the Great Plains would receive at most $1 million or $2 million per year for their MR&I projects, and often less. Funding for our Tribal irrigation project was even more sporadic. This meant that Tribes could only put together small bid packages, which increased transaction costs and the overall costs of these important water projects. More recently, the increased appropriations in 2008 and 2009 allowed our Tribes to make significant progress on key MR&I components like water treatment plants and intakes. We hope that Congress continues to prioritize Tribal water projects in 2010 and beyond.

The additional Recovery Act funding should also allow us to make significant progress this year. For example, the Standing Rock Sioux Tribe has been awarded an allocation of $19 million from the Bureau of Reclamation for a new water treatment plant at Wakpala, South Dakota. In addition to providing clean drinking water to over 1100 households and many small businesses in at least 8 different communities, this project promises to create 40 full-time construction jobs alone—and many, many times that number in support jobs and secondary economic development in the area. But there is still a long way to go. Even taking into account the funding provided under the Recovery Act and 2009 omnibus appropriations, the Standing Rock MR&I project still has over $76 million in remaining authorization—funding which will be needed to complete the necessary work on intake, water treatment plant, pump stations, storage tanks, and transmission and distribution pipelines so that clean and safe water is available to everyone in our communities.

We are grateful for Congress' and Reclamation's recognition through the Recovery Act that Tribal water projects are important and worthy of substantial funding, but we ask that you not fall back into old habits in 2010 and beyond. These clean drinking water systems are too important for the health, well-being, and economic development of our Reservations and surrounding communities. It is time for the Federal government to keep its promise to our Tribes. As Chairman of the Great Plains Tribal Chairman's Association, I also wish to note that not all our Tribes received Recovery Act funding, even though they have shovel-ready projects. The Turtle Mountain Band of Chippewa and others received no funding and deserve to know why. I hope this subcommittee will ask the Bureau of Reclamation to explain its funding decisions fully and openly.

In addition, despite our efforts to bring irrigation to the attention of decision-makers in the Interior Department and Congress, the Recovery Act has not provided any appropriations for Reclamation-funded irrigation projects like the Standing Rock Irrigation Project and others authorized by the Garrison Reformulation Act and Dakota Water Resources Act. At Standing Rock, our irrigation project is run by the successful tribally-owned business Standing Rock Farms, Inc. By growing high-yield corn and other crops, Standing Rock Farms has turned small Federal irrigation investments into tribal profits and provided much-needed jobs on our Reservation. But annual appropriations have been woefully insufficient. Standing Rock Farms has recently entered into a new self-determination construction contract with Reclamation and has prepared almost $8 million worth of shovel-ready irrigation project components—which will bring well over a thousand additional agricultural acres online. This work includes upgrading existing pivots and pumps to increase efficiency and acreage, as well as new construction. This is exactly the kind of project that could make quick and efficient use of Recovery Act funding to create dozens of full-time jobs and substantial, long-term economic benefit to the Tribe, the Reservation, and surrounding areas.

It is important that Congress and the Federal government keep in mind that our water projects—both MR&I and irrigation—need to be secure. The Dakotas recently experienced serious flooding, as you know. In prior years, drought and poor Missouri River management altered the river channel, threatening disruption to water intakes. In the worst instance at Standing Rock, during Thanksgiving 2003, our people had no water for many days. Massive amounts of sediment moved downriver and completely buried our water intake system. We had no water for our homes, our Tribal government offices, our schools, or our hospital. Our irrigation projects were affected, and we lost our crops. The result was tremendous social and economic hardship for our people. Former Chairman Charles Murphy testified to the Senate Committee on Indian Affairs about this incident in 2004. It is for these reasons that sufficient funding for secure intakes, pumps, pivots, and fully-operational water treatment plants is so vital. In addition, our MR&I and irrigation systems can only

bring benefit to the area if the water levels of the rivers and reservoirs are properly managed—with priority for drinking water for people over barge shipping and other commercial uses downriver.

Finally, I understand that our funding under the Recovery Act will come with additional reporting and other requirements. However, our Tribe has not yet received word from Reclamation what these requirements will entail, or whether we will need to revise our annual funding agreements to accommodate these additional items. Due to the short time frame in which Recovery Act funding must be used, we ask your help in ensuring that the Bureau develops reporting requirements that are easy to use, and that the Bureau releases this information quickly, so that Tribes can review it and negotiate respectful and manageable government-to-government funding agreements that comply with the law and the spirit of self-determination. It has already been two months since the passage of the Recovery Act, and we are ready to get to work.

In light of these comments, I make the following requests on behalf of the Standing Rock Sioux Tribe and other Tribes of the Great Plains:

- We ask your help in ensuring that Reclamation quickly compile and release by May 15, 2009 reasonable reporting requirements to comply with the Recovery Act in the spirit of tribal self-determination;
- We seek full and open discussion of the Bureau of Reclamation's funding choices under the Recovery Act;
- We request that Recovery Act funding be allocated to our vital Reclamation-funded irrigation projects;
- We look for your continued support of our important Tribal drinking water and irrigation projects in the future, including ensuring a proper management scheme for the Missouri River basin that prioritizes drinking water use;
- We ask for your support in the House of Senate bill S.2200, the Tribal Innovative Water Financing Act, which will reaffirm through legislation that Tribes have the authority to leverage Federal funding under self-determination contracts to build safe and comprehensive drinking water projects in a more timely way; and
- We look to the Federal government to keep its promise to fully compensate our Tribes for the devastating losses when the government flooded our lands, including through a new JTAC package as has been discussed at prior hearings of the Senate Committee on Indian Affairs.

Again, I thank the subcommittee for this opportunity.

Mrs. NAPOLITANO. Thank you, sir.

I will move on to Mr. Dan Keppen, the Executive Director of Family Farm Alliance from Klamath Falls, Oregon.

STATEMENT OF DAN KEPPEN, EXECUTIVE DIRECTOR, FAMILY FARM ALLIANCE, KLAMATH FALLS, OREGON

Mr. KEPPEN. Thank you, Madame Chairwoman and members of the Subcommittee. I would really like to thank you and the Subcommittee, for your leadership on this issue over the last year. We are glad to see these provisions in the final overall stimulus package.

My organization represents farmers, ranchers, irrigation districts, and related industries in the 17 western states. All we focus on is the water associated with those, with those members.

We feel that addressing aging water infrastructure in the West should be the top priority in the Reclamation Stimulus Package. A lot of these facilities throughout the West are 50 to 100 years old, approaching the end of their design life, and they need to be rebuilt and rehabbed for the next century.

Reclamation has estimated that $3 billion will be needed from project users in the near term to provide for these essential repairs and rehab of its own facilities. Unfortunately, this has been mentioned. We only count $130 million out of $1 billion in this package that are focused on addressing water infrastructure.

Overall, this package, you know, we think it is pretty good. It is a good mix in general. Especially there are projects in Washington State, Montana, the Yuma area of Arizona that we support. The Red Bluff Diversion Dam I think is perhaps the best project in this whole mix. It is a win-win for the environment. It opens up a stretch of the river that could ultimately help recover threatened, endangered species of fish. And importantly, for our members, it provides assurances and protection in the future for farmers that irrigate 150,000 acres of some of the most productive farmland in the country.

With that said, we do have some other concerns. Again, $130 million out of $1 billion is going to aging infrastructure. We think that the reasoning for this relatively lower emphasis on addressing aging infrastructure probably rests within Reclamation's internal criteria that they use to prioritize these projects.

Essentially, they are promoting larger, ready-to-go projects over, you know, smaller projects that might require some additional administrative work, in our view.

We have grave concerns about the fact that the repayment provisions that were outlined in the conference report associated with the final bill passage were really not dealt with. I was encouraged to hear the Acting Commissioner's comments that if water users are interested and want consideration to allow these repainted provisions to be enforced, that is encouraging. Right now we haven't really heard a lot of that. That is a big issue for our members.

The transfer work issue that the Chairwoman brought up earlier and others have mentioned is a huge issue for us. We just don't understand why transfer facilities, which are a Federal investment that are going to put people to work if we address them, that are essential to the well-being of our rural communities, why they are any different from the reserve facilities that are maintained essentially by the Bureau of Reclamation.

The Challenge Grant Program that is in this package is a real important program for many of our members. It is already oversubscribed. It is very nice to see $40 million put into a program that normally gets $13 to $15 million as a cost-share program.

Some of our folks are concerned that $40 million may not be enough. We think there could be three times, you know, the demand could equal three times that amount. There are also concerns about the limits that will be set. It will fund $1 million to $5 million projects. Traditionally, that program is funded, projects costing as low as $300,000. So we are going to miss an opportunity to do a lot of smaller projects spread across the West.

On the other hand, the upper ceiling of $5 million will allow many projects in the $3 million to $5 million range to be funded. You know, all in kind of one fell swoop, rather than financing these things over a longer period of time.

I don't think I need to elaborate any further on the concerns that our California members have about the proposed drought relief program. The San Joaquin Valley is facing a huge, huge crisis, and the drought provisions, our guys just aren't seeing what that is going to do for them at this point.

I would also like to again emphasize that, in the economic stimulus package, a lot of these projects will put people to work in the

short term, and maybe the long term. That time in employment has never been more important.

But we also think that stimulus funding and strong leadership should be directed in a way that also save jobs for folks that are already working. We are probably going to lose at least 30,000 farm worker jobs in the San Joaquin Valley this year.

The stimulus package probably will not be fully realized to its full extent until policymakers understand and act upon the problems caused by regulatory gridlock. We have to get these projects built and implemented before the recession is over.

There are also regulatory and administrative things that can be done that provide economic stimulus in a different way. Namely, by taking a hard look at the Endangered Species Act and how it is being implemented, and getting rid of this regulatory drought that is flagging California.

So again, success of this stimulus proposal is important to our organization. And we are really trying to assure that these stimulus dollars are used as effectively as possible. We will monitor initial progress as Reclamation implements its program, and we will engage with Congress and the Obama Administration as required in the coming months.

Thank you for this opportunity.

[The prepared statement of Mr. Keppen follows:]

Statement of Dan Keppen, Executive Director, The Family Farm Alliance

Chairwoman Napolitano and Members of the Subcommittee:

Thank you for this opportunity to submit testimony on behalf of the Family Farm Alliance (Alliance). My name is Dan Keppen, and I serve as the executive director for the Alliance, which advocates for family farmers, ranchers, irrigation districts, and allied industries in 17 Western states. The Alliance is focused on one mission—To ensure the availability of reliable, affordable irrigation water supplies to Western farmers and ranchers. Our members are family farmers, ranchers and irrigation districts and water agencies, several of which are responsible for the operation and maintenance of the Bureau of Reclamation's largest and most complex facilities.

We applaud the willingness of the Obama Administration, Congress, and this Subcommittee to apply economic stimulus funding to the critical condition of aging water infrastructure in the Western United States.

We have reviewed the Interior Department's proposed plan for the allocation of $1 billion in economic stimulus funding to projects and programs of the Bureau of Reclamation (Reclamation). We are generally pleased by the plan, which funds some vitally important projects that will ensure security of water supplies in several states. However, the Alliance is concerned that the proposal allocates only about $130 million to the rehabilitation of Reclamation's existing infrastructure, which the agency estimates is in need of approximately $3 billion worth of repairs. We are also concerned that the proposal does not provide a more aggressive response to the water supply crisis in California and that it seems to ignore new repayment authorities intended to facilitate non-federal funding of major repair work. I will discuss these and other points in more detail below.

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. Population growth, environmental demands and climate change are placing an unprecedented strain on aging water storage and conveyance systems designed primarily for agricultural use.

Addressing aging infrastructure should be the top priority in Reclamation's stimulus plan

Reclamation built and manages the largest part of the critical water supply infrastructure that is the foundation of the economic vitality of the 17 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 cen-

tury. Reclamation estimates that $3 billion will be needed from project users in the near-term to provide for essential repairs and rehabilitation of its facilities. The Congressional Research Service has calculated the original development cost of the Reclamation water supply and delivery infrastructure to be about $20 billion, and Reclamation puts the current replacement value of the system at well over $100 billion.

The Alliance believes that protecting this national asset is absolutely essential to American economic security, and we are gratified that there is strong bipartisan agreement on that point among Members of this Committee. We thank Chairwoman Napolitano and Members of the Subcommittee for their efforts to ensure that the American Recovery and Reinvestment Act (ARRA) included resources for the rehabilitation and enhancement of the Reclamation's Western water supply infrastructure.

The $1 billion that Congress provided to Reclamation in the Recovery Act 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 Reclamation quickly identify actions that will yield the greatest benefits to water supply security, and 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.

Alliance Involvement with Economic Stimulus and Aging Infrastructure Matters

Earlier this year, while Congress was still working to finalize the economic recovery package, the Alliance provided policy recommendations to the Departments of the Interior and Agriculture for the use of anticipated economic stimulus funding for western water supply infrastructure rehabilitation and enhancement.

In a February 9 letter to Interior Secretary Salazar and Agriculture Secretary Vilsack, the Alliance made the following recommendations for the most effective use of any economic stimulus funding made available to the Bureau of Reclamation:.

- Rehabilitate and Improve Aging Reclamation Infrastructure, using direct loans, loan guarantees, and extended repayment provisions;
- Aggressively outsource design, engineering and environmental work whenever feasible, economical and necessary to speed project implementation;
- Provide funding to speed implementation of current and ready-to-go Safety of Dams Program projects;
- Improve Drought Management Through Water Management / Conservation / Reuse;
- Fund "Shovel-Ready" Title XVI Water Reclamation & Reuse Projects;
- Provide Clean Water to Rural Areas through implementation of ready-to-go rural water projects, including those already under construction, or "at risk" facilities.

We also recommended that Reclamation and other federal agencies find ways to streamline the federal regulatory process (i.e. NEPA) associated with stimulus project implementation. The entire February 9, 2009 letter (6 pp) is included as an attachment to this testimony.

The Intent of Congress: The American Recovery and Reinvestment Act

Title XVI of the American Recovery and Reinvestment Act generally lists the requirements for qualifying projects. Section 1602 of that title directs that, in using funds made available in the Act for infrastructure investment, recipients shall give preference to activities that can be started and completed expeditiously, including a goal of using at least 50 percent of the funds for activities that can be initiated not later than 120 days after the date of the enactment of this Act. Recipients must also use grant funds in a manner that maximizes job creation and economic benefit. Section 1603 states that all funds appropriated in this Act will remain available for obligation until September 30, 2010.

In the statement of conferees report prepared for the Department of Interior, Bureau of Reclamation, Water and Related Resources, Reclamation was directed to consider the following criteria when allocating funds for stimulus programs, projects and activities:

a. Can be obligated/executed quickly;

b. Will result in high, immediate employment;
c. Have little schedule risk;
d. Will be executed by contract or direct hire of temporary labor; and
e. Will complete either a project phase, a project, or will provide a useful service that does not require additional funding.

The ARRA also includes a provision authorizing Reclamation to provide for extended repayment of reimbursable repair and rehabilitation expenses by project beneficiaries, as further discussed below.

Aside from these requirements, it appears that Reclamation was given wide latitude in regard to establishing priorities and making decisions to implement solutions that we hoped would maximize the water supplies, ensure that water data needs are met, and enhance infrastructure.

Overview of Stimulus Spending Recommendations for the Bureau of Reclamation

Secretary Salazar announced the stimulus spending package proposed by the Bureau of Reclamation earlier this month, where the importance of addressing Western water infrastructure needs was underscored.

"From aging dams to outdated water systems, America's water infrastructure needs immediate attention and investment," said Secretary Salazar. "The $1 billion we are investing through the President's economic recovery plan will put Americans to work rebuilding our water infrastructure and tackling the complex and painful water challenges we are facing. These investments will boost our economy, help farmers, businesses and communities get the water they need to thrive and restore aquatic resources in the West."

Although Reclamation did not formally solicit input from its water customers, the agency apparently worked through a rigorous merit-based process to identify investments that met the criteria put forth in the Recovery Act. Reclamation outlined how $1 billion would be spent:

- Meeting Future Water Supply Needs (including Title XVI water recycling projects and rural water projects)—$450 million
- Improving Infrastructure Reliability and Safety—$165 million
- Environmental and Ecosystem Restoration—$235 million
- Water Conservation Initiative (Challenge Grants)—$40 million
- Green Buildings—$14 million
- Emergency drought relief in the West, primarily in California—$40 million
- Delivering water from the Colorado River to users in central Utah under the Central Utah Project—$50 million

Summary of Reclamation's Evaluation and Selection Process

In selecting the $945 million of projects, Reclamation used a multi-tiered, merit-based evaluation process that considered:

a. The general objectives of the ARRA and Secretarial policy objectives (e.g., improving energy efficiency and assisting Native Americans);
b. Priorities specific to Reclamation as required by the ARRA and its Conference Report, and as established by the Secretary;
c. Reclamation's overall program priorities; and
d. Criteria for selection of projects within a program investment area.

Notably, Reclamation developed "Additional Criteria" which it applied to its evaluation of all potential projects and programs. Key considerations relative to these criteria include:

- Priority was given to funding large construction work that is difficult to accommodate within annual budget limitations;
- The use of stimulus funding was balanced across programs and activities to ensure the continued delivery of public benefits, the operation and maintenance of facilities in a safe and reliable manner, and the protection of the health and safety of the public and Reclamation employees, and compliance with environmental requirements and opportunities for ecosystem restoration;
- Priority was given to larger projects to the extent possible in light of the workload limitations on the staff available to process procurements and financial assistance agreements.

It is important to understand the criteria utilized by Reclamation in its selection process, since it expands upon original Congressional direction, as would be expected. This criteria also explains why larger, more expensive projects appeared to be favored by Reclamation over an alternative approach that would fund many more, less expensive proposals, an issue of some concern to many of our members.

Positive Aspects of Reclamation's Stimulus Proposal

We are pleased that Reclamation's stimulus proposal includes support and funding for several types of projects recommended by Family Farm Alliance members:

- Washington State—Potholes Supplemental Feed Route, which will modify existing facilities to route water from Pinto Dam to Potholes Reservoir; Weber Siphon Complex, to construct second siphon barrels (cast reinforced concrete pipe) to the Weber Branch and Weber Coulee Siphons; Grand Coulee Maintenance Activities that will fund equipment purchases for repairs at the dam, including safety features; Yakima River Basin Water Enhancement Project (YRBWEP), Benton Irrigation District, to replace existing canals with pressurized pipe and change the point of diversion; and YRBWEP Sunnyside Conduit, to convert up to 66 laterals to closed pipe.
- Red Bluff Diversion Dam, California—this "shovel-ready" project, sponsored by the Tehama-Colusa Canal Authority, 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.
- Montana—Canyon Ferry: Excitation System Replacement project would replace aging Excitation System on the three units at Canyon Ferry Powerplant; and complete design and specification for repair of concrete spalls in the spillway chute. The Ft Peck and North Central Water systems are great examples of qualified projects that will benefit from the ARRA (although only some components will be completed in the time period allotted).
- Yuma, Arizona area—$36.25 million will be used to repair or replace aging water management and delivery facilities to improve water storage capacity, water management and water use efficiencies, and address safety concerns related to these facilities.
- Colorado River Salinity Control Projects (Title II)—Anticipated projects will most likely consist of replacement of earthen canal and laterals with pipe delivery systems. We would like to see this program address selenium problems by providing incentives and funding assistance for water users in the Gunnison Basin.

We believe these projects are good examples of the types of activities that deserve Reclamation's attention in the stimulus package

Overall General Concern

As noted earlier in this testimony, addressing aging water infrastructure in the West is a critical priority for Reclamation, and the stimulus package provides a tremendous opportunity to finally tackle this growing problem in a meaningful way. We were, therefore, disappointed to see that, out of the $700 million in Reclamation stimulus funding not allocated to Title XVI rural water, CALFED, and other programs, only $130 million is proposed for addressing existing water infrastructure ($24 million Safety of Dams and $10 million in Canal Safety money are included in the $164 million figure noted on page 4).

This suggests to our membership that Reclamation does not share our view that aging infrastructure is a high priority. However, we know that is not the case, and instead, the reasoning for the relatively lower emphasis on addressing aging infrastructure may rest instead within Reclamation's internal criteria that essentially promotes stimulus funding for fewer and larger ready-to-go projects. Reclamation apparently believes it will be easier to implement that approach, rather than spreading the money out to encompass more, smaller projects that could be made "shovel-ready" with some additional effort.

We appreciate the balanced approach Reclamation is attempting to take with this spending opportunity. We are on record for supporting stimulus resources 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 also understand the need for Reclamation to support environmental/ecosystem restoration efforts intended to make Western U.S. rivers, streams and estuaries healthy. In many cases, these restoration efforts have direct water supply benefits for irrigators.

However, there are numerous other government agencies tasked with clear directives to steward environmental restoration efforts and fund urban water conservation projects. At the same time, there are very limited funding programs to support repair and modernization of aging agricultural water infrastructure. So, unfortu-

nately, it is difficult to see a Reclamation stimulus proposal that provides $500 million more for environmental restoration projects and new urban and rural domestic water programs than it does for rehabilitation of existing irrigation supply and delivery facilities.

We appreciate that Reclamation acknowledges that investments in infrastructure reliability will create immediate construction, engineering and scientific jobs. Again, however, only $130 million has been slated for high priority infrastructure repair and replacement projects across the entire West. This is a tough pill to swallow for many Western irrigators, especially when $13.5 million is being provided for "green" buildings for Reclamation at Boulder City, Nevada. Meanwhile, farmers within Bureau of Reclamation service areas in California are receiving only 10% of their water supplies (see below). This allocation is an unprecedented, record low delivery amount for Central Valley Project agricultural contractors. These producers—as well as the communities and consumers who rely upon them—will all suffer as a result.

Specific Concerns

We have several concerns and observations regarding some specific provisions of the recent Reclamation stimulus proposal, including repayment, transferred works, the suite of actions proposed for California, and the level of funding for Challenge Grants. These concerns are further detailed below.

Repayment Period

The Conference Report (final bill) authorizes the Secretary of the Interior to extend for up to 50 years the repayment period for the reimbursable costs of extraordinary maintenance and replacement activities carried out with stimulus funding. Extended repayment is with interest. However, nowhere in Reclamation's 40-page explanation of its proposed stimulus package is the 50-year repayment language from the stimulus bill mentioned.

The ARRA provides extended repayment authority that the ARRA provides for extraordinary Operations and Maintenance (O&M) work, which clearly gives Reclamation the authority to finance O&M work, the costs of which are the responsibility of non-federal interests. The absence of the extended repayment authority from the Reclamation program document, plus the fact that the Reclamation project selection criteria penalize projects that require new repayment contracts, raises concerns that Reclamation intends to ignore this authority.

It would be helpful for Reclamation to publish and explanation of how it plans to carry out the provisions of the stimulus act authorizing up to 50-year repayment periods for extraordinary O&M projects.

Transferred works

There are two general classifications for Bureau of Reclamation facilities, depending on the entity responsible for operating those facilities. "Reserved facilities" are those operated by Reclamation, while "transferred facilities" are operated by non-federal authorities, several of which we represent. Of great concern to our members is that Reclamation's program specifically EXCLUDES transferred works. See this reference on page 2 of "Selection Criteria" section (page 21 of the PDF document):

"...project features which water users have assumed the responsibility to operate and maintain at their own expense and with their own workforces (referred to as transferred works), were eventually eliminated from consideration since it is not Reclamation's obligation to finance the maintenance and replacement of these facilities even though they are federally owned."

The exclusion of transferred works is a concern for our organization. Reclamation's claim that is has no "obligation to finance the maintenance and replacement of these facilities" is legally correct but it is also counterproductive in the context of the APPA's goals to create jobs by repairing infrastructure. Some of the largest projects in the Reclamation system are transferred works. Why would they be made ineligible for stimulus funding? Using stimulus money to repair or upgrade federally owned transferred works would not relieve non-federal contractors from their obligation to pay for such work, it would only make it easier for them to repair the federal asset faster. Further, it is illogical to make distinction between reserved and transferred works in stimulus funding allocation because non-federal interests are responsible for O&M costs for both kinds of projects. Who performs the actual work seems to us to be irrelevant to the question of where stimulus funding should be applied.

The Committee needs to understand that these facilities are still federal assets, and that only the O&M responsibilities—NOT the title of the assets—were transferred to beneficiaries. Reclamation has an obligation to make sure these assets are maintained for the security of the country as a whole. The Committee should ask

Reclamation to justify why it believes that Congress did not intend that stimulus authority be used for projects on transferred works.

Challenge Grants

Reclamation's Challenge Grant component of the stimulus proposal provides 50/50 cost-share grants for water conservation projects, advanced water treatment demonstrations, and other projects that benefit candidate and Endangered Species Act (ESA)-protected species. A total of $40 million of the stimulus money is to be shared across the West, with $1 million minimum and $5 million maximum grants for irrigation district-generated on-the-ground projects. This program has been funded by Congress at about $15 million per year and has a history of oversubsription, so the $40 million allocated in the stimulus plan is a welcome infusion of resources into a popular and effective program.

We know of several "shovel ready" projects proposed by local irrigators which we believe can score very well in all aspects of this ARRA Challenge Grant application. Many of these projects will be seeking $3 to $4 million each and several projects have been "phased" over time to take advantage of existing state and federal loan/grant programs. The higher ceiling of $5 million proposed by Reclamation will provide an opportunity to complete these projects all at once.

However, other irrigators are concerned that the minimum grant amount—traditionally set at $300,000—has been raised to $1 million. The new, higher minimum limitation eliminates many smaller projects, which reduces the total number of projects across the West.

Reclamation should provide clear justification for this important change. Further, Reclamation should look for ways to allocate even more substantial amounts 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. We anticipate that there will be intense competition for the limited Challenge Grant dollars. Some of our members believe that $120 million in Challenge Grant funding—triple the amount proposed by Reclamation—will be needed to satisfy the demand for this program.

San Joaquin Valley Projects and Actions

While Family Farm Alliance members in Northern California welcomed Secretary Salazar's April 15 announcement that provided $110 million for Red Bluff Diversion Dam improvements (see "Positive Aspects". above), the reaction of irrigators and water managers in the San Joaquin Valley can probably best be summed up in the words of California Congressman Jim Costa (D-Fresno), who released a statement that same day.

"Today's announcement". is very disappointing in that it does little to help our farmers and farm workers in the next six to twenty-four months, should we continue to experience ongoing dry circumstances," said Rep. Costa. "The major portion of projects identified is focused on fisheries and environmental projects, and neglects the human needs. Many towns in my district are experiencing Depression-level unemployment due to a lack of water for our farms right now. What is unclear is how the identified projects address these real human needs."

The Reclamation stimulus proposal includes $40 million for "Emergency drought relief", much of which will likely be spent in California. Parts of California are currently experiencing hydrologic and regulatory drought conditions, which will have devastating economic impacts to farmers and the rural communities they support. Under the Drought Relief Act of 1991, and other authorities, Reclamation intends to fund emergency drought relief projects that "can quickly and effectively mitigate the consequences of the current drought by making the greatest quantities of water available for areas that are hardest hit". These projects include ESA mitigation efforts, water transfers and exchanges, installation of groundwater wells, installation of rock barriers in the Sacramento Delta, and installation of temporary water lines.

According to our members in the San Joaquin Valley, these projects will do very little to help Central Valley water users. In fact, our members were unaware of anyone even working on a project to "install rock barriers in the Delta". There appears to be nothing relevant, immediate or helpful to beleaguered agricultural water users in the California drought package. This is very frustrating, and has engendered a feeling among San Joaquin water users that Reclamation is staring an emergency straight in the face, but does not appear to be willing to do anything extraordinary with regards to dealing with the emergency. They believe Reclamation needs to start taking some risks, including taking forceful administrative action to confront

the crushing weight that fisheries regulations are exerting on Central Valley Project water operations.

San Joaquin Valley water users have proposed several meaningful project proposals which have been rejected by Reclamation for a variety of reasons. Notable among these is a $35 million proposal to install Techite / RPM pipe by Westlands Water District, which was rejected by Reclamation on their determination that it is not shovel-ready and needs to complete NEPA and ESA processes. Westlands disagrees.

Time Constraints

Some "shovel ready" projects such as Idaho's Minidoka Dam rehabilitation project (ready to start this fall) were not funded by Reclamation because (they were told) they would not be completed in time. The Minidoka Dam Spillway project 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 (but apparently ignored by Reclamation, as noted above). Based on this and other decisions, many of our members are demanding to know how Reclamation is going to spend $1billion in less than one year if the agency excludes many projects from funding. This is another example of how water users would like to see Reclamation take a risk, get creative within legal limits, and help the local Idaho water users achieve a meaningful infrastructure fix.

Reclamation's customers need to be convinced that the agency is being as aggressive and creative as possible in ensuring that good projects meet the "shovel-ready" criteria. As it stands now, our membership is concerned that Reclamation disqualified potentially shovel-ready projects in order to minimize its workload.

Program Management

We offer a few additional observations and recommendations, intended to assist Reclamation in its efforts to efficiently and fairly administer the challenging stimulus program. Reclamation should be encouraged to conduct preliminary work on near-priority projects in case higher-ranked priority projects are stalled or do not move forward in a predicted manner. We also recommend that Reclamation maintain and update a complete list of ranked priority projects, including those funded with ARRA funds, and those that remain unfunded.

Economic Stimulus Through Regulatory Flexibility

Despite the focus of this testimony on specific provisions of the proposed Reclamation stimulus package, we cannot lose sight of a simple but key understanding: this is an economic stimulus package. Most of the projects funded by Reclamation will create (at least temporarily) jobs and put people to work in a time when employment has never been more important. We also think stimulus funding and strong leadership should be directed in a way that also saves the jobs for folks that are already working. Nowhere is there a riper opportunity to save tens of thousands of jobs through leadership, reason and flexibility than what currently exists in California.

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 Department of Interior 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 stimulus bill recognizes the need for streamlining and provides funding for that purpose. It directs that National Environmental Policy Act (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 Endangered Species Act (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.

In fact, there is a provision in Reclamation's NEPA guidelines which allows Reclamation to accept local environmental compliance (such as CEQA, in California) as the basis for their NEPA compliance. It has been our experience that Reclamation historically has been hesitant to use this flexibility. The accelerated nature of this ARRA would lend itself to using this provision, at least in California, where many projects have already undergone CEQA reviews.

An Opportunity to Apply Regulatory Relief to Achieve Economic Stimulus

After 3 consecutive years of dry conditions—and due to mounting environmental restrictions that have moved water away from agricultural and towards fish like the Delta smelt—the allocation for California's Central Valley Project (CVP) agricultural water service contractors south of the Delta stands at a paltry ten percent. The impacts to growers on the West side of the San Joaquin and Sacramento Valleys will be severe, and ramifications will ripple through the rest of the state (and nation) as well. Thousands of acres are being fallowed, upwards of 30,000 farm workers will lose their jobs, and loss income in the San Joaquin Valley could exceed $1 billion. The impacts will ripple outward, since a significant percentage of winter vegetables are grown in the Central Valley for consumption by the rest of the country.

Much of the recent crisis is driven by recent declines noted in some Bay-Delta fish populations. There appears to be no doubt that some Delta fish populations have plummeted, and it is equally clear that current methods of "recovery" are not working. Those efforts focus almost exclusively on operation of the state and federal water project pumps that pull water from the Delta and send it to Central Valley farms and Southern California. As noted in a recent Information Quality Act request we filed with the U.S. Fish and Wildlife Service, because there is no correlation between abundance of delta smelt and project export pumping activities, it cannot be said that project operations are responsible for declines in delta smelt abundance. And yet...the federal agencies continue to focus on those pumps, and the fish do not appear to be responding.

In the meantime, continuing environmental litigation is destroying Central Valley agriculture. Almost 300,000 acre-feet of water have been lost to the ocean since the first of the year instead of supplying the farms and homes it was intended to serve (see attached figure). This is in addition to the water that was lost last year due to these questionable environmental regulations. For a reality check that demonstrates how litigation and regulation have made this year's drought worst for San Joaquin Valley farmers than in previous, even drier years, please see "Description from the San Luis & Delta-Mendota Water Authority Regarding the Current South-of-Delta CVP Water Supply Situation", attached.

It would appear that Congress and the Administration have an opportunity to provide some temporary economic relief in the form of legal or administrative proposals intended to give the benefit of doubt to hard working American farmers and farm labor while sound, long-term solutions to fisheries challenges are developed. The questionable science employed by U.S. Fish and Wildlife Service in its recent Delta smelt opinion is justification enough for political leaders to take action to protect tens of thousands of farming jobs in California.

Political leadership and administrative flexibility can provide their own brand of economic stimulation. Many in the San Joaquin Valley had hoped that the Department of Interior would dedicate a balanced portion of the stimulus funding towards projects that would afford the operational flexibility for providing a reliable supply of water to meet the needs of distressed communities. That has not happened. Perhaps it is not too late, however, to provide stimulus "in-lieu" of using federal funds and instead applying administrative and legislative regulatory relief to keep people working in the San Joaquin Valley.

Conclusion

Success of the Reclamation stimulus proposal is important to the family farmers and ranchers of our membership, and our observations are intended to ensure that federal stimulus dollars are used as effectively as possible. We intend to monitor initial progress on Reclamation stimulus-funded projects and will engage with Congress and the Obama Administration as required in the coming months.

Thank you for this opportunity to present our views today.

Attachments:

1. Figure of Export Water Lost to San Joaquin Valley in 2009 Due to Delta Smelt Biological Opinion
2. "Description from the San Luis & Delta-Mendota Water Authority Regarding the Current South-of-Delta CVP Water Supply Situation"
3. February 9, 2009 Family Farm Alliance Letter to Interior Secretary Salazar and Agriculture Secretary Vilsack

[NOTE: Attachments have been retained in the Committee's official files.]

Mrs. NAPOLITANO. Thank you, Mr. Keppen.

And we move on to Mr. Atwater, the Chief Executive Officer and General Manager of Inland Empire Utilities Agency, President of WateReuse Association in Chino.

STATEMENT OF RICH ATWATER, CHIEF EXECUTIVE OFFICER/ GENERAL MANAGER OF INLAND EMPIRE UTILITIES AGENCY, PRESIDENT OF WATEREUSE ASSOCIATION, CHINO, CALIFORNIA

Mr. ATWATER. Thank you very much, Madame Chairwoman and Ranking Member Morris-Rodgers, and the other members of the Committee and other Members of Congress.

I really do appreciate the opportunity to speak before you today. First, I want to compliment the Chairwoman for her wonderful leadership in championing both not only Title XVI, but looking at creative, innovative ways to solve water problems throughout the West.

And one of the themes that I want to talk about today is these problems have been going on for a long time, and we need to be strategic about how do we solve problems. And I will give you some suggestions on how we do that.

And certainly, in the stimulus package and what Secretary Salazar announced, as Congressman Costa alluded to, 10 days ago $135 million for water recycling. It is a great down payment from my perspective to helping to solve problems, not just in California, but in Las Vegas, and in Denver, and along the Rio Grande, and throughout the West, and frankly, throughout the United States.

First of all, let me just give you a little bit of background. For those who don't know me, I am President of the Wate'Reuse Association. And if you go back, I will just date myself by the last three droughts that have affected the West rather dramatically. In 1976/1977, I was in Las Vegas when the Colorado River bailed out the California drought by giving southern California full aqueduct. And we in those days recognized that water shortages were going to be a recurring problem. And unfortunately in 1981, California didn't pass the Bay Delta Solution, the Peripheral Canal.

In 1986 I worked very closely with Congressman Costa when I was at the Metropolitan Water District. He was right then. We are still working on the same issues in Bay Delta. And we need to solve that problem. And we can talk a lot about that, but I don't think we have enough time this morning. But we do have a briefing this afternoon at 2:00.

Third, in 1990, we were in the second year of the Colorado River drought and the California drought. MWD, the Bay Area, everybody was on water ration.

Secretary Manuel Lujan, Congress hadn't acted. Commissioner Dennis Underwood came to San Diego and announced a press conference. They said, you know the way to solve our problem statewide? Initiate the Southern California Reuse Study. It the Bureau of Reclamation, he said, in Las Vegas. It was in Phoenix, and in southern California in the Bay Area, for agriculture in the San Joaquin Valley.

They said, you know what? We need to use this water we are dumping in the Pacific Ocean. It wasn't Congress. Congress enacted it in 1992, but it was the leadership of Secretary Lujan and Commissioner Dennis Underwood that embarked on that.

I say that because Chairwoman Napolitano and I when she was Mayor of Norwalk and I was working with the agencies in LA County working with the drought. That is when we started it. And of course, as Congressman Miller sits down, he is the one that championed that bill that helped us solve the water problems in LA County.

So I bring that back throughout, and today. Since 2000 the Colorado River has been on a drought. All seven basin states want to stretch the supplies from Denver to Albuquerque to Phoenix to Las Vegas to Southern California. We are not making new water on the Colorado River. Lake Mead and Lake Powell are in the worst condition they have ever been.

What do we need to do? We need to structure our supplies and look at more efficiency, including reuse, et cetera. And over the last 10 years in my area, in Chino Basin, we have been working with communities in Congressman Baca's area, Congresswoman Napolitano. The former Chairman Ken Calvert has been a wonderful champion of reuse in Riverside and San Bernardino County. The economic engine of California—and also, by the way, we have the largest concentration of dairy cows in the United States—we did innovative renewable energy and reuse projects to keep those different sectors of the economy going. But it is a real struggle now.

So what I would like to point out is when we look at the stimulus package, it is a wonderful down payment, and certainly the leadership of Secretary Salazar and the bipartisan effort of this Committee to support innovative water solutions, like reuse, encouraging the Bureau of Reclamation to promote water conservation, and I would say even more today, which is something I think is really important, but throughout the United States, the energy footprint of water use and renewable energy is a critical energy that we need to examine.

In southern California it takes six to eight times more energy to move water from Lake Shasta or Lake Orville to San Diego, as it does to reuse water to put it on the city park. And when you consider how much money we spend to purify that water to making it into drinking water, and then they use it to irrigate a golf course, or put it in a power plant? Frankly, that is a dumb, very wasteful strategy.

Likewise, Irvine Ranch had it right 40 years ago. All those strawberries, all that produce in Irvine Ranch, Mission Viejo, and where I work, a third of our customers on reuse are agriculture. That is a sustainable supply. They don't worry about droughts any more.

So I would suggest we all need to work together to figure out to structure our supplies throughout our West. And then, bottom line, is to create jobs.

Let me just point out that the $135 million out of the $1 billion in the Bureau's package for Title XVI, because it is capped at a 25 percent cost share, results in a half a billion-dollar investment in the next two years. A half a billion.

So it creates half as much as the whole billion dollars going to Commissioner McDonald. And it is jobs and cities and areas, like in our area where we have foreclosure rates of 20 percent. Not quite as bad as the San Joaquin Valley, but I think Congressman Baca and Congresswoman Napolitano will say the unemployment rates in their service areas are rather dramatic.

So I would just point out that that has a huge benefit, and a ripple effect throughout the economy.

So with that, I know my time is up, and I will be happy to answer any questions you may have.

Thank you.

[The prepared statement of Mr. Atwater follows:]

Statement of Richard Atwater, Chief Executive Officer, Inland Empire Utilities Agency, on behalf of the WateReuse Association

Introduction

Madam Chairwoman, Ranking Member McMorris-Rodgers, and members of the Subcommittee, the WateReuse Association is pleased to appear before you and have the opportunity to present our testimony on the status of the Title XVI program and the value the American Recovery and Reinvestment Act (ARRA) has given this program through the injection of $135 million in assistance. At the outset, the Association wishes to thank you publicly, Madame Chairwoman, for the leadership you have provided over the years to ensure that Title XVI's objectives are realized. Throughout the West your leadership has provided the vision that recycling and reusing water is the most significant new water supply available today to address our serious water shortage problems!

Aside from the record commitment of leadership provided in the ARRA, because of your efforts and others on the Subcommittee, including Representative George Miller, the Fiscal Year 2009 budget contains a record level of resources for this program. Your efforts mean that not only can we create jobs, but can also develop environmentally protective water supply projects to help the West ameliorate the deleterious effects of the ongoing drought. I also want to express our sincere appreciation for your support of the recent passage of the Omnibus Public Lands Management Act that included a number of vital water project authorizations that set the stage for increased water supply production facilities in the years to come.

I appear before the subcommittee in my capacity as President of the WateReuse Association. I am also Chief Executive Officer of Inland Empire Utilities Agency (IEUA), located in Chino, California. By implementing aggressive conservation programs, including expanding our innovative recycling and desalting technologies to reuse our water supplies, we have reduced our potable water demand by 20% over the past five years. IEUA is a municipal water district that distributes imported water from the Metropolitan Water District of Southern California and provides municipal/industrial wastewater collection and treatment services to more than 850,000 people within a 242 square mile area in the western portion of San Bernardino County. The Inland Empire region is the "economic engine" of California and among the top 10 job creating regions in the US.

As a way of introduction, the WateReuse Association (WateReuse) is a non-profit organization comprised of more than 175 public agencies (plus an additional 200 associate members) that provide water supply, wastewater treatment, and water management services to communities throughout the nation. WateReuse's mission is to advance the beneficial and efficient use of water resources through education, sound science, and technology using reclamation, recycling, reuse, and desalination for the benefit of our members, the public, and the environment. Across the United States and the world, communities are facing water supply challenges due to increasing demand, drought, and dependence on a single source of supply. WateReuse addresses

these challenges by working with local agencies to implement water reuse and desalination projects that resolve water resource issues and create value for communities. The vision of WateReuse is to be the leading voice for reclamation, recycling, reuse, and desalination in the development and utilization of new sources of high quality water in an environmentally sustainable manner consistent with the nation's priority to reduce energy consumption.

Today, I will address a number of matters on which the Subcommittee asked WateReuse to provide input. I believe the issues can best be summarized by stating that water recycling and Title XVI offer a proven means to meet the challenges of drought plagued regions of the West while simultaneously reducing demand on energy consumption that would otherwise be required to deliver water supplies over hundreds of miles to meet municipal and industrial needs.

The Bureau of Reclamation's Title XVI Reuse and Recycling Program and the Economic Simulative Effect

Today, the West faces two simultaneous daunting challenges. The first is drought and the impacts of continued climate gyrations—wild swings in previously established weather patterns. The second is the unprecedented growth throughout the western states. Population continues to not just grow, but accelerate throughout the West! The Title XVI Water Recycling Program enables water users in the West to stretch existing supplies through the application of reclamation, reuse, recycling and desalination technologies within watersheds that do not have any other available new water supply. Title XVI was initially authorized in 1992, following a severe multi-year drought in California and other western states. A drought of equal severity reduced the mighty Colorado River to record lows only a few years ago. We must find ways to expand the nation's water supplies and do so without generating regional or environmental conflicts. Reusing existing supplies and stretching those supplies is a significant part of the solution. The Title XVI program provides the authority and framework to accomplish these water resource development objectives to meet the needs of our cities and urban areas, our farms and ranches, and our diverse environment.

President Obama signed the American Recovery and Reinvestment Act (ARRA) into law on February 17, 2009. With this action, Title XVI was catapulted forward into the mainstream of efforts to revitalize the nation's economy. Within ARRA, a minimum of $126 million was allocated to Title XVI. We are grateful for the recent announcement from Secretary of the Interior Salazar that the Department will provide $135 million to support water recycling projects construction. This decision means that drought starved communities and regions and where the recession has been particularly devastating to local economies are now in a position to address two problems at once. When Congress was debating ARRA, organizations such as WateReuse highlighted the value that infrastructure assistance can lend to the economic recovery. In fact, there is only one true way to reverse economic decline and create an immediate multiplier effect from the federal assistance. This is building public works. In the case of water recycling and reuse projects, the benefits are more than just the immediate jobs creation effect of ARRA. Water, as we all appreciate, is the building block of life and economic activity. If oil becomes too expensive, we can shift our energy demands to other sources. But if reliable water supplies dry up, our industries, ranging from agriculture to manufacturing to retail, cannot sustain their business operations. This is why water recycling and reuse are important. As a former Secretary of the Interior stated, water recycling is the last untapped river in America. When communities construct these facilities, they are creating water supplies that are reliable and safe. They are using this last untapped river to support a strong and vibrant economic base irrespective of the unreliability of Mother Nature.

Therefore, water recycling and reuse project construction assistance is one of the best ways to address the current economic downturn. The assistance will help local communities generate jobs immediately and those jobs will create projects that sustain long-term economic activity. I also highlight the fact that water reuse is "green" and "eco-friendly." Water reuse is the process of converting a waste product into a resource that is highly beneficial. Moreover, water reuse projects have the additional benefit of offsetting demands on limited potable water supplies. Energy costs related to pumping, conveyance and storage are dramatically reduced because of the local nature of the project, thereby enhancing the economics of recycling and reuse. And last, by reducing demands on potable supplies, we are helping to make scarce water supplies available to support ecosystem needs such as the California Bay-Delta Watershed.

The law clearly states that projects that are ready to go are those that can use assistance within the next two years. We consider that a project that is ready to

go or "shovel ready" is one that has its regulatory approvals in place to allow for actual design and construction to proceed. Because Title XVI is a program that depends on specific project authorizations, the selection and award of stimulus assistance should be straightforward and expeditious. Any attempt to establish a mechanism or process to determine which projects should receive funding is unnecessary given the Bureau's recently revised "Directives and Standards."

We believe that the best use of the assistance is through funding projects without delay. Today, the nation is in an economic recession that has few historical precedents. Construction costs have declined significantly from just a few years ago when costs were escalating at rates of 10 to 15% because of high demand for infrastructure around the globe. Today, we can move forward on construction projects and deliver cost savings to our ratepayers. This savings is tantamount to an additional grant to the project. Because the stimulus funding will only begin to address project backlog, the assistance should target completion of ongoing authorized and appropriated Title XVI projects. Assistance that remains should be equitably targeted to yet to be initiated "new starts" that have not been funded yet to ensure that construction cost savings can accrue to these projects also.

We consider ARRA as a means to an end. We are hopeful that ARRA combined with the Fiscal Year 2009 budget that committed a record funding level to the Title XVI program signals that Congress and the Administration will maintain and increase support for this worthwhile program in the future. This commitment is needed. When ARRA was under debate, WateReuse provided Congress with a survey of its memberships needs. We found that more than $5 billion in "ready to go" to construction projects exist. This level along with the $655 million backlog of authorized projects within the Title XVI program illustrates that we must build on the foundation ARRA created. If we do grow this commitment, we will continue to generate jobs, green jobs, and ensure that one of the most effective weapons to battle drought impacts, climate change impacts, and ecosystem needs is readily available.

As we discuss the importance of federal assistance to develop locally developed water supplies, we inevitably encounter questions over whether water recycling and reuse is a U.S. Bureau of Reclamation (USBR) mission. Over the years, this subcommittee has heard concerns over how USBR considers Title XVI to fit within the agency's overall mission. From a parochial view, WateReuse has had a productive and sound working relationship with the agency through the WateReuse Foundation, which carries out cutting edge applied research to support the advancement of water recycling, reuse, and desalination. At the same time, federal budgets have over the past several years been lacking in the commitment to programs like Title XVI. The documented effects of climate change upon water supplies and the imperative to find environmentally sustainable responses, suggests to us that the debate about what level of priority water recycling should hold for USBR is over. The law and the climatological challenges to our society are clear. This must be a top tier priority for USBR in carrying out its mission. This is not just the opinion of the WateReuse Association. The Congress codified water reuse and desalination into the Bureau's mission when it enacted P.L. 102-575 in 1992 and reaffirmed it with the specific cost sharing provisions in the 1996 re-authorization.

Experiences with the Title XVI Program and Program Benefits

The Title XVI program has benefited many communities in the West by providing grant funds that made these projects either affordable or more affordable. The Federal cost share—although a relatively small portion of the overall project cost—often makes the difference in determining whether a project qualifies for financing. In addition, the Federal funding and the imprimatur of the United States government typically results in a reduced cost of capital.

The Association believes, first and foremost, that the Title XVI program serves a Federal interest as discussed below. Although the level of funding, until this year, that the program has received over the past decade has been limited, it is still an unqualified success. Simply stated, this is one program that represents a sound investment by the Federal government in the future of the West. It delivers multiple benefits to stakeholders throughout the West, ranging from municipal and industrial to agricultural needs. The Federal investment of Title XVI assistance has been leveraged by a factor of approximately 5:1. According to a 2004 Council on Environmental Quality study the non-Federal investment amounted to $1.085 billion. We do not know of any other federal water program that delivers such a significant investment by local communities. This is clearly an "economic" stimulus program that represents a cost-effective return for the Federal investment in solving the nation's water problems!

In enumerating specific project benefits, we must not forget the intangible benefits that exist when this critical new water supply is brought on line in addition to the financial value of such projects. These benefits include the following:

- Environmental benefits realized through the conversion of treated wastewater into a valuable new water supply and the "green jobs" from building new water infrastructure;
- Reduction of the quantity of treated wastewater discharged to sensitive or impaired surface waters;
- Alleviating the need to develop new costly water supply development projects unless they are a last resort (e.g., new dams and other expensive importation aqueducts);
- Reduced dependence on the Colorado River and on the CALFED Bay-Delta System, especially during drought years when demands on both of these water systems are particularly intense;
- Creation of a dependable and controllable local source of supply for cities in arid and semi-arid climates such as El Paso, Phoenix, and Las Vegas;
- Reduced demand on existing potable supplies; and
- Energy benefits, including reduced energy demand and transmission line constraints during peak use periods, realized by the replacement of more energy-intensive water supplies such as pumped imported water with less energy-intensive water sources such as recycled water (recycled water use at a park in San Diego in lieu of imported water from MWD uses about one-fifth the electrical energy).

A fundamental question is "why would we want to use valuable, high quality water from the Bureau of Reclamation's Shasta Reservoir in Northern California or Lake Powell in Utah and pump and transport it over 500 miles to irrigate a park or golf course in the Los Angeles or San Diego metropolitan areas?" Also remember that the replacement of that imported water with local recycled water will save enough energy and reduce related greenhouse gas emissions from reduced pumping equivalent to a 500-megawatt power plant! Obviously the energy and water policy issues facing the arid West clearly justify a "strategically" small grant program to use recycled water as a means to continue to support the economic vitality of the major metropolitan areas throughout the Colorado and Rio Grande River basins.

Clearly, in an era that will be measured by what we do to deliver services that meet local needs in an environmentally sustainable manner, water recycling and reuse are an integral component of any response. For example, in Florida, communities are beginning to grapple with the impacts of a new state law that will effectively eliminate wastewater discharges. This means that water recycling will serve to support compliance with the mandate. In California, the budget crisis that has proven to be unrelenting places new pressures on finding cost-effective approaches to developing water supplies. While there may be questions on where or how to site surface storage facilities and how to pay for such facilities, no debate exists on recycling and reuse projects. Because these are locally developed and supported projects, they are implemented without the acrimony that accompanies other approaches. This means that a safe and reliable water supply that can be developed for use in irrigation, recreational, ecosystem or groundwater recharge purposes without delay.

General Comments and Recommendations for an Enhanced Title XVI Program

Earlier, I highlighted the significant funding Title XVI received under ARRA and the Fiscal Year 2009 budget. It is critical that this budgetary support be more than a one-time infusion of Federal support. For more than 10 years, WateReuse has called upon Congress to increase funding for this program. Today, we have a new baseline to measure this support. ARRA and Fiscal Year 2009 funding together provide approximately $175 million. This is a good start, but only a start. We are grateful for it. However, we have a $500 million backlog and it is growing every year as new projects are authorized for Title XVI assistance. To address the backlog, the Congress should appropriate at least $100 million on an annual basis for the next five years.

This level of funding will clear the backlog of need and allow for an enhanced program to be developed and implemented in the intervening time. On this matter, I would like to turn attention to ways in which we could enhance the existing program and ensure that we address the challenges of climate change and overall drought induced water scarcity. These recommendations are made with an understanding that Congress is in the midst of developing climate change policy. We hope that this subcommittee and the full Committee on Natural Resources will work to ensure that these recommendations are incorporated into any final climate change legislation.

- Any climate change offset program should provide that public agencies that are investing in locally developed water supply projects are eligible to participate in the program.
- Title XVI program funding levels should be set at a level to eliminate program backlog within five years. This funding level should be $100 million per year.
- Incentives should be created to promote the use of recycled and reused water supplies. These incentives should include: 1) a 30% investment tax credit to support industrial transition to recycled and reused water supplies, 2) federal guidelines to procure recycled and reused water supplies, and 3) federal guidelines to ensure that green retrofits of federal buildings provide for installation of appropriate water recycling and reuse technology and piping.
- The Department of the Interior should provide a Report to Congress, on an annual basis, on its progress in promoting water recycling and reuse and recommendations to improve the program objectives in alleviating water shortages, reducing energy use and implementing comprehensive watershed wide solutions.

ARRA Impact on Water Recycling and Reuse

As stated earlier, we deeply appreciate the support of projects through ARRA. The ability to construct long-delayed projects is an obvious benefit of the economic recovery assistance law. While it is too early to conclude whether the actual assistance will reach projects in a timely manner and consistent with ARRA's deadlines, the indications are promising. The Secretary's confirmation of the funding level gives us hope that actual funding will soon flow to project sponsors.

ARRA's impact can be seen on a broader perspective. Congress and the Administration agreed that water recycling and reuse projects are important enough to our economy to highlight the Title XVI program as deserving a minimum level of ARRA funding within USBR. There can be no dispute from this point forward that this program is critical to the nation's long-term economic health. For this reason, we believe that ARRA has a dramatic effect on the program's importance. We have reached a point where consensus exists that this program can no longer be an afterthought. This bodes well for our shared interest in developing sustainable, locally developed water projects.

On the matter of ARRA implementation, we do have a concern with the law's "Buy American" mandate. Under the law and subsequent Office of Management and Budget guidance, it appears that unless a project sponsor can certify one of three waiver conditions, a project must be built with American iron and steel and manufactured goods. Many of these projects rely on highly specialized equipment like pumps and membranes manufactured outside the United States. In cases where iron and steel and manufactured goods are available in this country, their availability may be limited. In the West, much of the iron and steel is purchased from Pacific Rim countries. Even with the ability to seek a waiver from the law's mandate, we are concerned that such waiver requests will be subject to unreasonable delays. We believe and request that the Subcommittee consider seeking assurances from USBR and the Department of the Interior that national waivers will be established to avoid project-by-project waiver requests. A national waiver, for example for membranes, would allow communities to proceed with a project without incurring additional project costs attributable to delays.

Conclusion

Historically, the Bureau of Reclamation has always supported Title XVI proactively by initiating planning studies and comprehensive strategies to solve complex water problems in the West with recycled water and desalination development. Examples include:

1. Resolution of water conflicts in the original Newslands Project (first authorized Reclamation Act project in 1911), which includes maximum use of recycled water from Reno, Carson City and Sparks wastewater facilities;
2. Arizona v. California provided for "return flow credits" to Las Vegas for all wastewater recycled in Lake Mead;
3. Secretary Lujan and Commissioner Dennis Underwood initiated the Southern California Comprehensive Water Reclamation and Reuse Study in 1990 in advance of Congressional authorization in Title XVI in 1992.

Once again, the WateReuse Association wants to thank you, Madam Chairwoman, for convening this hearing. We would be pleased to work with you in addressing critical issues related to water reuse and recycling, desalination, and water use efficiency. We are strongly supportive of the Subcommittee's efforts to ensure adequate and safe supplies of water in the future for the entire country. I would be pleased to respond to any questions the Subcommittee may have.

Mrs. NAPOLITANO. Thank you, Mr. Atwater.

We move on to Mr. Mike McDowell, General Manager for Heartland Consumers Power District in Madison, South Dakota. Welcome, sir.

STATEMENT OF MICHAEL McDOWELL, GENERAL MANAGER, HEARTLAND CONSUMERS POWER DISTRICT, MADISON, SOUTH DAKOTA

Mr. MCDOWELL. Thank you, Madame Chairwoman. I appreciate the opportunity to come before the Committee to discuss the important issues that are part of the stimulus package administered by the Bureau of Reclamation.

A little bit about the three organizations that I am testifying on behalf of. Heartland Consumers Power District is a wholesale power supplier in South Dakota, Minnesota, and northwest Iowa. I am proud to tell you that as of commercial operation date on February 25, 20 percent of Heartland's energy is now generated by South Dakota's wind resources.

The Midwest Electric Consumers Association, of which we are a member, is composed of 300 public power and cooperative organizations that purchase power from the Missouri River Dams.

The Western States Power Corporation is represented by members in both the Colorado River Basin and the Missouri River Basin. This organization was formed 14 years ago for the purpose of providing advanced funding for power facilities in light of declining appropriations. Since that time, Western States has advanced about $230 million, half of which has come in the past three years, as we ramp up our commitments to rapidly aging power facilities on the Bureau and the Corps projects that, some of which are in dire need of repair.

In looking at the Bureau's nearly $1 billion part of the stimulus package, we were disappointed to see that only $23 million was allocated on a Bureau-wide basis for power facilities. I can tell you, in Pick-Sloan Western Divisional Loan, $10 to $15 million is needed just to keep the power facilities running on an annual basis, going out as far as anybody can see.

Power customers have continued to increase their share of advance funding, to the point where now Western States members essentially fund all of the power replacement in the Upper Great Plains Region. This has been fortunate for us and our customers, and I think also has benefitted the Corps of Engineers and the Western Area Power Administration.

Our advances in 2009 will approach $60 million. That is the good news. The bad news is we are reaching the limit of our ability to fund advance funding for Bureau projects. Cash-flow limits within some of our organizations, capital needs within some of our organizations, and investments such as Heartland made in South Dakota Wind Resources, coupled with soon-to-expire Federal power contracts, make the current advance model very uncertain for us.

We believe the Bureau's program offers the Nation a solid foundation for clean, renewable energy at a reasonable cost, particularly in light of the transition that is underway now to a less carbon-intensive energy industry.

Madame Chairwoman, that concludes my testimony. I would be glad to answer questions from the Committee.

[The prepared statement of Mr. McDowell follows:]

Statement of Michael L. McDowell, Heartland Consumers Power District, Midwest Electric Consumers Association, Western States Power Corporation

My name is Michael McDowell. I am General Manager & CEO of Heartland Consumers Power District. Heartland is based in Madison South Dakota and provides wholesale power to 28 communities in Eastern South Dakota, Western Minnesota, and Northwest Iowa, as well as 6 state agencies in South Dakota. Thirty of our Customers hold allocations of Federal Hydropower from the Western Area Power Administration. Heartland provides power from a diverse resource base that includes coal, hydro, nuclear, and wind. Twenty percent of Heartland energy comes from South Dakota wind resources. Heartland is a member of the Midwest Electric Consumers Association (MECA) and the Western States Power Corporation (WSPC).

I appreciate the opportunity to submit testimony regarding the Bureau of Reclamation's capital planning under the American Recovery and Reinvestment Act of 2009 (ARRA) on behalf of Heartland, MECA, and WSPC.

The Mid-West Electric Consumers Association was founded in 1958 as the regional coalition of more than 300 consumer-owned utilities (rural electric cooperatives, public power districts, and municipal electric utilities) that purchase hydropower generated at Federal multipurpose projects in the Missouri River basin under the Pick-Sloan Missouri Basin Program. In Pick-Sloan, power generated at Bureau multipurpose projects is marketed by the Western Area Power Administration and is under long term contracts.

The Western States Power Corporation was founded in 1995 and is represented by 19 members from the Missouri and Colorado River Basins. The organization was formed in response to declining appropriations and an urgent need to support the Federal power infrastructure. The members provide advance funding to the Bureau of Reclamation, the Corps of Engineers, and the Western Area Power Administration to replace critical equipment and provide emergency maintenance. Since its inception, Western States has provided over $230 million in advances, half of which has been in the past three years. The Bureau has received $13 million of these funds, and we have committed another $12 million to them for FY 2009. Despite our efforts, challenges remain in keeping their plants operating; some of these problems relate to power features, while others involve water delivery systems that we share as multipurpose facilities. We welcome the availability of funds under ARRA, and hope that they will be used to keep these important facilities viable in the future. During a time when carbon discussions dominate the energy landscape, we agree that it makes good sense to maintain carbon-free resources that currently exist, and for which the government is fully repaid.

We have reviewed the Bureau of Reclamation's plans for these funds, and based on the information presented in the Investment Projects Report dated April 14th, it appears that only a small portion has been designated toward the actual repair and replacement of power infrastructure. In fact, while the magnitude of Reclamation's appropriation approaches $1 billion, less than $23 million is slated for power infrastructure on a Bureau-wide basis. In the Pick-Sloan Western Division alone, Bureau engineers estimate that power-related needs will average $10-$15 million per year for the foreseeable future. Under these conditions, it is unlikely that repairs and replacements will keep pace with critical project requirements unless power customers somehow fill the void. This is not to say that the proposed nonpower projects are unjustified; however, the power features are a key component of the Bureau's success and should be given equal consideration in the decision-making process.

The power customers have steadily increased their participation in funding for the Bureau, and Western States members now fund essentially all of the power replacements within the Great Plains Region. This has been fortunate for the Bureau and our end-use consumers, but there are limits to what the customers can and should do for Federally-owned facilities. Between the needs of the Bureau, the Corps of Engineers, and the Western Area Power Administration, our advances approach $60 million per year, and we have reached our practical limit for funding. Cash-flow limits, capital needs within our respective organizations, and soon-to-expire Federal power contracts make this an uncertain model for long-term reliability.

Another implication of the program that has not been fully considered is the impact on rates and repayment. Since the ARRA funding is reimbursable from power

customers, any new funding outside of regular Bureau workplans may generate unanticipated rate increases. This repayment applies not only to specific power features, but also to safety modifications and allocated shares of multipurpose improvements. All of these components are part of the ARRA legislation, and the safety modifications appear substantial. The power customers coordinate with the agencies on a regular basis to "stage-in" construction activities and encourage priorities that provide the greatest benefit for each dollar spent. This process has worked well and provides some measure of rate predictability over time. The impact of additional outlays at this point is unknown; however, the likelihood is high that additional items will enter the repayment stream at a time when most of the customers are absorbing painful rate increases due to extended drought.

Unintended consequences may also occur in projects which may be started under ARRA, but which will require additional investment above the initial amounts. Based on the numbers in the Investment Report, we doubt whether the entire costs of some projects have been considered. This is the case for line items such as the Pole Hill Canal Refurbishment and Boysen Powerplant Rewind, both of which appear to have partial, short-term funding. If continued appropriations are not received, the projects will likely become an upfront financial encumbrance for the power customers or remain uncompleted.

We believe that the Bureau's power program offers the nation a solid foundation for clean, renewable energy at a reasonable cost while providing substantial cost-sharing with multipurpose water systems throughout the west. To ignore the needs of the powerplants may result in significant disrepair and long-term outages, which will eventually impact all of the functions served by the Bureau.

Thank you for the opportunity to provide written testimony to the Committee on these important issues. I would be happy to respond to any questions.

Mrs. NAPOLITANO. Thank you, Mr. McDowell. Thank you for your insightful testimony. And I believe Mr. Miller does not have questions, so we will move on to the questioning.

Let us start it off with Mr. McDonald. The ascending question that your testimony did not answer, and of course it can be estimated, how many jobs do you think will be created? And how, because this is just an estimate. We are understanding that this is in the future.

But beyond that is, what is the timeframe that you envision being able to have that money to the chosen projects? And when will that start? So that those jobs, whatever they may be, will be created?

Mr. MCDONALD. Yes, ma'am. In terms of the job estimates, the Department of Interior has thus far been using a pretty simple rule-of-thumb multiplier. And we are estimating, based on the economic literature, that every million dollars of economic stimulus money for the kinds of activities reclamation is undertaking, will generate about 28 or 29 jobs. So that translates into about 26,000 to 27,000 jobs for the $945 million that Reclamation will expend.

As Mr. Atwater pointed out, though, a number of our projects and programs are cost-shared by non-Federal partners. So that is $26,000 or $27,000, pardon me, 26,000 or 27,000 jobs for $945 million Federal dollars. It will be substantially increased by the non-Federal dollars associated with that and the other programs that have cost shares that typically are running 75 percent, depending on the program non-Federal money. So quite a bit more than the 26, 27,000 jobs.

Relative to how quickly we will do it, it will, obligations will be made over the period of the next 18 months to meet the statutory deadline, of course. We will move as quickly as we can on all fronts.

OMB actually apportioned the money the day after the Secretary's announcement of our final decisions. We have already loaded our financial system in the manner that we have to put everything in, with the requirements that we identify, stimulus money separate from regular annual appropriations. That all got done last week.

I will be putting out a memorandum this week that authorizes the regional offices to proceed on anything that has been approved already, if we have all the process questions answered. And in that regard, the gentleman speaking for the tribes noted that there are some outstanding questions about 638 contracts, financial assistance, exactly how Davis-Bacon applies. We are awaiting guidance from the Office of Management and Budget on that front.

But the Department is working very hard and very closely with OMB to resolve those questions quickly.

Mrs. NAPOLITANO. Have you set any timeframe for OMB to reply?

Mr. MCDONALD. I don't generally set timeframes for OMB.

Mrs. NAPOLITANO. They do. Well, if there is any way that we can possibly make an inquiry to OMB, as you well know, I have no problem. Because this is a serious matter, and I am sure there are other constraints that they have. However, this is urgent, also.

Mr. MCDONALD. And I can assure you, OMB understands there are a number of working groups that have identified all the questions, and are working through them as rapidly as possible.

Mrs. NAPOLITANO. Also, Mr. McDonald, there are certain projects under the Environmental and Ecosystem Restoration that also qualify under the meeting future water supply needs category.

Regarding all these projects, and in particular the Red Bluff fish screens, how much of this funding directly or indirectly supports supply reliability?

Mr. MCDONALD. Generally speaking, with a couple or three exceptions, I would say all the projects could also be called water supply projects, in the sense that what we are doing with those projects is, for the most part, meeting the requirements of biological opinions that are in hand, which if we do not meet could result in reductions of project water supply, or biological opinions in the case of Red Bluff, that is six weeks away. And we know full well what that biological opinion will say. And litigation in the past associated with those biological opinions that has brought us into compliance.

Red Bluff in particular is a classic example of the kind of contemporary issue that Reclamation confronts. If we don't solve that problem by 2012, given the biological opinion I expect to receive on June 2, we risk losing the water supply for 150,000 acres of high-value crops. Another calamity. That is about as much 100-percent water supply as I can imagine.

So while labeled ecosystem restoration, and every one of them is contributing to a restoration of habitat and ecosystem conditions, they are all there for the purpose of protecting already-existing project benefits and the water supply associated with those projects.

Mrs. NAPOLITANO. Thank you, Mr. McDonald. One of the things that I was talking to my staff yesterday in regard to the issue of

the pumps, the Red Bluff fish screens are supposed to be helping the issue in northern California.

Concern continues to be if the users above that area have—is there a way that we can determine that they have taken steps to not dump as much of their toxins? Have they not used a lot of the fertilizers that are toxic to the fish? The fertilizers, some of the users that continually use the river to dispose of water, used water, that at one point we are talking about more affecting the fish, aside from the change in the water, the pumps, et cetera.

Is there a work that agencies are doing in collaboration with you to ensure that some of that is addressed?

Mr. MCDONALD. I would be better able to give you an answer on the record, Madame Chairwoman. Reclamation doesn't have direct responsibility for the application of herbicides, pesticides, and fertilizers on the farm. That is the individual responsibility of the farmer, pursuant to state and Federal law.

At the same time, though, we certainly deal with water quality issues. I am just not personally acquainted off the top of my head with what we might be doing in the Sacramento Valley, but we would be glad to get to back to you.

Mrs. NAPOLITANO. I would appreciate that, sir, because that is still a concern.

And Mr. Atwater, California State Law requires that any new industrial or home development must have a guaranteed 20-year water supply. The drop from the Sierras and the Colorado River Basin has made it difficult to rely on that imported water.

But how has Title XVI allowed for some of those water districts to find necessary water supply to allow for economic development in southern California?

Mr. ATWATER. Great question. And simply, not only in my service area, but throughout southern California, Title XVI has allowed builders of new communities. I will cite the example in the City of Chino, where Lewis Operating Company master-planned about four years ago about an 8,000-unit master-planned community, duel-plumbed with purple pipe following the model of Irvine Ranch from 40 years ago. And we were able to guarantee them a water supply.

That area, and also a larger community in Ontario, is developing now with a zero impact on the Bay Delta. It is all being supplied by local groundwater desalinization with our dairy cow power project with renewable energy and recycled water. And that will serve about 150,000 to 200,000 people, so it will be self-reliant.

Another quick answer is, Walmart, for example, in the planning of their new big-box stores in southern California, want them all to be 100-percent reuse and have a zero impact on the water supply. That is the type of activity that I think is innovative, that allows us all to work together to solve our water problems.

Mrs. NAPOLITANO. Thank you. There was an article in the Capitol Press on April 27, Mr. Snow directed the State Department of Water Resources to meet without Endangered Species Act rules on Delta water. State allocations might be reaching 35 percent this year instead of 30. That is a 5 percent increase.

Federal officials also gave a similar estimate, absent Endangered Species Act restrictions. The Central Valley Project's 10 percent al-

locations from south of the Delta farmers would only rise to about 15 percent again by percent increase.

In other words, to quote Mr. Snow, if the Endangered Species Act goes away this afternoon, we still have a drought. Still lack of water. How much water has been lost this year due to drought and other factors that can be replaced with water reuse or conservation?

Mr. ATWATER. Again, just in context, in southern California our supply from the State Water Project is only 30 percent. And obviously we are not going to see more water supplies coming from the Colorado River, given the huge challenges with the Colorado River with the long-term drought since 2000, and a lot of predictions going forward the next 20, 30 years that we will have shortages from Denver to Albuquerque to Las Vegas to Tucson.

So in southern California, our formal strategy is to improve our efficiency, and to reuse and develop and capture stormwater more effectively, et cetera.

I just remind everybody, Governor Schwarzenegger called for this strategy in February 2008, a reduction by 2020 of 20 percent of the per capital water use. There are a number of bills in the California Legislature that are trying to enact that and make that a requirement for every community. And the way you accomplish that is being more efficient with water, and reusing and recycling your local supplies. And that is absolutely the way all this works together to kind of structure the supplies, so we can accommodate all the needs throughout the State.

Mrs. NAPOLITANO. Thank you. I am of the opinion, of course, in my own opinion, that we don't have any new water supply. Mother Earth has only given us a certain amount. If we have used it, I mean if we abuse it, we need to clean that, we need to be able to recycle it and be able to use it when needed, where needed.

Mr. McDowell, how could the Emergency Drought Relief Act be used to make up this 5 percent?

Mr. MCDOWELL. Pardon me. The Emergency Drought Relief Act provides three or four principal authorities for reclamation. Number one, it allows us to ourselves provide temporary—but I emphasize temporary, it is stated in the statute—temporary facilities to relieve drought problems, so we could lay plastic pipe, for example, to get water temporarily to a city that needed it. We could put in temporary pumps, we could float a barge in a reservoir with intakes that have been exposed.

The only thing that we can build of a permanent nature are wells; they can be left in place.

Second, it gives us the authority to provide funds to parties to do that themselves.

Third, it provides us the authority to move non-project water through our Federally owned facilities in a very expeditious manner, as opposed to the standing authority, which we call the WARN Act of 1911 that we otherwise have to use, which has several limitations, the principal one of which is we can only move irrigation water through our Federally owned facilities under the WARN Act. The Drought Relief Act takes that constraint off, lets us move water for any purpose.

So those are the basic features of the Drought Relief Act. And in the context of California, though, I would also emphasize that there are a couple or three features of the Central Valley Project Improvement Act that, although not labeled drought relief, provide the kinds of activities that can be utilized for drought relief. So we will exercise that authority, as well, if appropriate.

Thank you, sir. Ms. McMorris Rodgers defers to Mr. Radanovich.

Mr. RADANOVICH. Thank you very much. I appreciate that.

California gets $50 million of stimulus money. And as Mr. Keppen had testified a little bit earlier, and you did, too, Mr. McDonald, the Red Bluff Diversion Project is a good example of a win-win because it does address a pending biological decision on the Delta with regard to the salmon.

But I fail to see where any of the rest of that money is going to deal with the other biological opinion that has been in effect for a year and a half now for these Delta smelt.

And it does concern me, because we have not been allowed to pump during the wet seasons in two seasons now. Last year you asked about 600,000 acre feet of freshwater into the ocean that could have been sent into the San Luis Reservoir and be held there to allow us to alleviate the effects of Mother Nature's drought, let alone the manmade drought that we are facing right now.

The Two Gates Project is one simple project that could be installed in the Delta that allows for just the installation of two gates. It is temporary; keeps the Delta smelt away from the pumps. And I understand that it could be considered shovel-ready if the Department of Interior, Fish and Game as well, made it a priority by expediting the permits.

Can you respond to me for that, sir?

Mr. MCDONALD. I certainly will try. You are, first of all, correct that none of the projects we selected speak to the immediate issue of the smelt. Relative of the Two Gates Project, our understanding, as recently as reviewing the information with the water users in the state Friday in Sacramento, was that it simply was not shovel-ready. We could not get it to the point that it could be obligated by September of 2010.

What we can look at, and will look at this week, is whether there is any temporary fix there that can be done in a manner of months that would be eligible under the Drought Relief Act.

Mr. RADANOVICH. And I do understand that that is, as I interpret the Two Gates Project, it is something that could be done as quickly as two months. The issue is getting, expediting the permits. And that is whether the agencies are willing to prioritize this projects to expedite the permits to allow that to happen.

Mr. MCDONALD. I have different information, is all I can say, Congressman. It is considerably more complicated as a construction matter. I would be glad to dig into that deeper and get back to you on the record.

Mr. RADANOVICH. If you would, I would appreciate it. As I understand, it is probably one of the more simple projects that the Bureau has ever done.

And I want to know, has the Bureau expedited permits before for certain projects, to get them in a little bit faster?

Mr. MCDONALD. You know, we don't grant permits ourselves. So in an environmental regulatory context, we are a regulated agency. So we accelerate in the sense that we often do everything we can to move more quickly in contributing staff time. But at the end of the day, it is Federal and state agencies that regulate us, and we do not control their schedules.

Mr. RADANOVICH. But those permits by those agencies have been expedited before.

Mr. MCDONALD. I certainly know cases where state and Federal agencies have given priority to a permit that we may need to seek, yes.

Mr. RADANOVICH. Is, in your opinion, the situation in California warrants that extra attention, that expediting on your part?

Mr. MCDONALD. If it would assist in the next eight or 10 months on the drought, it is certainly worth looking into, yes.

Mr. RADANOVICH. All right, thank you very much. I appreciate that, Madame Chairman.

Mrs. NAPOLITANO. You are very welcome, sir. Mr. Miller.

Mr. MILLER. I would like to just follow up where Mr. Radanovich was. Does it make a difference in terms of expediting this, whether this is a Bureau project, or whether this is a project of the Water District?

Mr. MCDONALD. It certainly would. And one of the reasons—

Mr. MILLER. The information that I have been given now for several months is that this is ready to go.

Mr. MCDONALD. That it is ready to go?

Mr. MILLER. Yes.

Mr. MCDONALD. Mr. Miller, it makes a difference in the sense that up until now, everybody has considered this to be a project that the State Department of Water Resources had the lead on. We have not been doing environmental and planning work on it, because DWR was going to proceed with it.

And one of the outgrowths of this meeting I referred to Friday is our Regional Director is getting in touch with Lester Snow, the Director of the Department of Water Resources, to clear up who needs to be on first base here.

Mr. MILLER. Because I think the testimony in an earlier hearing of this Committee was that this was one project that there seems to be a great political consensus around, which is unique in itself. That has got to be worth some points.

But the other is that in fact, this project is ready to go. I recognize it is an experiment. We don't know whether it will work or not. And I think there has been a little bit of fear factor there that you may get sued or what-have-you. But that is not a reason for not going forward if the project is, as most of the stakeholders believe, a valuable experiment to see whether or not we can protect the smelt in this situation.

So I just, I hope this isn't getting caught up in whether, one, we are fearful in going forward; and two, whether or not there is some competition about whose project this will be in allocating or not. Because I think if the funding is available, and the district is willing, the local district is willing to take it on, that would be, that would seem to make some sense.

Mr. COSTA. Would the gentleman yield?

Mr. MILLER. Yes.

Mr. COSTA. If the meeting that Mr. McDonald is speaking of on Friday is the same one—I believe I was participating in that meeting. And my understanding was, is that based upon your comments, Mr. Miller and Mr. Radanovich, Lester Snow, the Director of Water Resources for the State of California, does believe that the environmental consultation process could take place and could be completed by August of this year, and that they could begin construction.

So I think your point is well taken in the sense that maybe the lead on this should be the state, working with Contra Costa Water Agency, who has, I think, first proposed it. Both you, Congressman Radanovich, and myself, and I believe others, support it. And maybe it is the process that has created the problem here. And maybe we need to, that was one of the suggestions I made to Mr. Glacier in our meeting on Friday was that he had to go and confer with the Director of Water Resources with Lester Snow. And maybe the state ought to take the lead on this so we could get through this process.

Because it does have potential merit. It does have, as you noted, political support in a bipartisan fashion, which is unusual in California. And we ought to move on it.

Mr. MILLER. I thank the gentleman. On another question, has there been any instruction of looking at the screening of the CVP pumps on a pilot basis with stimulus money, to your knowledge?

Mr. MCDONALD. Not that I am aware of, Mr. Miller. I would have to check and—

Mr. MILLER. Could you check and find out whether that is possible?

Mr. MCDONALD. I would be glad to.

Mr. MILLER. We keep discussing this, but again, we never quite get around to decide whether or not it is viable or not viable. And it seems to me we have an opportunity now with the stimulus money to consider that, that that would be on the table, or I guess it could be taken off the table.

Mr. MCDONALD. I will get back to you.

Mr. MILLER. Thank you.

Mrs. NAPOLITANO. Thank you. And there is a great urgency, so if you would also let this Chair and the Ranking Member know so that we are apprised, and don't have to ask the questions again.

I would like to have Mr. Hastings, please.

Mr. HASTINGS. Thank you, Madame Chairman. And once again, thank you for holding this meeting. I have just got a couple of questions for Commissioner McDonald.

Bill, you mentioned what your take was, and why you didn't put transfer projects into the mix. It seems to me that they still are Federally owned, and transfer projects, maybe by definition because the O&M has been taken out of direct Federal spending, might be more cost-efficient to the Federal government. So if there is anything that you can do to perhaps change that, that would be worthwhile.

But I want to talk specifically about a project in my district, and that is the Quincy Irrigation District within the Columbia Basin Project. They have been concerned on the West Canal because of

a choke point. And my understanding, talking to them over the last several years, that this choke point came into being when the canal was being built, there was lack of funds. And so rather than building it as wide as they should have, they choked it down. And so as a result of a down project, you don't get all the water.

I guess my question to you is, this is something that they have been working on for a long time because of the efficiencies, and the fact that we need more water in other parts of the district.

Would you, I guess what is your intent to try to resolve this problem? Because while this is a transfer project, it is not an O&M issue, not an infrastructure issue; it is a design, rectifying a design problem initially. And so I just wonder what your thoughts are on that in the future.

Mr. MCDONALD. Thank you, Congressman. That has been an issue, and some difference of opinion, frankly, between the District and Reclamation as to whether we have an original design capacity problem or not.

We have continued to work with the District, and they have gone out and done a variety of field work to characterize the issue, and are continuing to discussions with the District to see what the long-term fix might be that would be appropriate.

Mr. HASTINGS. OK, thank you. And I just have one other question for Mr. Atwater.

You have spoken at length about working together to try to make sure that there is adequate water for all of California. Is storage something that you and your organization support?

Mr. ATWATER. Absolutely. In fact, just to summarize briefly, one of the things that has helped to alleviate our shortage in our service area, and for all the 19 million people in southern California, is we entered into an agreement with the Metropolitan Water District six years ago. And we banked 100,000 acre feet in our adjudicated basin, and also got a grant through the State of California through the Prop 13 2000 bond issue.

And so we reduced our imported water use this year by half, by taking half of our water out of the storage account. And we are going forward next year in the drought, and the year after. In effect, that kind of groundwater storage which goes on in Kern County and Semitropic and in groundwater basins up and down the state is something that we—

Mr. HASTINGS. And I was talking, when I talk about storage, I assume that all people have different interpretation. But I am talking about storage, its initial source, which obviously in California would be in the Sierra Nevadas.

Are you in favor of more storage, looking at more areas to store water in the Sierra Nevadas?

Mr. ATWATER. Well, in the context of Cal Fed, we have evaluated a lot of different alternative storage. I will tell you that in the State Water Plan, groundwater storage is much more cost-effective than surface storage.

So if you are interested in investing in the most cost-effective storage, then doing the groundwater banking that we do in Kern County, at Semitropic, Arbor and Edison, which I was intimately involved in that over the last 20 years; or whether it is storage in Chino Basin or in Madiero Ranch, or in Santa Clara County. I

think all those, plus looking at ways to operate all the surface reservoirs and augmenting projects so we can maximize the storage when we do have a wet year.

Mr. HASTINGS. Well, I am certainly, I would be in favor of an all-of-the-above approach. But certainly, something very basic ought to be at least more storage, or you said augmented storage, at the source, which of course is where the snow melts initially.

I would just point out in my district, Grand Coulee Dam is the ultimate storage, and it irrigates, authorized for a million acres. It irrigates slightly over 500,000 now.

So I understand you to say, then, that you are in favor of more storage at the source. Is that a fair assessment of what you said?

Mr. ATWATER. Well, certainly every watershed has its own unique issues. I think it is fair to—

Mr. HASTINGS. I understand. I understand that. But I am asking specifically more storage at the source.

Mr. ATWATER. No. In the case of the Colorado River, I would say after the last 30 years, I don't think anybody is proposing any new surface reservoirs.

Mr. HASTINGS. But in other areas, say other than the Colorado River, you would be in favor of more storage. Is that a fair statement?

Mr. ATWATER. I wouldn't do that generically, because every watershed again has some unique characteristics and unique issues you have to address. And whether or not it is cost-effective to do that, or let me say specifically in California, let us narrow this down. There are a lot of watersheds—

Mr. HASTINGS. All right. Well, thank you very much, Mr. Atwater. And I know that Chairwoman Napolitano is looking over my shoulder, and I will resist.

Mrs. NAPOLITANO. Thank you, Mr. Hastings. Mr. Costa.

Mr. COSTA. Thank you very much, Madame Chairwoman.

Mr. McDonald, as I alluded to earlier, you know, this is a crisis that we are facing again in the Valley. And God forbid, should this drought continue as the last drought, as Mr. Atwater noted, a fourth or a fifth year—the last drought lasted six years—we will be rationing water in southern California and the Bay area. And we will be out of water in parts of the San Joaquin Valley.

Noted, with that crisis understood, the irony that the fact in my area, some of the hardest-working people you will ever meet in your life that would normally be working if there were water to grow food to put on America's dinner table, are now in food lines.

When you came up with the $260 million, as I stated earlier, that I think is a good list, what was the rationale for $40 million?

Mr. MCDONALD. We had a variety of information in front of us that suggested the drought relief projects that could be done in eight or 10 months, dealing with this year 2009, the list varied between roughly $35 and $50 million, as my memory serves me.

So as I made a final judgment about the distributions of dollars, I settled on $40 million as a sum within our authorities, and within the constraints of the Recovery Act.

Mr. COSTA. Well, as you know, we have been working on a list, a number of us, since January, with the local water agencies. And

not all of them actually were projects that require dollars. A lot of them require transfers and exchanges.

And you commented earlier on your opening statement that transfer works were not a part of the criteria to be included. Why not?

Mr. MCDONALD. Again, the principal reason was transferred works are nothing we budget for. They are an obligation of the water user.

Mr. COSTA. I understand that. But this is a crisis. I mean, in the sixth year of the drought, we created the Water Bank, which you folks have now worked out with a giant garter snake, and hopefully the state and Federal efforts on the water bank of the joint use point will work.

But we transferred a million acre feet of water within California, just innovation, thinking out of the box, working hard.

So transfer works, I think I would go back and take a look at—I mean, I understand this is a stimulus package. But again, we are smarter than this. We need to look at all the management tools in our toolbox.

Mr. MCDONALD. I certainly understand. We may be talking past each other.

Transferred work simply means a facility, the O&M of which is the responsibility of the water user, some of the projects you brought to our attention would be extraordinary maintenance or replacement work on a "transferred work."

Mr. COSTA. OK, I want to be mindful of—

Mr. MCDONALD. For us was that we found none of those to be shovel-ready, capable of being obligated by September.

Mr. COSTA. Well, I think in our discussion on Friday, maybe they are going to take another look at some of these, I hope.

Mr. MCDONALD. If that was Mr. Glaser's conclusion and we can use it under the Drought Relief funding, we will do so.

Mr. COSTA. Will there be a possibility of more funding for drought-related efforts, either in the stimulus package or somewhere else?

Mr. MCDONALD. I would not expect any changes. The Secretary and the Department have made their decisions on the stimulus package. We have allocated the full amount available to us, and that is the road we are headed down.

Mr. COSTA. All right. Mr. Keppen, you mentioned in your testimony regulatory actions that could provide economic stimulus. Can you give us an example on such actions? I know you represent multiple states, but again, as Tip O'Neill is local and I am at ground zero.

Mr. KEPPEN. Well, I will try to apply one to your neighborhood, Congressman Costa.

You know, there are administrative things, legislative things, that could be applied to deal with some of the existing laws that are out there right now in a constructive way. And I kind of take offense sometimes when we try to advocate for doing that, trying to streamline the regulatory process for things like the National Environmental Policy Act (NEPA), the Native Species Act, and the Clean Water Act, we get criticized for trying to gut these laws.

That is not the intent. We are trying to make them work better. Some of these laws are 30 years old or so.

So in the case of the Delta smelt, for example, ESA-driven, Fish and Wildlife Service has basically written a biologically opinion that it took 300,000 acre feet of water that was being used last year in the San Joaquin Valley last year in one month, sent it out to the ocean.

Our feeling is that if there had been proper peer review, if there had been an open process and the best available science had been brought through scientists, and they assessed—

Mr. COSTA. In which the biological opinion followed through with a biological assessment that was peer-reviewed by multiple agencies.

Mr. KEPPEN. Right, right. I think just in that regard, trying to set up a really, truly sound peer review might vet some issues that would prevent a focus being placed on the pumps.

So for example, with the Delta smelt, we and our scientists don't see any sort of correlation whatsoever between the operation of those pumps and the health, the abundance of the Delta smelt.

And so, but how do we have recourse? How do we get our science injected into that process? We are using the Information Quality Act right now, as you know, to try to push that issue. That very issue, if there was just more of an open process that we think could be handled administratively or legislatively to prevent these sort of decisions from being made—

Mr. COSTA. My time has expired. I thank Madame Chairwoman, and I will submit some questions to our friend, Rich Atwater, regarding some of the stuff you and I have worked on.

Mrs. NAPOLITANO. Thank you, sir. We might have a second round pretty soon.

Mr. Smith.

Mr. SMITH. Thank you, Madame Chairwoman. Commissioner McDonald and Mr. Keppen, there have been concerns that the Bureau has not partnered with the private sector and contractors. And many of the water users believe that this could, the partnering could save money and time.

How much of the stimulus activity will be, do you think would be channeled to the partnerships as a reclamation, and to use these partnerships in the future? Mr. McDonald.

Mr. MCDONALD. Mr. Congressman, our estimate is that 90 percent to 95 percent of the stimulus dollars we are receiving will go into the private sector for work to be done by the private sector. Or, put conversely, we would expect only 5 percent to 10 percent, and I think it will be more around 5 percent, 6 percent of the dollars will be spent on actual Reclamation employees for construction management, for construction contracts with the private sector, processing of financial agreements, that kind of thing. And a portion of that will go to, we would guess, 20 to 30 people that we will hire on a two- or two-and-a-half-year temporary basis to process the extra workload brought on by the stimulus package.

Mr. SMITH. OK. Mr. Keppen?

Mr. KEPPEN. Yes, it will be interesting to see, I guess, how this all comes together.

I would just say that this whole process gives us a great opportunity to try to exercise some of the things that we developed in the Managing for Excellence Program, which was a program that we advocated strongly that irrigation districts, if they were given the ability to maybe use some of their personnel and their consultants on some of these projects, they could be done perhaps quicker, definitely help Reclamation out, be done quicker, and perhaps less expensively. And we have actually got case studies that demonstrate that that is the case in the past.

So, you know, we are willing to work with the Bureau of Reclamation on this. And again, it is very consistent with what they have been talking about in recent forums that they have set up to try to restructure their organization on these sort of things.

Mr. SMITH. OK, thank you. And Mr. Keppen, Reclamation has modified the criteria for challenge grant programs by raising the minimum dollar amount from $300,000 to $1 million. What do you believe the practical impact will be for the Family Farm Alliance members?

Mr. KEPPEN. Well, as I had mentioned in my testimony, the range is now $1 million to $5 million. Having that higher $5 million limit allows some of these bigger projects to be taken care of quickly.

But, on the other hand, projects that used to be able to be funded between $300,000 and a million, many of those projects, what we are going to see is less larger projects, and we are going to lose the ability to have perhaps several small projects that would help rural communities throughout the West because of this cap. That is basically the practical application of this.

We are going to I think see less spreading of the wealth throughout the West.

Mr. MCDONALD. Madame Chairwoman, could I offer a point of clarification?

Mrs. NAPOLITANO. Yes.

Mr. MCDONALD. Mr. Keppen is exactly right about the new caps that will be used for the Recovery Act monies. The point of clarification is those new caps apply only on a one-time basis to the Recovery Act funding of $45 million.

The annual appropriations are still subject to the program as it has existed, where the maximum is 50 percent, or $300,000.

So we can accommodate the small projects, or the big ones. We decided to use the Recovery Act to get at some big projects that we can't get at through annual appropriations.

Mrs. NAPOLITANO. Thank you, sir. Mr. Smith?

Mr. SMITH. Thank you, I yield back.

Mrs. NAPOLITANO. Thank you, Mr. Smith. And we now have Mr. Baca.

Mr. BACA. Thank you, Madame Chair. Mr. William McDonald, I have seven questions that I would like to ask you, and I know that I am going to go ahead and ask all seven now. I know you are not going to remember all seven, but for the record, hopefully you will be able to submit them later. Otherwise I am not going to get in my questions at this point.

Mrs. NAPOLITANO. Start talking.

Mr. BACA. So I am going to start by the beginning. Why is there a delay in the financial section of the Emergency Drought Relief Project when the Governor of California declared an emergency on February 27, 2009? As we know in California, we have an emergency, and farmers are losing their crops.

We know, pay now, pay later, which means that if farmers in America lose their crops, that means we are going to lose to foreign, foreign farmers who will actually have their crops on sales for our consumers. So it impacts our consumers in the area.

And why is there a delay in the $40 million for emergency drought relief? I just don't understand this. This is an emergency. And second, the Drought Water Banks released the environmental assessment finding of no significant impact on April 22, 2009, when the state was able to purchase the water.

Question No. 2. In regards to the green building and funding, the written testimony on the $13.5 million is omitted. Can you explain how the funding will be distributed? What are your priorities for the green building funding? Will this funding comply with the Davis-Bacon requirement?

Question No. 3. In your written statement, you shared that $5 million will be shared for management and oversight. Can you explain how the funding will be used and prioritized? And how will this funding be used for the recovery investment?

Question No. 4. When do you hope to announce the selection of individual projects for Title XVI projects?

Question 5. Of the $164.5 million set aside for the infrastructure reliability and safety improvement, actually how much will be allocated to the Folsom Dam in California, and the Colorado Big Thompson Project?

Question No. 6. When will you announce the $135 million worth of water recycling projects, and why is there is a delay?

Question No. 7. Of the $266 million that will be used for various projects widely distributed throughout western states, can you provide an example of projects that you are considering? When will you make these decisions? And I will repeat any of these questions over again, but I got all seven in. And you may begin now.

Mr. MCDONALD. And I am to get them all in, too. OK.

Relative to the first one, a delay, as you put it, in selecting drought research projects, we certainly understand the urgency. What I would say is I had frankly started down the path of making project selections up until the very last minute. And in the last couple of days, I decided that I really did not know enough to make an intelligent decision.

So we went to a lump sum of $40 million so that we would have the opportunity to meet particularly with California water users, but there are a couple other areas that seek input, as well, and get their input before we made decisions. So that is why we didn't come to individual project selections in advance.

With respect to the green building category, that is a single building in Boulder City for our lower Colorado region, Boulder City being the office building for our lower Colorado region. It is a leed-compliant, L-E-E-D, energy-efficient building, and from our perspective, part of infrastructure. You have to have warehouses, equipment yards, office buildings to put computers; control systems

for dams, and in a way as a piece of infrastructure. It is a single building, and that is the only thing in that category.

Your third question, if I caught it, was what goes to management and oversight. The Recovery Act specifically provides in Title IV that one half of 1 percent of the monies appropriated is to be used for management and oversight. We will devote those monies principally to activities associated with the extra reporting that is being required by the Act and by the White House, internal reviews and audits that are required to achieve the degree of accountability and transparency that is being required.

And third, working with the Inspector General, who, as you well know, has substantially expanded his or her staff, as the case may be, to do extra audits above and beyond the normal annual process. So that is what that money will be devoted to.

With respect to your question no. 4 on Title XVI projects, which help me, Congressman, I understood to be the same question as in your question no. 6. So let me answer what I think the question was.

When will we announce the selection of Title XVI projects? That announcement will be made in May, and that will disburse the $135 million that is to be devoted to Title XVI projects.

Your fifth question, how much money for Folsom, we are accelerating the dam safety work at Folsom, which is already underway. And the amount of that money is $22.3 million, set out in the one-page tabular summary to my written testimony.

And I must confess, I missed your last question.

Mr. BACA. I know that the time has expired. But of the $266 million that will be used for various projects widely distributed throughout the western states, can you provide examples of projects that you are considering, and when will you make a decision?

The reason I asked all seven questions, you notice I got a little bit more time this way.

Mr. MCDONALD. May I follow up on the record, sir? We will take care of that.

Mrs. NAPOLITANO. Thank you very much. And that was a sneaky way, Mr. Baca, but it worked.

I would like to ask Mr. McClintock.

Mr. MCCLINTOCK. Thank you, Madame Chairman. When we speak of the drought in California, I have heard such words as catastrophic and horrendous used. It seems to me that is based on somewhat old information. Almost the day that the Governor declared a drought emergency it began raining, and it has rained and rained and rained in northern California to the point where Shasta and Orville Lakes are now filled to three quarters of normal, at 59 percent and 66 percent capacity, respectively.

When we met a few weeks ago to talk about the dire conditions in the Central Valley, I had just come back from Folsom Lake, which at the time was at about 70 percent of capacity. That is now at 80 percent, which is considered full.

The Fresno Bee published a piece on April 2, and I will quote a bit from it. It says, "Snow surveys this week confirm that California's drought is three years old, but it is not among the state's five worst dry spells on record. At 85 percent of average on April 1, the

snowpack is bigger today than in any season during the 1987 to 1992 drought, when West San Joaquin farmers at least got some irrigation water."

The same article goes on with the following quote: "If we had the exact same year as the early 1990s, before we had the regulatory restrictions, we could have moved 300,000 acre feet into reservoirs, said Tom Boardman, Water Resources Engineer with the San Luis and Delta Mendota Water Authority."

Now, my question is this. We have been talking a lot about the projects authorized in H.R. 1, a few of which are going to be granting any kind of conceivable immediate relief to the 41 percent unemployment, for example, that we just heard about in Congressman Costa's district.

We moved H.R. 1 in about 12 hours. Presumably, we could move regulatory relief in the same period, which would grant immediate instant relief to a large extent throughout the entire region.

So the question I have of any of the panelists, for that matter anyone at the dais, is what are we doing in that regard?

Mr. MCDONALD. Relative to a Reclamation perspective, Congressman, I can only report the obvious. Congress did not relieve any of the Federal agencies of the regulatory requirements of the law: environmental, work-related, safety-related, whatever they may be.

So we will certainly expedite every process we can. We are talking to the regulatory agencies we have to deal with. They understand they need to buck it up as well, and move things along as rapidly as they can. But we are left subject to the existing law.

Mr. KEPPEN. Congressman, I will add to that. You know, there is an effort underway right now with the White House Environmental Quality. I understand they are looking at NEPA acting on language that was included in the overall stimulus package asking the agencies to find whatever ways possible to move through the NEPA process as quickly as possible using the existing law.

And that is encouraging. I am hoping that that process can identify where that can happen relative to stimulus funding. But it shouldn't just stop there. I mean, I think part of the problems we are having in California is we haven't been able to build an infrastructure for decades, in part because of the regulatory morass that is out there.

So that is one encouraging light. I am hoping that, you now, we will get some findings out of there that will streamline NEPA, and then keep that momentum going to look to, you know, applying that to developing new infrastructure as we move forward to challenge, to deal with the challenges here in the next decade.

Mr. MCCLINTOCK. Well, let me ask the Bureau of Reclamation. Taking Mr. Boardman at his word that the regulatory relief would immediately produce 300,000 more are feet into our reservoirs.

Is there anything in this package in the next three months that would produce that kind of additional yield in the California water system?

Mr. MCDONALD. No, there is not.

Mr. MCCLINTOCK. Thank you.

Mr. ATWATER. If I may, I would just suggest that the $135 million for Title XVI would develop in excess of 300,000 acre feet in California. The State Water Plan calls for a million acre feet.

Mr. MCCLINTOCK. In the next three months?

Mr. ATWATER. Not in three months, but over the next 24 months of design and construction. Going back to your earlier question on H.R. 1, we are in design on expanding the Chino groundwater desalters that serve riverside in San Bernardino County. And that was first introduced—

Mr. MCCLINTOCK. But since this is my time, let me point out the regulatory relief would be both instant, and would cost nothing.

Mr. ATWATER. That is true. I am just talking about what we can accomplish in the next two years with the funding that the Bureau was granted of a billion dollars to have shovel-ready projects.

There are some immediate returns on investment that affect the water supply throughout California and throughout the West. And I would suggest those have both short-term significant benefits, but also return every year for the next 50 years, too.

Mrs. NAPOLITANO. Thank you. In that light, though, Mr. McDonald, does the Agency recognize CEQA as being more stringent than NEPA?

Mr. MCDONALD. I don't personally have enough experience with CEQA to comment on that, Madame Chairwoman. I would have to talk to the experts in our regional office.

Mrs. NAPOLITANO. Mr. Atwater, do you think that would prove helpful?

Mr. ATWATER. Well, two years ago the Bureau of Reclamation adopted updated directives and standards related to Title XVI. The Senate had two hearings on it. Senator Feinstein really championed that effort to streamline NEPA and CEQA.

And the finding is that, in basically working with the Bureau of Reclamation of California, if you comply with the California regulatory requirements, you fully comply with NEPA. And in fact, that whole effort is generally very streamlined, and we coordinate those efforts very effectively.

Mrs. NAPOLITANO. Would there be a time saving in being able to utilize, if they were authorized?

Mr. ATWATER. Absolutely. And I think one of the questions you might want to entertain is Chairwoman of the Council of Environmental Quality, Nancy Sutley, of course was a member of the State Water Board; was very active in looking at these issues. Also when she was Deputy Mayor of LA, in trying to streamline those processes so that we could, if you will, fast track in a regulatory fashion projects that are ready to go.

Mrs. NAPOLITANO. Mr. McDonald, I would certainly like you to comment on that.

Mr. MCDONALD. Well, what I could add to that is we certainly dual-track CEQA and NEPA all the time. That is not out of the ordinary.

What I was unable to respond to was whether CEQA was more stringent. I just don't know. Certainly I do understand, and I agree with Mr. Atwater, if you comply with CEQA, you have complied with NEPA.

Mrs. NAPOLITANO. So would the Bureau, then, if there is a CEQA approval, would you then not have to require the NEPA approval?

Mr. MCDONALD. We simply do a joint document. It is routine; it has been done all the time.

Mrs. NAPOLITANO. Mr. Salazar.

Mr. SALAZAR. Well, thank you, Madame Chair. Thank you for allowing me to sit in on your Committee. Mr. McDonald, how are you?

Mr. MCDONALD. I am fine, how are you?

Mr. SALAZAR. Are you taking care of my little brother?

Mr. MCDONALD. Other way around.

[Laughter.]

Mr. SALAZAR. Well, first of all, let me just thank you for the funding that we got for the Animas-La Plata Project in Durango, Colorado, through the Recovery Act. We do appreciate that very, very much.

I have a question for you. Since the Recovery Act funded mostly, you know, projects that were already in process or shovel-ready projects, one example that really didn't get funded was the Arkansas Valley Conduit. This was authorized in 1962, under President Kennedy's signature. It is long gone since these lower Arkansas communities don't have clean drinking water, basically.

Would you consider maybe putting it in the Administration's budget for the coming years, if possible?

Mr. MCDONALD. We certainly understand the interest in the project, and it is one of those that is being evaluated as part of the out-year budget process. Obviously can't comment on behalf of the Administration whether it will be in 2010 or thereafter.

Mr. SALAZAR. OK. Well, we do appreciate that. As one of the issues in question, of course, had been over the past several years, was the cost share. And I think that the lower Arkansas communities and other players have actually worked out the funding process to where it can actually be afforded.

One other issue briefly was the City of Aurora has actually entered into a 40-year agreement with the Bureau of Reclamation on using excess-capacity contracts in Lake Pueblo. Do you think that is legal? Do you think that is, do you think that was intended under the Fry-Arkansas Proposal in 1962?

Mr. MCDONALD. Reclamation does believe we have that authority. That is why we entered into the contract. It is in litigation, of course. Lower Ark Valley disagrees with us.

What I can report, though, is just within the last 10 days we have reached an agreement with the City of Aurora, the Lower Ark Valley, and Reclamation. And it stipulated to the Judge that we would support a stay of the litigation proceedings to give Aurora and Lower Ark the opportunity to move the legislation that they are proposing.

Mr. SALAZAR. OK. Thank you very much. I appreciate your comments.

And I also want to thank Mr. Coffman for being, I think, the only Coloradan on this Committee. We sure have a lot of Californians, so thank you for taking Colorado's water.

Mrs. NAPOLITANO. That is all right. We have your little brother to help.

I am sorry, Ms. McMorris Rodgers, I have skipped you over and over again. I would like to have you next please, ma'am.

Mrs. MCMORRIS RODGERS. Thank you, Madame Chairwoman. I wanted to ask Mr. McDonald. You threw out the estimates as to

how many jobs you think will be created with these stimulus dollars.

I was wondering, is there going to be an actual accounting of how many jobs are created at some point?

Mr. MCDONALD. My understanding, but I don't have direct information, ma'am, is that the Office of Management and Budget will make more refined estimates as the Federal government moves through the process.

In terms of Reclamation doing it itself, our initial cut is it would be very difficult to do so. A lot of this money will be financial assistance to other entities, such as Title XVI projects that Mr. Atwater spoke to. We will pass that money along, but we won't be the ones procuring contracts, so we won't even have direct information.

So, so far, unless I receive guidance to the contrary, I would not expect Reclamation to individually try to gather up the information as to how many jobs actually get created.

Mrs. MCMORRIS RODGERS. I guess that concerns me a little bit. We have had a lot of numbers thrown out this morning, and we are talking.

You said there was an estimate for every million dollars, there would be 28 to 29 jobs created.

Mr. MCDONALD. Yes, ma'am.

Mrs. MCMORRIS RODGERS. You know, that is 33,000 jobs. And then we have also heard $5 million in administration for 20 to 30 jobs. That would be $170,000 jobs.

Mr. MCDONALD. No.

Mrs. MCMORRIS RODGERS. I am just trying to get my arms around how these estimates are actually going to play out.

And it just seems like, in this process, it is very dangerous to just throw out estimates that I would like to see, at some point that I would think when contracts are being awarded, and all the reporting that has to be given back to the Agency, that there would be, it would be possible to actually track how many jobs.

Mr. Ron His Horse Is Thunder has stated that there are no rules on reporting requirements right now. And I was going to ask him, too, because he said, you know, a significant portion of the funding that he gets is in reporting. We were talking about the money that is spent in, you know, more money that could actually be put in projects through regulatory relief.

And I am just trying to get my arms around, I guess I am concerned about estimates as to actually how many jobs are going to be created.

Mr. MCDONALD. OK. A couple of comments. Let me clarify, I didn't mean to cause confusion.

First of all, I was trying to say two different things earlier, that out of the $145 million, we estimate that 5 percent to 10 percent at most, and closer to 5 percent, 6 percent, 7 percent is the only part of that $945 million that will be spent on Reclamation's own staff. The balance will go out to the private sector.

Within that Reclamation staff, there will be some temporary hires. I think that is the point I was trying to make. We estimate clearly we will probably hire 20 to 30 new people on two- to two-and-a-half-year term appointments, or reemploy retired people that

we can bring back and dismiss at will, if you will. They don't have any retirement rights the second time through.

The one-half percent for management and oversight, which obviously will be spent on Reclamation employees, is a separate chunk of money from that 945. And that will go to the extra efforts, Reclamation staff of working with the Inspector General, the extra audits required by the process, so on and so forth.

You know, in terms of your interest about estimates, absolutely, we are working with an estimate, a pretty simple multiplier at this point. It is what the Department has been using, and that is what we await further guidance from the Office of Management and Budget about, how far they want to take the process in terms of either much more refined estimates, or trying to get an actual handle on data as we move money into the private sector.

Mrs. MCMORRIS RODGERS. I would like to ask Mr. Ron His Horse Is Thunder if you could give us any more details as to what portion, what portion of the funding you receive, if you could put a percentage on it in general, as toward reporting of the money that you get from Reclamation.

Mr. HIS HORSE IS THUNDER. I can't provide an accurate number on that, as well. So I would have to talk to my financial staff and program staff as well, to give you an idea on that.

But I do know this is that normally we don't get 100 percent of the contract support costs given to us in the first place. And I say that knowing that your question is how much is going to contract supports, really. But generally, we don't get 100 percent of the contract support costs given the tribes, I do know that.

Mrs. MCMORRIS RODGERS. OK, OK. Let us see, I wanted to ask a question of Mr. McDowell. I will get on a different subject now.

You testified that only $23 million will go toward refurbishing the hydropower facilities Bureau-wide. Does enhanced hydropower generate revenue to the Federal government?

Mr. MCDOWELL. Yes, it does.

Mrs. MCMORRIS RODGERS. Do you have an opinion as to why the Bureau has allotted so little money to basic rehab of power plants?

Mr. MCDOWELL. The spending decisions indicate to us that power is a low priority at the Bureau these days.

Mrs. MCMORRIS RODGERS. Are the units in good shape? Or is the work already underway to a degree that there are no significant concerns?

Mr. MCDOWELL. We have significant concerns with a number of the units. I would be glad to submit a list to the Committee if you so choose. We have two in Colorado: the Mount Elmer Project and the Flatiron Unit No. 2, both of which I can only describe as being on life support. And they are in advanced states of disrepair.

Mrs. MCMORRIS RODGERS. OK, OK. Thank you very much, Madame Chairwoman. I yield back.

Mrs. NAPOLITANO. Thank you, Mr. McDowell. I look forward to talking to you in the future in regard to the grid, since that also is an issue with the Subcommittee.

Mr. MCDONALD. Madame Chairwoman?

Mrs. NAPOLITANO. Yes?

Mr. MCDONALD. I would like to clarify a part of that, if I could, please.

Mrs. NAPOLITANO. Please.

Mr. MCDONALD. I certainly understand the interest in power, and I don't dispute that the power, a lot of our power facilities are aging infrastructure.

The principal reason you don't see much power is that Congress has enacted a variety of special funding arrangements by which we take care of our power maintenance off-budget. We do not even come to Congress for appropriations. That is how the Lower Colorado system is operated, Hoover Parker Davis. That is how the Colorado River Storage Project is operated. That is how we operate the system in the Pacific Northwest, the Federal Columbia River Power System.

So we already have mechanisms in place. It didn't take a stimulus package to make sure that we have direct funding in accordance with a whole range of cooperative agreements, in which we work with the power customers to identify the extraordinary maintenance and replacement that we need to take care of.

Mrs. NAPOLITANO. Right. But obviously, there is a lack in infrastructure assistance. And I think that is what they are referring to, is whether or not you have enough budget to be able to do it, or the manpower to be able to get it done.

Mr. MCDONALD. The principal issues in the Great Plains Region, where Mr. McDowell is from, what I can comment is the Flatiron Penn stock is on our list for Recovery Act funding, because of the timing that we will take down the Unit No. 2 that he speaks to, that is in our future budgets to take care of, so that we are coordinating the work of the two.

Mrs. NAPOLITANO. Thank you, Mr. McDonald. I was just going to ask Mr. McDowell if you wouldn't mind to comment on what you just heard.

Mr. MCDOWELL. I think the power customers in the Upper Great Plains are, at this point, doing all that they can do to provide advance funding for Bureau projects that are, quite frankly, in advanced states of disrepair. And again, spending decisions are reflective of the priority that power has, within the Bureau and from where we sit, it does not have a very high priority.

We have megawatt hours that could be produced that do not have carbon footprints that are not being produced because the facilities are in advanced states of disrepair.

Mrs. NAPOLITANO. Thank you, sir. And I have Mr. Coffman coming up. I am sorry, Mr. Coffman, but this brings another question to my mind in regard to this.

Since WAPA just got borrowing authority, and Bonneville just got extension of their authority, currently customers are helping WAPA, am I correct?

Mr. MCDOWELL. That is correct.

Mrs. NAPOLITANO. But they do get their power rates reduced.

Mr. MCDOWELL. No, the power rates are not reduced. The advances are returned to us in the form of credits on our power bills.

Mrs. NAPOLITANO. Credit on—

Mr. MCDOWELL. But the rates stay the same.

Mrs. NAPOLITANO. Thank you.

Mr. COFFMAN. Thank you, Madame Chairman. Mr. McDonald, to follow up on a Colorado-specific question.

For the record, could you expand on why you think the contract between Aurora, Colorado and the Bureau to lease water for 40 years is legal?

Mr. MCDONALD. Mr. Congressman, with all due respect, since that is a matter in litigation, I would need to consult with our attorneys to determine an appropriate response on the record.

Mr. COFFMAN. Thank you, Mr. McDonald. I would appreciate it if you could do that.

Second, Commissioner, why did the Department not include funding for the Arkansas Valley Conduit in Colorado? And what do you see as prospects for future funding?

Mr. MCDONALD. It was considered, but not included, because it is essentially it is not project-ready—shovel-ready, pardon me. At the best, it is at the stage where you could do some surveying of the potential alignment of the pipeline-associated soil-sampling drilling along the pipeline, but nothing anywhere close approaching ready for construction.

Relative to its place in future budgets, that will depend on the parties of the Administration as we move into 2010, 2011, and beyond.

Mr. COFFMAN. Commissioner, is it likely the conduit will see funding in the upcoming 2010 administrative budget? You have answered certainly a part of that.

Mr. MCDONALD. The President's budget will be released on May 6, and that will answer the question.

Mr. COFFMAN. Thank you, Madame Chairman. I yield back the balance of my time.

Mrs. NAPOLITANO. Thank you. You are a pleasure to have, sir. [Laughter.]

Mrs. NAPOLITANO. Mr. McDonald, if we do not mitigate the environmental impacts of the dams, does Reclamation have to go to Stillwater? And if so, what impact does that have on our power generation?

Mr. MCDONALD. Difficult to answer very concretely, Madame Chairwoman, in the broad context of that question. It is highly site-specific, depends on the system; but there certainly are instances in some of our systems where fish passage issues and fish habitat issues downstream of a hydropower facility have prompted either Reclamation or the Corps of Engineers to spill water that has historically been run through the turbines.

Mrs. NAPOLITANO. Thank you, sir. I would like to go on in a different vein, because I am very concerned, as I have been in other hearings, with our inability to assist the tribal needs of water. So I am asking Mr. McDonald if hearing the Chief's statement, and the fact that in some areas they still do not have potable drinking water, what efforts—and this is 10 years they are talking about having a drought and no drinking water. And I can remember not too long ago that in this Subcommittee, the Navajo Nation brought in children's description of how water is brought to them. And they had drawn a picture of a water truck.

In this day and age, in this great country of ours, that this still exists is unfortunate. And it is unacceptable.

So what can we do to be able to promote—and I would say to the Chief that the Representatives need to be able to put bills so that

they can be considered. But what can you do to be able to assist us in getting some of those areas that have been neglected for decades?

Mr. MCDONALD. Madame Chairwoman, in the context of the Recovery Act, we have allocated money to a number of projects that will assist native community, Native American tribes and communities. The limitation, of course, was we could only do what is authorized.

So what the gentleman refers to are a number of activities that I would take it are desirable to do, but not things that Reclamation has been authorized to do. We are allocating money to all six projects that are authorized in the Dakotas and Montana for rural water supply. Those are the only six authorized projects. We do not have authority at this point to go elsewhere, other than through the new Rural Water Program that is in its formative stages, and was not ready for Recovery Act funding.

And then several projects, the Animas-La Plata Project, the Gila River Indian Community, the San Carlos Irrigation District are all projects that will move water toward Native American community needs.

That said, there is a substantial additional need out there, and the rural water program will be the means by which we attempt to address it. It will for Congress, however, be a huge budget issue.

Mrs. NAPOLITANO. Understood. But still, I believe it would be advisable, if you will, that we start looking at how we can identify those areas that have been long ignored, and begin to help them either draft legislation and have their members be cognizant of the needs, and be able to at least have them in the queue. Knowing that there is, what, 500 million-plus of approved water projects that have been through the review process here in Congress. We only have, what, 180 million roughly, give or take, to work with.

So those are things that possibly in the future that we would like to discuss with you, sir, and with the tribes.

Mr. MCDONALD. Very good.

Mrs. NAPOLITANO. The question on to Mr. Larsen. Will the USGS lose valuable streamflow or groundwater information by removing the streamgages and wells? And can those, I believe it was a large figure, 1200 be converted, recycled, if you will, talk about recycle, to be used in areas. Specifically one area that was brought to my attention not too long ago was Ohio, is can they be refurbished and reused somewhere else?

Mr. LARSEN. We currently have about 2,000 sites in our deferred database. These are either abandoned streamgages or wells, or cable weights to measure streamflow in large rivers.

The 1200 that we planned to mitigate with the stimulus funding are those that have the least likelihood of reuse or reactivation. We work closely with our partners in every state, and I will certainly look into your question about Ohio, to make sure that any sites that we will mitigate are those that the state and our other local partners, as well as the Federal agencies involved, have zero interest, or little or no interest in restarting.

Nonetheless, it is an important challenge that you raise, that of sustaining our network of 7,500 gauges. And it is done with the

support of 850 state and local partners. So depending on their priorities, we make the decisions at the local basis.

Mrs. NAPOLITANO. My light doesn't come on, so I don't know whether I am on or off.

But is it feasible to reconvert these, to recycle these streamgages that you are going to be discontinuing and pulling aside?

Mr. LARSEN. Some of those stations potentially could. And there are 800 that will not be, out of the 2,000 that are abandoned, that will not be mitigated. And among those 800 there are some that are possibly viable sites for restarting.

The big problem is that it costs us about $15,000 per year to operate each site. So without a long-term funding source, either through Federal appropriations or through a local partner, we are unable to, with the stimulus funding, to restart stations.

Mrs. NAPOLITANO. Well, I look forward to visiting and really looking at a streamgage to understand what I am talking about.

Mr. LARSEN. It would be our pleasure.

Mrs. NAPOLITANO. Thank you. Chief His Horse Is Thunder, how will the ARRA funding help expedite your drinking water project?

Mr. HIS HORSE IS THUNDER. Five years ago we ran our water, and one of our major communities, due to the drought, and the drawing down of Lake Oahe, and our water intake was inundated with silt. And since then we have had a temporary intake built—it cost about $5 million—in that community.

And about two years ago, with the drought still occurring, the other major water intake supply for the reservation was about two feet from coming out of the water.

And so we have, with Bureau funding we have sunk a new well. Not a new well, but a new intake into the river further downstream, which should supply us water no matter what the drought conditions.

What this will do is it is a water treatment facility that is a line that will connect the two intakes with each other. And so should one intake go, unfortunately goes dry, that this water treatment facility will be able to cover the current lines that we have on line.

But the tribe has been authorized for, when it was originally authorized for the MR&I system, that it was an $80 million system, given the cost indexing and the lack of appropriations that we have gotten on a regular basis, that we are now up to about $140 million project.

Given the rate besides the Recovery Act dollars, given the rate of funding that we have gotten, we figure it will take us 80 years to complete that system so everybody on the reservation will have water.

Mrs. NAPOLITANO. How many years?

Mr. HIS HORSE IS THUNDER. Eighty years.

Mrs. NAPOLITANO. Mr. McDonald, comment?

Mr. MCDONALD. The pace at which Congress makes appropriations on these rural water projects basically does not keep up with the cost of inflation.

Mrs. NAPOLITANO. Well, we need to have a little bit of conversation in the future on how we deal with some of these issues, especially in areas where there is no drinking water.

Mr. Keppen, can you comment on the value of Title XVI to the alliance?

Mr. KEPPEN. Madame Chairwoman, we have, you know, generally been supportive of this, of this program, because indirectly, the more flexibility there is in urban areas, the more flexibility they have, the more tools that they have, the later they will look to Ag for more water. Right, Rich?

So you know, we have been generally supportive of this program, and we stated that in our testimony again. But with that said, we sure would have liked to have seen a little bit more money in this package focused on AG infrastructure, which is really the biggest issue for our organization right now.

Mrs. NAPOLITANO. Yes, I can understand that. However, for some areas, if it hadn't been for recycled water, they would be up a creek, literally.

One of the things that Mr. Atwater and any of you would comment, there has been a new, I call it the fourth treatment, which is ultraviolet and reverse osmosis, which will render the water fairly clean; pure, almost.

Is there any mindset, does anybody have any concerns that we are not pushing this technology? Or that we are not requesting recycled water agencies to use the fourth, so that that water then can be utilized by anybody, anywhere, any time?

Mr. ATWATER. That is an excellent question. And one of the things that the Association has been really proud of. We have been working with the Bureau of Reclamation and many universities and experts throughout the United States on a research program of technical issues like UV and other advanced treatment technologies.

Because, quite frankly, we all recognize that the impaired water, whether it is polluted groundwater in the San Gabriel Valley or drainage water in the San Joaquin Valley, or in Colorado, we need to look at treatment technologies to reuse and reclaim and develop, as you point out, Chairwoman Napolitano, we don't create new water.

And these treatment technologies offer a lot of promise to expanding our water supplies in the United States.

Mrs. NAPOLITANO. Mr. McDonald, any comment?

Mr. MCDONALD. I think Mr. Atwater said it all.

Mrs. NAPOLITANO. Anybody else?

Mr. KEPPEN. Ms. Chairwoman, I would add one other thing to consider here. And that is, we have folks in the Rocky Mountain Region that are looking at the tremendous amount of water that is being developed, as far as coal bed methane and some of these petroleum extraction operations. That water oftentimes, it comes out naturally tainted.

There are huge opportunities there to treat that water, and perhaps use it for irrigation. It is kind of like a whole new slug of water that could really help the system out.

And so I know we will continue to look for opportunities to do pilot projects and look into the opportunities to increase the water pie through those means.

Mrs. NAPOLITANO. Well, thank you so very much. I think we have covered almost every conceivable thing that we could, and any

others will be given to you in writing, and we would appreciate a response. We thank you for all your testimony and for your being present and look forward to talking to you in the future to see what progress has been made in the areas that are so critical for us.

This concludes the Subcommittee's oversight hearing on the American Recovery and Reinvestment Act Funds for the Bureau of Reclamation and Water Resources Division of the United States Geological Survey.

Thank you again to the witnesses for appearing before this Subcommittee. And your testimonies and expertise have indeed been enlightening and helpful.

Under Committee Rule 4[h], additional material for the record should be submitted within 10 business days after the hearing. The cooperation of all the witnesses in replying promptly to any questions submitted to you in writing will be greatly appreciated.

Thank you, and this meeting is adjourned.

[Whereupon, at 12:15 p.m., the Subcommittee was adjourned.]

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