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OREGON WATER RESOURCES CONGRESS

Testimony submitted to the United States House of Representatives Committee on
Appropriations, Subcommittee on Energy and Water Development
April 15, 2011

RE: U.S. Department of the Interior's FY12 Budget for the Bureau of Reclamation

The Oregon Water Resources Congress (OWRC) was established in 1912 as a trade association to support member needs to protect water rights and encourage conservation and water management statewide. OWRC represents non-potable agriculture water suppliers in Oregon, primarily irrigation districts, as well as other special districts and local governments that deliver irrigation water. About one-half of our members are in Reclamation Projects; most of the rest of our members have contracts for water with Reclamation or have been awarded grants under the WaterSMART program. The association represents the entities that operate water management systems, including water supply reservoirs, canals, pipelines, and hydropower production.

Bureau of Reclamation

OWRC continues to support an increase in funding for the Bureau of Reclamation's Water and Related Resources program above the Administration's proposed FY12 Budget request for the Bureau of Reclamation's programs west-wide. We are disappointed that the Administration's budget proposal is less than the Enacted FY 10 budget, especially for the Water and Related Resources program at a time when there is broad consensus that the water supply for the West is inadequate to meet current diverse needs and when needs for rehabilitation or replacement of aging infrastructure are increasing. Reclamation's ability to claim and sustain its roles as the leader in meeting the water needs in the West hinges on its ability to respond to water supply needs, and its budget must reflect these increasing needs rather than a budget that reduces the Bureau's ability to provide that level of leadership.

The Administration's current budget proposal is more than \$200 million less than what we in the water community feel is necessary to carryout an effective 21st Century water program for the West.

WaterSMART Initiative

While the total budget for the WaterSMART Initiative is reduced by just under 16%, comparable to the decrease for the overall budget for Reclamation of just over 15%, we are disappointed to find that the budget for the WaterSMART Grants and Water Conservation Field Services Programs—the two programs that are used the most by Oregon's irrigation districts to support water conservation activities—are suffering some of the largest reductions in the Reclamation budget – a reduction of over 31% for each of them. These two programs support Interior's Priority Goal seeking to conserve an estimated 490,000 acre-feet of water by the end of 2012 in a manner that local watershed councils in Oregon and local communities support, that leverage the federal dollars far beyond normal amounts, and that add to the conserved water within a fairly short time-frame. These programs are also an important part of the overall funding package for water conservation projects that are collaboratively developed by local communities and are

designed to meet those communities' needs while still meeting the Secretary's goal of water conservation.

Water Conservation Field Services Program

The Water Conservation Field Services Program is a key component in supporting irrigation districts' and similar water delivery systems' water conservation efforts. In the last two years the Water Conservation Field Services Program provided a breadth of technical assistance to irrigation districts and awarded grants totaling over \$1.5 million to irrigation districts in Oregon. Those grants provided partial funding for pipe for used to pipe canals, canal linings, SCADA systems, GIS systems, and water conservation plans – all supporting water conservation program being implemented by these districts.

The planning projects and technical assistance funded under the Field Services program are often the planning work that helps our member districts identify opportunities for water conservation through improved water management and capital investments. The Federal share in these projects ensures that the districts are able to continue these planning efforts without which the projects described in the WaterSMART Grant Program below may not be implemented and the water not conserved. This program provides seed money for both short and long term planning by districts and water users that results in helping Oregon meet the competing demands for water in basins throughout the state. Without these projects, basin planning efforts become just that – plans sitting on shelves without the ability to implement them.

We are disappointed that the Administration's budget reduces funding for the Water Conservation Field Services Program by about 35%. This reduction in planning support provided in the past by this program will hamper districts' ability to planning and feasibility work for their water conservation efforts.

We request that this program be funded at least at the 2010 Enacted level of just under \$8 million. The actual need may be closer to \$17 million (\$1 million for each of the 17 Reclamation states), but we recognize the realities of the current Federal budget.

We are disappointed that the FY 2012 budget includes a shift for the Water Conservation Field Services Program from a "regionally defined" water conservation grant toward the centrally-budgeted grant programs that have selection criteria and defined internal controls" (Bureau of Reclamation's FY 2012 Budget submittal at <http://www.usbr.gov/budget/2012Budget.pdf> , starting at PN-1). The Water Conservation Field Services Program is significant in its connection at the regional level to the Reclamation Projects in that it can be and is administered to best meet the needs of the projects in a region rather than as a centrally driven program based on Reclamation-wide needs.

- ◆ Each Region in Reclamation has unique characteristics for water demand, water supply, water management, geography, climate, and environmental pressures. Further, within each Region, each state has different programs that can be coordinated with a Reclamation program to meet the needs of the Reclamation projects in that state.
- ◆ Regionally-based programs can also respond quickly to changing situations, including something that arises suddenly that demands immediate attention in a manner a centralized program cannot.

- ◆ A regionally managed program allows Reclamation staff that is familiar with Projects in their region to best support local programs that will best meet Interior's and Reclamation's goals.
- ◆ The regional nature of this program provides a compliment to the centrally managed Reclamation projects as the only regional connection to assist the districts in Reclamation Projects.

The Water Conservation Field Services Program is one of the Reclamation services most appreciated by our members. The regional staff managing the program understands the Projects and the environment in which they are managing their facilities and water and thus have been able to provide support that is meaningful and helpful to the managers of those projects. We believe the management of this program should remain with the Regional Offices in order to retain the close connection between Reclamation and Project managers and ensure that Reclamation's resources are used to best support the management of its Projects.

WaterSMART Grants

OWRC has been a strong advocate for the former Challenge Grant program that is now part of the WaterSMART Program. Oregon's districts have successfully competed for these cost-share grants, typically with a non-federal share exceeding the required amount. The grants have supported districts' efforts to improve water delivery systems, conserve water, and implement innovative projects to meet the water needs in our state. With a return of over \$5 for every \$1 of Federal investment, this program far exceeds the results of other partnerships between the Federal government and local project sponsors.

Oregon projects funded through WaterSMART Grants have led to significant amounts of water returned in-stream without reducing the amount of land to which the districts deliver water. These projects have been key to some of the districts' ability to work cooperatively with other parties in their respective river basins to address the in-stream needs and water quality needs of their basins and avoiding enforcement actions by the Federal or State governments. Please see the list of projects below for examples.

We are disappointed that the Administration's budget reduces the WaterSMART Grant program by about 31%. We anticipate continued success with this program for our member districts to implement system improvements that benefit their respective water users and their communities but this reduction in funding will hamper their ability to continue their success in these efforts.

We request that the WaterSMART Grant program be funded at the level of the 2010 Enacted budget, \$27 million, to enable local water supplies to continue their work to conserve water and make their contribution to the Secretary's water conservation goal.

Examples of Oregon Projects Funded through the WaterSMART Initiative

The following projects are examples of how the Bureau of Reclamation's WaterSMART Initiative has helped Oregon districts. More projects like these could be developed and implemented with additional federal support through the WaterSMART Grant program and Water Conservation Field Services Program.

- **Ochoco Irrigation District, System Optimization Review Project**

The Ochoco Irrigation District will review its operations to analyze ways to optimize water and energy efficiency. Activities include updating the District's water budget and prioritizing piping projects based on water savings, energy efficiency, and cost.

FY 2010 Reclamation funding: \$110,025 Total Project Cost: \$229,219.

- **Three Sisters Irrigation District, Collaborative Restoration Project**

The Three Sisters Irrigation District will convert 5,200 feet of existing unlined canal to buried pipeline, install four new automated fish screen weir gates, and put into place a Supervisory Control and Data Acquisition system. The project is expected to result in 1,500 acre-feet of water savings annually in the Upper Deschutes Basin in Oregon. Approximately 833 acre-feet in water saved as a result of the project will be marketed to the Deschutes River Conservancy for a protected instream right, complementing habitat restoration efforts in Whychus Creek for threatened species, including Bull Trout, Red Band Trout, Summer Steelhead, and Chinook. Once the project is completed, water users will receive pressurized water, reducing pumping needs and associated energy costs.

FY 2010 Reclamation Funding: \$1,000,000 Total Project Cost: \$6,629,724

- **Tumalo Irrigation District, Piping Project**

The Tumalo Irrigation District will convert 6,528 feet of the open Tumalo Feed Canal to pipeline. The state of Oregon will receive rights to the 1,242 acre-feet of water expected to be conserved through the project. Conserved water will be applied to permanent in-stream use, which will provide critical base habitat for native red-band trout, bull trout, mountain white fish, and reintroduced anadromous Mid-Columbia steelhead.

FY 2010 Reclamation Funding: \$1,000,000 Total Project Cost: \$3,200,000

While funding for project implementation and construction is primary, our member districts also need funding assistance for the design and engineering of these projects. Many have reached a point at which the lack of funding for the non-construction phase of projects is becoming and will continue to be an impediment to the districts' ability to move forward with water conservation projects. Federal support for planning and development of water conservation projects should also be included in the WaterSMART Initiative.

Cooperative Watershed Management Program

The Cooperative Watershed Management Program aligns more closely with Oregon's well-developed approach to watershed planning than other federal proposals we have seen over the last few years. We are encouraged by this approach and support the initial funding in Reclamation's budget to get this program off the ground to see how it is implemented in practice. We will be watching with interest to see how the program evolves as we think it may have potential to support Oregon's watershed planning program

Water Reclamation and Reuse Program

The significant increase within the WaterSMART Initiative is for the Title XVI Water Reclamation and Reuse Program—more than double the 2010 Actual appropriation. While we support water reclamation and reuse projects, they are only one of many ways to improve water management and increase water conservation. In general these projects are expensive and take a

long time to develop and provide the water conservation that is the return on the investment. They are not the kinds of projects that are usable in many areas because of the technology and the cost as compared the projects funded with through the Challenge Grant program which are tailored to the local community's needs and environment. We believe the increased funding for water reclamation and reuse projects is disproportionate in comparison to the decreased funding for the WaterSMART Grants and the Water Conservation Field Services Program. Shifting the funding in this manner focuses on a few projects with somewhat limited application and away from the ability to help fund more projects that can be completed in a fairly short timeframe and increase water conservation more quickly.

Bridging the Headgates MOU

The need for continued coordination among federal agencies is a significant issue. The Bridging the Headgates program established by a MOU between the Natural Resources Conservation Service and the Bureau of Reclamation has proven successful in coordinating their efforts and we support the reauthorization of this program. We made the same request in our testimony on the Department of Agriculture's FY 2012 budget submitted to the Subcommittee on Agriculture, Rural Development, Food and Drug Administration and refer to that testimony for details of this request.

SECURE Water Act

OWRC and our members will be following the implementation of provisions of the SECURE Water Act. We anticipate certain provisions of that Act may provide funding for districts' feasibility studies and project implementation for their operations to improve water management through conservation, improved efficiencies, and the production and use of renewable energy in their delivery system

Principles and Guidelines

From a future policy standpoint we continue to be concerned with the efforts of the CEQ to rewrite the rules- the Principles and Guidelines - for evaluating water resource programs in the Federal government. This has created a level of uncertainty about planning for the future. And it has seemingly taken place without the opportunity for the nation's water community to have been provided a level of transparency in the process given the potential consequences of the Federal government being able to assist our future needs. I would ask on behalf of our membership that you review their efforts.

Thank you for the opportunity to provide testimony regarding the FY12 budget for the U.S Bureau of Reclamation.

Sincerely,



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