

**Statement of Stephen Welch, Assistant General Manager
Contra Costa Water District**

**Before the
House Natural Resources Subcommittee on Water, Power and Oceans**

**Legislative Hearing
H.R. 6040, Contra Costa Canal Transfer Act**

July 11, 2018

Chairman Lamborn, Ranking Member Huffman, and members of the Subcommittee, I am Stephen Welch, Assistant General Manager of the Contra Costa Water District (District). I wish to thank you for holding a hearing on the Contra Costa Canal Transfer Act (**H.R. 6040**). We appreciate Congressman Mark DeSaulnier for introducing the House bill. The District is an urban water agency located in the eastern part of the San Francisco Bay Area region in Northern California. It is also the oldest and largest M&I contractor within the Central Valley Project providing high quality water to approximately 500,000 residents and many large industrial customers.

As a unit of the Central Valley Project (CVP), construction of the Contra Costa Canal System began in 1937 by the U.S. Department of Interior's Bureau of Reclamation (Reclamation). The District operates and maintains this earthen canal system under agreement with Reclamation. **H.R. 6040** transfers title of ownership of the Contra Costa Canal system from Reclamation to Contra Costa Water District. The transfer of title would enable the District to invest local dollars and modernize the canal by enclosing it. Such investment will improve water supply reliability, provide significant public safety benefits and mitigate against flood risks, and maintain existing recreation opportunities for the region.

The Contra Costa Canal system is a single purpose facility making it ideal for title transfer. The District has worked closely with Reclamation to ensure that transfer remains non-controversial and seamless. In fact, we successfully completed Reclamation's administrative process for transferring title of the Contra Costa Canal system in the mid-1990s. The project met all of the criteria set forth by the "Framework for the Transfer of Title Bureau of Reclamation Projects."

It is important to our Board of Directors that the District acquire ownership of the facility before investing millions of ratepayer dollars to enclose the canal system. Our District has paid off its federal obligation for construction and is now in a position where it makes sense to move forward with modernization. We have a long, proven history of successful operation and maintenance of the canal system. The District has cultivated positive working relationships with federal, state and local regulatory agencies, and has strong financial ratings.

H.R. 6040 would improve water supply reliability and enhance public safety through facilitating enclosure of the canal system. In June 2014, the District completed a study entitled "Canal Rehabilitation Feasibility Studies," which concluded that canal enclosure best meets our objectives. Enclosure will reduce any water seepage and preserve the canal's useful life for the next 80+ years. We demonstrated the feasibility of this approach by enclosing approximately 2.5 miles of the canal to date. The open, earthen nature of the canal poses further problems for public safety. Unfortunately, our community has experienced 81 drownings (averaging 1 drowning per year) despite signs and fencing that line the canal. As local communities have grown around the canal, the risk of flood damage to surrounding property has also increased. Title transfer to the District will also relieve the United States of any risk of canal failure.

Through the development of this legislation, Reclamation requested that the District take over title and operation of the Rock Slough Fish Screen facility, which prevents the entrainment of fish at the main water intake of the Contra Costa Canal. Currently, the fish screen is in need of significant repair. **H.R. 6040** will provide for the safe and reliable operation of the Rock Slough fish screen facility by conveying the title and operation to the District based upon mutual agreement with Reclamation.

Elimination of Reclamation's coordination and oversight function would not result in any adverse impacts. In fact, **H.R. 6040** will help to lower costs and reduce administrative burden for both the District and Reclamation. Currently, work on the canal system requires varying levels of coordination and documentation with Reclamation for planning, design, project implementation, maintenance, and operation. The District's ownership of the canal system would eliminate this duplicative consultation as we do much of the same work in our oversight and review responsibilities. There are numerous third parties working within the canal system rights-of-way that include Contra Costa County, cities, local and regional agencies, recreation partners, and utilities. We will all benefit from removing duplicative federal review and bureaucratic approvals that increases costs and causes schedule delays.

Existing recreation contracts and opportunities are explicitly protected in **H.R. 6040** and the District has committed to maintain those opportunities once title is transferred. On December 20, 2017, our Board of Directors approved a signed memorandum of understanding with the East Bay Regional Park District to ensure recreation can continue once title is transferred and the canal is enclosed. District staff recently reached out to local stakeholders that include the cities of Antioch, Walnut Creek, Concord and Clayton to ensure that their interests in recreation are not affected by such a transfer.

H.R. 6040 does not affect the District's responsibilities within existing CVP contracts or exclude the District from complying with federal and state environmental laws. Before deferring our previous title transfer efforts, the District and Reclamation had worked for over two years on a transfer agreement. This included 9 public negotiation sessions, a complete environmental review and resolution of various special issue considerations. More recently, we have conducted outreach to Reclamation, local stakeholders and environmental organizations about pursuing title transfer. The response has been positive and the District is not aware of any opposition to **H.R. 6040**.

Finally, I am pleased to share that the Senate bill (S. 3001) had a legislative hearing in the Senate Energy and Natural Resources Subcommittee on Water and Power. The District supports the inclusion of an amendment to clarify that current Reclamation law, policy and our current contracts would govern the future disposition of small revenue streams, which the District collects from third party groups that utilize the canal right-of-way. The amendment was crafted with input from the Congressional Budget Office to ensure the bill does not score. I ask that the subcommittee support a similar change to **H.R. 6040**.

For the record, I am providing a map of the Contra Costa Canal system and the Canal Rehabilitation Feasibility Studies final report. Thank you for your consideration of this important legislation.