



Testimony

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**Chairman Doug Lamborn
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Introduction

Thank you Chairman Lamborn, Ranking Member Huffman and members of the House Subcommittee on Water, Power and Oceans, for the opportunity to testify on for critical infrastructure and regulatory streamlining necessary to promote public safety and water supply reliability for farms, cities, homes and businesses throughout the West.

My name is Andrew Fecko and I serve as the Director of Resource Development for Placer County Water Agency (PCWA). I am also a member of the National Water Resources Association's (NWRA) Federal Affairs Committee. I help operate PCWA's water, energy and recreation infrastructure in the heart of California's Sierra Nevada mountains.

About PCWA

Placer County Water Agency owns and operates the Middle Fork American River Project, providing water supplies, hydroelectric power, public recreational opportunities and environmental stewardship for the people of Placer County and the region. The people of Placer County built the Middle Fork Project in the 1960s to develop local water resources for the long-term public benefit. Placer County Water Agency was created to ensure, and remains committed to supporting, diligent management of those water resources.

About NWRA

NWRA is a nonpartisan, nonprofit federation made up of agricultural and municipal water providers, state associations, and individuals dedicated to the conservation, enhancement and efficient management of our nation's most important natural resource, water. NWRA represents a diverse group of agricultural and municipal water users and water providers from throughout the American West and portions of the Southern United States. Our members provide clean water to millions of individuals, families, agricultural producers and other businesses in a manner that supports communities, the economy and the environment.

Historical Perspective

As a matter of national policy, the United States – through the Bureau of Reclamation and the Corps of Engineers – constructed an extraordinary system of multi-purpose water resource projects throughout the West. The purpose of this national effort, which began more than 100 years ago, was to promote economic development and protect farms and communities from catastrophic flood events. Most of this federal infrastructure was completed and in service by the late 1960s, including Bonneville, Grand Coulee and other iconic dams on the Columbia River; Hoover and Glen Canyon on the Colorado River, the Pick-Sloan Project on the Missouri River, and the Central Valley Project in California to name a few. Since that time, several fundamental changes have occurred that significantly increase the challenges of operating our national water infrastructure.

The Challenges

Increasing Demand. Between 1960 and 2015, the total population of the 17 Western “Reclamation” states increased more than 250% from 44 million to 111.7 million. The population of California alone increased from 15.7 million to 39 million during that period. If we assume a conservative average of 100 gallons per person per day to preserve human health and safety, this represents an increase in demand of 2.6 million acre-feet annually. That’s approximately the entire working capacity of Shasta Reservoir in Northern California, and does not include the water necessary to grow the crops to feed this new population

The upward trend in demand will continue. According to the Center for Regional Change at the University of California Davis, California’s population will increase another 11 million people by 2050 to a total population of 50 million. This will increase household water demand yet another 1.25 million acre-feet annually.

Western Hydrology. The climate of the western states is characterized by drought and flood cycles; it is precisely why Congress invested in multipurpose water projects in the past. While this year’s hydrology has relieved California of drought conditions for now, our bounty is now testing flood control systems throughout the State. Predictions about the West’s climate future abound, and span a wide range of possible outcomes. One thing is certain, the existing water and energy infrastructure will continue to be relied upon to mitigate fluctuating drought and flood cycles West-wide.

Environmental Protection. The National Environmental Policy Act of 1969 (NEPA), and the Endangered Species Act of 1973 (ESA) and other major environmental-related statutes were enacted after most Federal water resources projects in the West were already completed. In addition, project-specific legislation has specifically required reallocation of project supply for environmental protection. For example, the 1992 Central Valley Project Improvement Act (CVPIA) reallocated 800,000 acre-feet annually of project yield to fish and wildlife restoration. Reoperation of existing federal projects to conform to these statutes has had the effect of reducing project supply available for farms, cities and businesses.

Aging Infrastructure. The nation’s investment in water and power infrastructure led to tremendous economic growth in the West, and created an agricultural resource that continues to feed the nation, and indeed the world. However, many of our federally owned water and flood projects are nearing a century old. These facilities require significant investments by Congress to renew and replace aging infrastructure. Water and power users throughout the West will continue to pay for needed maintenance and improvements through our water and power contracts as long as these projects can perform on behalf of their customers. CVP customers, for instance, have historically repaid 80 cents of every dollar appropriated by Congress to Reclamation through contractual mechanisms.

Project Repayment. As water and energy supply reliability from federal projects has fallen, revenues from customers have fallen proportionally. At the same time, costs continue to rise due to aging infrastructure and environmental concerns. Smaller contractual deliveries and high fixed costs mean each unit of water and power becomes more expensive. These factors are leading to increasing fears of financial insolvency for many of the West's federal water and power projects as more and more costs are concentrated onto fewer and fewer beneficiaries.

Local Response

The cumulative result of these challenges is a growing gap between water demand and water supply availability, especially from federal water projects. In response states, cities and water districts throughout the West that have traditionally relied on federal water projects have made their own significant investments in water use efficiency and water resource infrastructure.

For example, in the Sacramento region, local agencies have undertaken significant re-engineering of their water systems to account for falling water supply reliability from the Bureau's Central Valley Project (CVP). For many of our local districts, the CVP has traditionally been their only source of water supply; a supply upon which entire communities have been built. Indeed, these communities were promised reliable supplies from the CVP when Folsom Reservoir was constructed in exclusion of their own, locally owned facilities. In response to falling CVP water supply reliability, particularly during the last decade, these communities have had to implement a range of emergency actions to bolster supplies in order to maintain water service.

Through significant local investments, the Sacramento region have managed to keep our supply reliability intact, but the same cannot be said of much of the rest of California, particularly our agricultural sector, which has suffered heavy economic losses and in many instances, had to resort to unsustainable groundwater extractions to maintain minimum levels of service. Ironically, it was this same unsustainable use of groundwater which was the original impetus for constructing the CVP. California requires a functional and stable presence of federal water projects in order to keep our communities and farms safe from floods and supplied with reliable water supply in order to keep our local economies healthy.

Framework for Federal Action

Even with vigorous local action, the growing gap between supply and demand cannot be fully addressed without committed action by Congress through Reclamation, the Corps of Engineers and the federal resource agencies. I believe a renewed commitment to federal water projects throughout the West can be undertaken in a manner that promotes job growth and local economic development.

Working in partnership with local communities, federal agencies can operate and maintain existing federal infrastructure as well as expand our water resource portfolio and return to higher levels of water supply reliability for our farms and cities. These actions fall into several important categories:

Public Safety. Dam Safety, Flood Damage Reduction. Reclamation has implemented a very robust, risk-based dam safety program. The Corps likewise continues to formulate and implement an enormous flood damage reduction program nationwide. The Joint Federal Project (JFP) at Folsom Dam in California represents the best of both programs. Working together, Reclamation and the Corps developed an integrated project that accomplishes the Corps' flood damage reduction objective and mitigates Reclamation's dam safety risks at Folsom. In doing so, the two agencies saved nearly \$2 Billion when compared to three separate authorized projects. Reclamation projected the dam safety and flood control work at Folsom would create 3,000 private sector construction jobs and 6,000 jobs for suppliers and service providers over a 10-year period. The JFP should be the model for meeting high priority federal projects while providing jobs and contributing to local economic development.

Congress should continue federal appropriations at current levels to address high priority dam safety and flood control risks. Consistent with the JFP model, agency appropriations should require Reclamation to contract with private industry for all principle engineering and construction associated with these projects.

Facility Reliability. The majority of federal multipurpose water projects in the West are 60 – 80 years old or more. The backlog of Major Rehabilitation and Replacement (MR&R) for Reclamation facilities is accumulating far beyond funding appropriated through the annual budget process. Reclamation's MR&R program involves large, capitalized additions or replacements to existing facilities, and does not include backlog of deferred maintenance for routine operation and maintenance. Reclamation's 2015 Infrastructure Investment Strategy Report estimated MR&R requirements for reserved and transferred works at \$3 Billion on average. Conversely, appropriations for Reclamation's Replacements, Additions and Extraordinary Maintenance (RAX) program – which is historically been used to fund MR&R projects for reserved works - have been gradually reduced Reclamation-wide to less than \$50 million annually. Over time, delays in maintenance and repair have the effect of reducing reliability of the system and increasing public safety risks.

For example, lack of funding to address canal subsidence in Central Valley Project conveyance facilities has diminished Reclamation's capability to deliver project water to South of Delta water contractors even in average hydrology years. Closer to home, Reclamation has been unable to secure funding necessary to complete design and install an alternate Municipal and Industrial (M&I) Intake at Folsom Dam. The alternate intake is critical to ensuring continued deliveries to local communities during extreme drought conditions as we recently experienced.

As a basic step toward addressing the growing risk to system reliability, Congress should significantly increase appropriations under existing program authorities to address Reclamation's backlog of MR&R projects. Consistent with the JFP model, agency appropriations should require Reclamation to contract with private industry for all principle engineering and construction associated with these projects.

It is important to note that pursuant to Reclamation law, appropriations expended by Reclamation for MR&R and regular O&M of water supply and hydropower generation infrastructure is reimbursable by project water and power contractors. For example: for the CVP, approximately 80% of capital and O&M costs are recovered from CVP contractors.

Regulatory Streamlining and Environmental Sustainability. Western citizens have a strong connection to the land, and we as water managers are charged with maintaining both healthy water supplies and healthy ecosystems. While federal and state environmental laws sometimes provide useful regulatory backstops, regulatory outcomes based on single species management have consistently proven to be less useful in recovering ecosystem communities than landscape level planning efforts. I believe that applying laws such as the Endangered Species Act in much more integrated ways, using local agencies to implement projects in partnerships with state and federal managers, will lead to far better outcomes for maintaining healthy economies and ecosystems.

This model can work. In the Sacramento Valley, some of the most effective fish and wildlife species recovery projects have been initiated, led, and completed by local agencies. These agencies and local landowners and municipalities are nimble entities that can identify, fund and construct ecosystem enhancement projects expeditiously with very efficient cost models. More of these efforts are needed to meet our coequal goals of water supply reliability and ecosystem functionality and Congress can help by directing federal agencies to streamline their environmental review and approval processes.

Federal Storage Capacity. There has been no significant increase in storage capacity for federal projects in California since the early 1980's (New Melones Dam and Reservoir). In 2004 Congress enacted the Bay Delta Act (P.L. 108-361) which authorized Reclamation to conduct feasibility studies for enlargement of Shasta Dam, and for the proposed Sites Reservoir and Upper San Joaquin Storage Projects (Temperance Flat Reservoir).

Reclamation completed the Feasibility Report and Final Environmental Impact Statement for the Shasta enlargement in 2015. Reclamation and the Department of Interior concluded that the Net Economic Development (NED) Plan is projected to be technically feasible assuming cost share by non-federal partners. The Temperance Flat and Sites Reservoir studies are in progress.

The recently enacted Water Infrastructure Improvements for the Nation Act” (WIIN) (Public Law 114-322) authorizes the Secretary of the Interior to enter into agreements with non-federal partners for design and construction of federally owned and State led storage projects in California.

If Congress is serious about expanding surface water storage in California and throughout the West, and that same time create jobs and economic development, it should direct Reclamation to move expeditiously to complete cost share agreements with non-federal partners and appropriate monies to fund the federal share of such agreements as they are completed.

Technical Assistance. Basin Studies conducted by Reclamation advocate increased regional self-sufficiency as a strategy by local agencies for dealing with reduced federal project water supply. Adaptation strategies identified through these studies include, but are not limited to increased conjunctive use, water banking, and intra-basin transfers. Although local agencies have made significant progress in this regard, it is still not enough meet future demands. Further development of local surface and groundwater storage and conveyance facilities and other opportunities for regional self-reliance, requires planning, modeling and other technical assistance by Reclamation. Unfortunately, funding for this critical technical assistance continues to be constrained Reclamation-wide to only \$2 million annually. Despite requests from local CVP contractors to increase this amount, Mid-Pacific Region typically funds the technical assistance program at less than \$200,000.

Congress should expand funding for Reclamation’s General Planning program in order to allow local agencies to begin to replace lost federal water project reliability and integrate local and federal projects. To further encourage regional self-reliance and reduce demands on the federal projects, Congress should simultaneously maximize appropriations in support of Reclamation’s WaterSMART program and other financial assistance authorities.

Transparency. Reclamation Policies and Directives and Standards require Regional Offices to engage project water and power contractors in formulation of Reclamation policies that may impact them. Other Policies and Directives and Standards require Regional Offices to involve water and power contractors in the budget formulation process, on the basis that contractors are the paying customers. In the press of business, Reclamation has gradually devolved away from those requirements and is tending instead to articulate policies and decide key budget priorities without substantive communication or coordination with contractors. In some cases, this has had a detrimental effect. For example: without any prior communication, Reclamation announced several unwritten policies in 2016 that constrained renewal of long-term CVP water service contracts, regardless of statutory mandates for renewal. Should that stand, PCWA and a minority of other M&I contractors, would be consigned to two-year interim renewal contracts for an indefinite period.

Congress can help by directing Reclamation to conform to agency policies for customer involvement; and to honor statutory mandates and long-standing contractual obligations for ensuring certainty in contract water supply.

Summary and Conclusion

The United States has made a major investment in water and power infrastructure in the West. Increasing demands and fluctuating cycles of drought and flood are placing an increased burden on those facilities. In addition, compliance with evolving environmental regulations has had the effect over time of reducing project supply available to farms and cities. While we have made great strides with ecosystem restoration and enhancement, we have yet to replace lost water supply reliability and build the new water and electricity infrastructure necessary to serve a growing population and a rapidly changing economy. I believe that most Americans want to live in a nation that enjoys a vibrant economy, a healthy ecosystem and a reliable water supply.

As important as it is to build new and improved infrastructure to provide for our future needs, it is equally important to operate and maintain the facilities that we already enjoy. Water and power infrastructure that is operating at peak efficiency serves its customers well and those customers will pay the costs of delivering reliable water and power. When it comes to Bureau of Reclamation and Army Corps of Engineers infrastructure in the West, Congress has the responsibility to appropriate adequate monies, to be repaid by users, to assure reliable delivery of water and power.

Finally, it is important to understand that access to water and power is the lifeblood of the west; from energy intensive technology applications to summer gardens in citizens' backyards, we must have reliable sources of water and energy to grow our economies and families. Local agencies our doing our part to be part of the solution, I urge Congress to hold up its end of the bargain to keep the West a dynamic part of the United States' economy.