

Committee on Resources

Subcommittee on Water & Power

Witness Statement

TESTIMONY IN SUPPORT OF H.R.1787

PRESENTED TO THE

UNITED STATES HOUSE OF REPRESENTATIVES

COMMITTEE ON RESOURCES

SUBCOMMITTEE ON WATER & POWER

BY

RON NELSON, CHAIRMAN

DESCHUTES BASIN RESOURCES CONSERVANCY

APRIL 6, 2000

Mr. Chairman, Congressman Walden, members of the Subcommittee, good afternoon. I am Ron Nelson, manager of the Central Oregon Irrigation District and a founding Board Member of the Deschutes Basin Resources Conservancy, or the DRC. It is my pleasure to be here today to convey the DRC Board's strong support for HR 1787, sponsored by Congressman Walden to reauthorize Bureau of Reclamation participation in the DRC.

The Deschutes River is a magnificent resource cherished by all Oregonians, and particularly by those of us who live there. As Central Oregon thrives, the Deschutes is under increasing pressure, causing its degradation. In 1992, our irrigation districts, the Warm Springs Tribes and the Environmental Defense got together to see what might be done about it. Soon we were joined by a wide array of other Basin stakeholders with a common interest in preserving and restoring the Basin's water.

By 1993, we had coalesced as the Deschutes Basin Working Group, now the Deschutes Basin Resources Conservancy. Our Board of Directors includes the Tribes, irrigators, the environmental community, development and business interests, an investor-owned electric utility, and state, local, and federal government representatives. We arose from our concerns and initiative and are locally controlled. We seek to improve the quality and quantity of water in the Deschutes and its tributaries by undertaking projects that are cooperative, voluntary, market-based, and businesslike.

Because federal land makes up 50 percent of the Basin, participation of these agencies is essential. To assure that end, Senator Hatfield, at the DRC's request, authorized a five-year DRC pilot project in 1996 that specifically provides for participation of the Departments of Interior, represented by the Bureau of Reclamation, and the Department of Agriculture, represented by the U.S. Forest Service. To enable federal participation in DRC projects, the Act authorizes appropriations of \$1 million a year, administered by the

Bureau of Reclamation.

Mr. Chairman, I want to emphasize that under the terms of the DRC pilot project act, there are tight requirements for project eligibility and federal participation. All DRC projects must be approved by Board consensus. If any federal land is involved, that federal agency must approve the project. The federal appropriations authorized for DRC projects cannot exceed half the project.

The DRC has actively sponsored projects since its inception. From 1993-96, the Group concentrated on cost-effective solutions to water problems, including conservation projects on lands inside irrigation districts to improve flows in the mainstem Deschutes River, including parts of the River that previously had run dry. Since 1993, DRC projects have permanently added 2,883.39 acre-feet to the mainstem Deschutes.

DRC's first federal funds under the 1996 Act were appropriated in FY 1999 and in FY 2000, in the amount of \$500,000 per year. To date, \$843,757 of the \$900,000 project funds have been approved for 17 projects, the total cost of which will exceed \$3,334,535. The projects include irrigation piping to conserve water and return one-half of the savings instream, acquiring donated water rights, no-till farming with the development of carbon sequestration contracts, acquisition and restoration of a sensitive wetland, and other irrigation efficiency improvements. At our next Board meeting April 20, approval is expected on five additional projects totaling \$248,500, leaving a pending deficit of about \$192,257. The DRC is seeking private grants to further leverage its appropriations. But as you can see, Mr. Chairman, these funds are being quickly put to use on a matching basis for priority projects that are voluntary, consensual, and market-based.

The DRC, with the authorized federal participation, is just now really getting under way, and while authority expires at the end of September in calendar 2001, reauthorization is needed during this Congress to assure the program's smooth continuation. The Senate last year passed S.1027 to reauthorize the program. We support a reauthorization for five years, through FY 2006. That would be seven years from today, which we believe is an appropriate amount of time for a review of the DRC's activities.

We also strongly support increasing the appropriations authorization to \$2 million a year, starting in FY 2002. Even at this relatively early stage of the DRC's efforts, the Board already has a list of \$20 million in potential priority projects. The Basin can certainly use the assistance, and as we believe the DRC's efforts to date have demonstrated, this is a cost-effective, locally generated and controlled means of responding to those needs.

Without adequate help, the Basin will continue to decline, and the U.S., which owns half its land, will most likely be facing larger, and much more expensive problems later on, particularly as habitat requirements for ESA listed fisheries come into play. We firmly believe that authorizing a \$2 million annual appropriation for projects to be carried out by the DRC in accord with the DRC's principals is one of the best investments the U.S. can make.

I have attached a list and description of the projects that DRC has undertaken with the previous authorization to provide the Subcommittee a better understanding of the future type of projects that we can undertake once this legislation is enacted.

Mr. Chairman, that concludes my remarks. Thank you for this opportunity to testify.

Summary

The Deschutes Basin Working Group, dba the Deschutes Basin Resources Conservancy (DRC), is a non-profit, private corporation established in Oregon in 1996. In September 1996, Congress enacted and the President signed Public Law 104-208, which included S.1662, the Oregon Resources Conservation Act. Section 301(h) (Division B, Title III) of PL 104-208 authorizes \$1.0 million per year through 2001. The DRC is limited to spending 5% of any appropriation on administration.

In FY1999 and FY2000, Congress appropriated \$500,000 to the Bureau of Reclamation to support the DRC. The DRC is using these funds to implement projects to improve water quality and quantity in the Deschutes Basin. Water projects are crucial in the Deschutes Basin where steelhead and bull trout are listed as threatened and Fall Chinook are proposed for listing under the Federal Endangered Species Act. We are requesting that \$1,000,000 be provided in the FY2001 Budget for the Bureau of Reclamation to continue to carry out our program.

From January 1999 to March 2000 the DRC supported 17 projects in the Basin that leveraged \$843,757 of its funds to complete \$3,344,535 in on-the-ground restoration projects. These projects include: piping irrigation district delivery systems to prevent water losses; securing instream water rights to restore flows to Squaw Creek; providing riparian fences to protect riverbanks; working with private timberland owners to restore riparian and wetland areas; and seeking donated water rights to enhance instream flows in the Deschutes Basin.

The DRC is governed by a diverse group of directors from private and public interests from the region. It is a community-based, cooperative endeavor that believes economic progress and natural resource conservation need to work together to achieve success. The DRC seeks voluntary actions based upon contracts and compensation for property and services. The DRC does not seek, nor is it authorized, to impose regulatory mandates through legal or political action.

1999 Projects

No-Till Demonstration Project \$50,000

A small-grain farmer from the Juniper Flats region of Wasco County has agreed to use his farm as a no-till demonstration site for at least five years. Initially, the farmer will convert 900 acres of traditional tillage cropland to no-till methods. Wasco County SWCD proposes to cost-share with the farmer for three years to help with startup expenses and risk management. In return, the farmer will allow the SWCD to conduct educational and outreach activities on his farm. The SWCD will conduct field days, tours and neighborhood presentations to increase awareness of no-till methods and share results with other farmers in the region. During a series of neighborhood meetings, volunteers will be sought for a watershed council to cover the White River and Juniper Flat regions. The DRC is also exploring the opportunities for developing tradable carbon credits from this project.

Tumalo Irrigation District/Bend Feed Canal \$100,000

This project eliminates the existing Flume No. 4 and unlined open channel section between Pipeline No. 2 and No. 3 of the Bend Feed Canal, saving an estimated 3 to 4 cfs in water loss. The flume and channel sections will be replaced with an estimated 78-inch diameter water tight pipe. The complete 4 year, 13, 750-foot project plan will save at least 20 cfs. A prorated share of 5 cfs minimum has been agreed to by the U.S. Bureau of Reclamation for return to the Tumalo Creek which currently has no instream water right. The total project will increase fish habitat, significantly reduce water loss and increase public safety.

Pringle Falls \$20,000

The project places 225 large trees in the main channel of the Deschutes River within a 3.3-mile reach below Pringle Falls, improving fish habitat and decreasing the potential for stream bank erosion. Traditionally, large woody debris protected the riverbanks from the swiftly moving water. In its absence, erosion was occurring at an accelerated rate. The placement of trees and riparian plantings should improve water quality by reducing sedimentation and turbidity of the river.

Central Oregon Irrigation District Alfalfa Piping \$58,924

The Alfalfa area of the Central Oregon Irrigation District consists of large irrigated parcels and transmission losses are high due to pea-sized gravel beneath the shallow topsoil. This project replaced approximately 15,860 feet of open ditch with pipe. The project saves 3.09 cubic feet per second or 6.13 acre feet of water per day. The project has been completed and funds have been allocated.

Annual Water Leasing Program demonstration only

The DRC is working with water users in targeted areas for water rights donations or sales to improve instream flows. The program began November 1998 by meeting with each irrigation district manager to introduce the leasing program and the process for transfers. In early 1999 water rights holders were contacted requesting the user's water donation. This program enables water right holders to protect their water right by leasing and it improves Deschutes flows. About 54 acres of irrigation water were leased in 1999. The program will continue in 2000.

Camp Polk Meadow \$50,000

The DRC and the Deschutes Basin Land Trust are teaming up to restore and conserve a rare wetland/wet meadow habitat. Portland General Electric purchased Camp Polk Meadow and donated it to the land trust. The property has about 385 acres, roughly 150 are bottom land. The project contains between 1.25 and 1.5 miles of Squaw Creek, at least six springs and one natural bog.

Central Oregon Irrigation District F1 Lateral Piping \$30,000

For the most part the irrigation canals in the Upper Deschutes Basin are unlined and have been dug in porous, volcanic soils, so water losses through percolation can be quite high over the long distances that irrigation water must travel from the point of diversion to the farms. The DRC and Central Oregon Irrigation District propose to install roughly 3,960 feet of pipe, an inlet structure, an outlet structure, four clean-outs and four diversion structures. COID figures to conserve .29 cfs or .57 an ac/ft. Projected over a 180 day period, this calculates to 102.6 ac/ft water conserved. One half of the conserved water from this project will be returned to instream flows in the Deschutes River. This project is an important demonstration of how water can be conserved to benefit both the irrigation district and its water users and the Deschutes ecosystem. This project is underway.

Confederated Tribes of Warm Springs Riparian Fencing \$76,500

The DRC and the Confederated Tribes of the Warm Springs Indian Reservation of Oregon are partners on a project to protect riparian areas in the Deschutes Basin's Eagle Creek, Skookum Creek and the mainstem river. The project constructs fence for livestock exclosures, places cattle guards at road crossings and installs solar pumps to provide animals water away from the riverbank. One of the DRC's primary goals is to improve water quality. Healthy, functioning riparian areas are critical to improving water quality in the basin. Riparian vegetation provides fish and aquatic habitat, stream shading to reduce water temperatures, bank stability and a filter for nutrients and sediments entering the water. This project is especially important for the habitat of Bull Trout and steelhead that are listed as threatened and Fall Chinook that are pending listing under the Federal Endangered Species Act. This project involves voluntary cooperation by the tribal grazing group allottees. The Warm Springs Tribes are involved in various other projects to improve stream

conditions both on and off the reservation. This project is a part of a larger effort to improve flows and water quality for fish and wildlife. Funds have been allocated and two of the four sections of fence have been constructed. The remaining fence will be constructed Spring of 2000. NEPA has been completed and the DRC is waiting for a monitoring plan.

Swalley Irrigation District Tailend \$10,000

This Swalley Tailend Project links the end of Swalley's lateral with COID's A-21 lateral of the Pilot Butte Canal. The project will direct water in excess of the Swalley system's demand to COID's lateral. The system will be designed to handle an average of 3 cubic feet per second (cfs) with the ability to accommodate flows up to 6 cfs. This project directly addresses the DRC's goal to improve water quality and quantity. It will stop potentially polluted, warm water from directly entering the Deschutes and it will allow this water to be used by COID, which is credited for this water. NEPA has been completed and funds will be allocated upon billing.

Thompson Ditch Conservation Project \$50,000

The DRC is working with the Squaw Creek Irrigation District and landowners to relocate a diversion for permanent increased instream flow and riparian restoration. The project eliminates the existing Thompson Ditch. Subsequently returning 1 cfs of 1885 senior water right and 1 cfs junior 1900 water right to the stretch of Squaw Creek between SCID's diversion and the proposed diversion point on the Deggendorfer property. This change will also eliminate water losses in the existing ditch. The flood irrigation system now in use will be changed to a sprinkler system. One-half of the conserved water will be permanently returned to instream flows. Project construction is underway and scheduled for completion in the Spring of 2000.

Mack's Canyon \$15,460

This project focuses on the entire watershed from ridge top to ridge top, starting at the top and working down. Several treatment will be used including; Terraces, Water and Sediment Control, Basins (WASCOB), Sediment Basins, and Spring Developments. NRCS is completing NEPA. Initial phases may start this fall while the main portion of the project will be completed in the Spring.

2000 Project Summaries

2000 Projects

Camp Polk Water Purchase \$50,000

Oregon Water Trust (OWT) and the DRC will acquire .99 cfs of irrigation rights on Squaw Creek for a permanent transfer to instream flows. The water rights will complement the earlier purchase of 1.81 cfs of Squaw Creek water in 1998 and 1999. Squaw Creek currently supports populations of redband trout, bull trout and spawning kokanee from Lake Billy Chinook. Prior to the construction of the dams, Squaw Creek was one of the major salmonid producing tributaries in the Deschutes basin. The various proposed relicensing options for the Pelton-Round Butte dams in 2001 include provisions for the passage of anadromous fish, which will reopen Squaw Creek to populations of wild Chinook and steelhead, making the restoration of stream flows critically important.

Crooked River National Grasslands Water Quality Project \$20,000

The Grasslands project is aimed at decreasing the turbidity and sedimentation of lower Squaw Creek. Funded activities include the hydrological closure of 1.75 miles of the lower end of Forest Service road 6370, the closure by gating of the upper 2.5 miles of road 6370 and the closure and rehabilitation of five off-road hill climbs in the vicinity. Other components of the project involve relocating the Alder Springs Trail Head approximately 0.8 miles north of the intersection of Forest Service road 6360 and 6370 to the

ridge just west of 'Three Pines'. A new trail approximately 0.75 miles long will be constructed along the rim with views of Squaw Creek and the Cascades. The new trail segment will join the existing trail above Dry Falls. A new spur trail approximately 0.25 miles will be constructed from Three Pines to the Old Bridge site on Squaw Creek. The existing trail in the drainage bottom will be waterbarred. Each of these applications will help protect and enhance a sensitive reach of creek that supports numerous aquatic species including the ESA listed bull trout.

Crooked River Riparian Fencing \$34,100

With funding from the DRC, the Crooked River watershed council's riparian enhancement project will improve livestock management, protect riparian and stream channel areas and enhance native vegetation on over 25 miles of stream within the sub-basin. Nine landowners have agreed to participate in the program, implementing riparian exclosures on 15 miles of stream and conducting plantings in 18 miles of protected riparian areas. Exclusion of livestock from riparian areas is one of the most effective and practical means of protecting riparian areas. The enhancement of riparian vegetation communities in degraded areas provides a major step towards improving overall riparian and stream channel function.

Squaw Creek Irrigation District (SCID) Cloverdale Piping Project \$260,000

The project will replace approximately 15,840' of open ditch with pipe. The estimated water savings amounts to 4 to 5 cfs or 8 to 10 acre-feet per day. Three cfs or one-half of the conserved water, whichever is greater, will be transferred back instream after project completion. This project represents one of several DRC partnerships aimed at increasing instream flows in Squaw Creek. The DRC and other local organizations place great importance on Squaw Creek due to its once abundant steelhead spawning habitat.

Tenmile Riparian Fencing \$7,013

With the help of the DRC and the Trout Creek watershed council, a private landowner will construct 4.5 miles of riparian fencing around a high mesa pasture that will exclude livestock from grazing in approximately 3 miles of Tenmile Creek, 2 miles of Trout Creek, and 3 miles of the Deschutes River. The construction of new riparian fencing and the elimination of a previously used watering gap complements the Bureau of Land Management and Oregon Department of Fish and Wildlife's efforts to manage grazing along Tenmile Creek in a manner that is conducive to fish and wildlife values. Additionally, the Trout Creek watershed council will be seeking funds from the Oregon Watershed Enhancement Board to construct offsite watering for livestock at this site. This project serves to build understanding and educate the community by providing a valuable example of environmental protection of private lands by non-regulatory means.

Mack's Canyon Year II \$15,460

This project focuses on the entire watershed from ridge top to ridge top, starting at the top and working down. Several treatments will be used including; terraces, water and sediment control basins (WASCOB), sediment basins, and spring developments. NRCS is completing NEPA. Initial phases may start this fall while the main portion of the project will be completed in the spring.

Background

In 1989, the Environmental Defense Fund (EDF) and the Confederated Tribes of the Warm Springs Reservation began a cooperative project to reconcile on-reservation ecological and economic conflicts. In late 1992, the Tribes and EDF expanded the scope of the project to include the entire Deschutes Basin. It was agreed that the initial focus would be on river flows and water pollution. Flow-deficient stream reaches and excessive water pollutant loads could only be mitigated by identifying and reducing existing water

diversions and pollution discharges. At the same time, a high value was placed on being “good neighbors” to other landowners and resources users within the Basin. Positive incentives for changes in resource uses were emphasized instead of costly and divisive political and legal conflicts. Solutions employing economic incentives, such as water rights and pollution allowance marketing, were introduced and experiences elsewhere in the West were reviewed.

A key forum for this community dialogue, the “Ad Hoc Deschutes Group”, was formed. The 14-member Ad Hoc Group had representatives of all economic sectors in the Basin. The irrigation community holds the most water rights and reservoir storage and therefore has the greatest impact among resource users on the pattern and amount of river flows. At the same time, water quality degradation stems from a diverse set of land uses driving non-point water pollution. An important part of the project was to assure that the federal interests in the Basin were addressed along with those of the tribes, resource users, and local and state governments.

The Ad Hoc Group recognized the need for a private organization with ecosystem-determined goals and methods based on positive incentives, consensus, and local governance. Since approximately half of the Basin’s land area is managed by federal agencies it was clear that such a private organization would need the capacity to partner on projects with the federal agencies to be truly ecosystem and basinwide in scope. In March, 1996, Senator Hatfield introduced S. 1662 authorizing federal agencies to work with this private organization, known as the Deschutes Basin Working Group. Title III of the Oregon Resource Conservation Act of 1996, signed by the President in September, 1996, authorizes the following:

- Federal agencies to work with the private Deschutes Basin Working Group, dba Deschutes Basin Resources Conservancy (DRC)
- Secretaries of Interior & Agriculture to appoint DRC board members for 3 year terms
- Federal participation with DRC in ecological restoration projects on federal and non-federal land and water with 50-50 cost share
- Five year startup authorization of \$1.0 Million a year federal fund; 50/50 cost share with DRC
- Emphasize voluntary market-based economic incentives

The Deschutes Basin Working Group, later to adopt an operating name of the Deschutes Basin Resources Conservancy (DRC), has the goal of implementing on-the-ground projects that enhance the quality of the region's natural resources and add value to its economy.

Its board consists of nine members from the Basin's private sector; hydropower, livestock grazing, recreation/tourism, timber, land development, irrigation (2), environmental (2), and two members from the Confederated Tribes of the Warm Springs Reservation. In addition to the private board members there are two board members appointed from the Departments of Interior and Agriculture, two board members representing the State of Oregon, and four members representing local governments within the Deschutes Basin.

The DRC will receive funds through tax-exempt donations from individuals, businesses, and corporations, including philanthropic foundations, and from government agencies seeking project development assistance or collaboration. It will seek to develop income from direct sources such as fee-for-service.

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