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**Testimony on H.R. 2060, the “Central Oregon Jobs and Water Security Act.”
June 23, 2011**

Mr. Chairman, and members of the Subcommittee, my name is Steve Forrester. I am the City Manager for Prineville, Oregon. My family also owns and farms 228 acres of land in the nearby Ochoco Irrigation District. I appreciate the opportunity to submit written testimony on H.R. 2060, the “Central Oregon Jobs and Water Security Act.”

This hearing could not have come at a better time for our community. Prineville is located in the heart of Central Oregon’s Deschutes Basin. Our City was incorporated in 1880 and is one of Oregon’s oldest cities. It is the largest city in Crook County with a population of roughly 10,000 people. Over the past several years, however, our unemployment rate has tragically ranged between 15 and 20 percent, one of the highest rates in the United States. Along with our high jobless rate we share many of the same social and economic challenges that other rural communities are experiencing throughout the West.

Not long ago, vibrant timber operations, a highly successful national tire business, and small productive family farms and ranches served as our economic foundation. But changes to our Nation’s timber harvest policy drove once-thriving mills and family-owned businesses into closure. The tire operation moved away. And then, our national economy collapsed. These events struck our community particularly hard. We lost one family business after another, and along with them, hundreds of family-wage jobs. Farms and ranches became the industry keeping our community from spiraling even further downward.

Despite our social and economic challenges, Prineville is a progressive city regarding natural resources. Mayor Betty Roppe serves on the board of directors of the Deschutes River Conservancy, a consensus-based, non-profit organization dedicated to river restoration. The City is collaborating with local irrigation districts, conservation groups, and others to develop a Habitat Conservation Plan, which will ultimately set in motion conservation measures designed to improve habitat for many species, including bull trout and reintroduced steelhead listed as “threatened” under the Endangered Species Act. Finally, the City is re-creating a 280-acre lower Crooked River wetland at a cost of \$8.5 million, which will improve riparian fish and wildlife habitat and further cleanse our wastewater discharges. The Portland General Electric Company and Confederated Tribes of Warm Springs are helping to finance this innovative wetland project.

At this point, we have undertaken as many efforts as possible to recover our economy and protect our environment. There are unfortunately several barriers in federal law that need to be removed in order for our community to continue its recovery, and for us to achieve real benefits for the people, the economy, and the environment of Central Oregon.

H.R. 2060

Congress can accelerate our recover by removing these barriers. Passage of H.R. 2060, by ensuring a reliable water supply for the City of Prineville and the Ochoco Irrigation District (OID), will enable us to sustain and create jobs, attract private investment, and bring much needed certainty to the region. And in turn, a more dynamic business climate will allow us to strengthen our commitment to basic social services, improve environmental conditions, and bring about real, permanent improvements for Prineville, Crook County, and Central Oregon.

H.R. 2060 will achieve these objectives by amending several federal laws. The bill changes two provisions associated with the management of the U.S. Bureau of Reclamation's Bowman Dam to guarantee a long-term, reliable water supply for the City and OID. It accelerates what is known as "the McKay Creek Water Rights Switch," an important fisheries restoration measure, by legislatively approving several federal actions that have been stalled for years. New hydropower generation will also become possible through the movement of a wild and scenic river boundary. Finally, H.R. 2060 removes a federal constraint that limits OID's ability to participate in "Conserved Water Projects" under Oregon law.

Water for Prineville

The City of Prineville needs a long-term, reliable supply of approximately 5,100 acre-feet of water. Our present supply is insufficient to meet our current and future demands. This year, for example, Facebook completed a new, state-of-the-art, LEED certified, 300,000 square-foot data center near the Prineville airport. Like the City, Facebook relies solely on groundwater. As part of Facebook's expansion plans, the company and the City will soon share a well to supply the additional water demands. Other technology companies are also considering Prineville, and a sufficient water supply is a critical factor in their final decision-making. Congress, by securing a reliable water supply for the City, would also be ensuring one for local businesses.

Aside from businesses, new water supplies are needed for our residents. . There are 500 homes inside our City limits without City water service, not because the City does not want to serve them, but because we lack a reliable long-term supply. These homes, many with low-income families, draw their potable water from private, unregulated on-site wells connected to a shallow aquifer. Many of these homes also maintain on-site septic systems, and given the small sizes of the lots, the situation presents an unacceptable long-term health risk. Finally, the City is compelled by State law to plan to serve its Urban Growth Boundary. While the economic downturn has slowed residential development, the City will grow again. Prior to the downturn, 2,400 residential home sites were approved or were under review for approval. Additional supplies are needed for this growth.

Prineville has evaluated every conceivable option to meet its needs. For example, we've taken conservation as far as we can. Almost all of the homes and businesses in the City are fully metered; we adhere to a strict odd/even summer residential landscape watering schedule; and we are replacing nearly one-mile of our main water line each year. The City has even received an award for its use of effluent, instead of potable water, to irrigate a City-owned golf course. Meanwhile, our water rates are higher than nearly every other major city in Central Oregon.

While the City is capable of drawing more water from its existing wells, it is restricted from doing so by the State of Oregon. Because the State has deemed all groundwater in the Deschutes Basin to be hydrologically connected to the surface water in the basin, and because all surface water in the basin is fully appropriated, the State requires any new groundwater use to be “mitigated.” Such mitigation typically involves buying irrigation surface water rights and leaving those supplies instream. Under State law, this transfer of an existing out-of-stream surface water right to a new instream use (resulting in a “mitigation credit”) offsets any impacts arising from the new groundwater pumping. In the Crooked River subbasin, however, mitigation credits are hard to come by due to a lack of willing sellers and other state and federal constraints. Without these credits, the City cannot pump the additional water required to meet its needs.

Our best option is to obtain water from Bowman Dam. In any given year, there is approximately 60,000 to 80,000 acre feet of uncontracted water stored in this facility. Unfortunately, Reclamation lacks authority to contract with the City for a municipal water supply. H.R. 2060 removes this limitation, and does so in an environmentally beneficial manner. The bill directs the Secretary to increase the minimum release from Bowman Dam by 7 cubic feet per second annually (or approximately 3,100 gallons of water per minute). This amount of water, over a full calendar year, will meet the City’s entire demand.

The bill also specifically directs the Secretary to work with the State of Oregon to ensure these supplies are protected instream. Protecting the water instream means these releases will never be diverted, by the City or others, and will be available to fully mitigate any impacts on surface water associated with the City’s pumping. We anticipate the Department of Interior and the State will work with the City to “shape” these releases to meet the City’s variable annual demands and to benefit fish and wildlife.

Protecting Existing Water Use

Agriculture, one of our region’s economic drivers, also needs certainty. To provide it, H.R. 2060 clarifies that Bowman Dam will continue to be managed so the water supplies of the existing contract holders, and one district that occasionally purchases water from Reclamation, will be available each year. This is critical for our community. It will ensure family farms and ranches continue to receive their water supplies without interruption. This will sustain agricultural productivity, enabling farmers and ranchers to continue to invest in seed, fertilizer, and fuel, and to rely upon local businesses for custom farming, insurance, and other needs.

H.R. 2060 requires Reclamation to store and release a sufficient amount of water, whether from infill or carryover, to meet the sixteen existing irrigation contracts, the City’s needs, and that of North Unit Irrigation District’s (NUID) temporary needs. It is important to note this provision is limited to the districts and families who presently hold contracts with Reclamation, including NUID. No new contracts will be approved and no new supplies will be made available, with the exception of the McKay Creek Water Rights Switch, discussed below.

Reclamation’s Crooked River Project was authorized on August 6, 1956 (70 Stat. 1058). The project was designed to meet irrigation, flood control, and basic recreational needs, and to also provide fish and wildlife benefits. Screening was also required on the Crooked River Diversion

Canal. A key feature of the Crooked River Project is Arthur R. Bowman Dam, constructed in 1960 and 1961 for the purpose of storing and supplying irrigation water as well as providing protection from floods. This facility has an active storage of approximately 148,633 acre feet of water annually.

Sixteen irrigation districts and families have long held contracts totaling 68,273 acre feet to irrigate roughly 25,000 acres of small, family farms and ranches in Crook County. Highly valuable crops, including grain, garlic, hay, mint and seed are grown on these lands, along with livestock. Because irrigation needs are also satisfied with natural flow rights, the use of stored water for irrigation is almost always less than the total stored water contract amounts. In addition, since the 1960s, Reclamation has contracted five times with NUID to supply water to that district's farmers and ranchers. These amounts have averaged roughly 13,600 acre-feet. Reclamation also provides releases for fish and wildlife purposes, including releases of a minimum 10 cubic feet per second (cfs) annually, and often up to 75 cfs in the winter months.

For more than thirty years, there has been an on-again, off-again discussion about the uncontracted water supplies stored in Bowman Dam. Every effort to address this situation has failed to produce consensus. Clearly, the opportunity to use the uncontracted water to improve habitat for fish, wildlife, and recreation appeals to all of us. The possible social, economic, and environmental benefits may be unparalleled.

But we have to get it right. Despite many efforts over the years, there is no local, state, or national consensus or vision for the best uses of these supplies. Nor is there a credible, scientific management plan to guide these releases consistent with the project's existing purposes. For example, should higher releases be managed to improve conditions for steelhead, a federally protected species, or for rainbow trout, a prized sport-fish? Should economically-important flat-water recreation and fishing in Prineville Reservoir be sacrificed to improve what is already a blue-ribbon trout fishery below Bowman Dam, as some have suggested? How should shortages be managed in dry years, or managed in the future in anticipation of changing climatic conditions? Choices have to be made.

We believe it is irresponsible to make these choices without the best science possible and without a credible, comprehensive management plan. This is why we support completion of a federal study, led by the Department of Interior and the Department of Commerce, to address the real lack of information and scientific gaps that exist regarding the Crooked River, fish and wildlife, their habitats, and how changes to this project may affect recreation, flood control, and other values. All local, state, and federal agencies with interests should be involved, as well as the Confederated Tribes of the Warm Springs Reservation. This information will help us all collaborate on the choices to be made and the best way to implement them.

I want to be clear on this last point. The City of Prineville, and the rest of our community, recognizes the important social, economic and ecological values associated with the Crooked River. Because the river flows right through our City, we appreciate it and understand it better than most people. We fully support improving fish and wildlife habitat in this river and its tributaries. We believe the best way to accomplish these improvements is to first ensure the local community's water supply is guaranteed. Second, we need a long-term, credible management plan to guide how the uncontracted water supplies can be managed to improve fish,

wildlife and recreation values. We are committed to work toward a process that achieves that goal.

As those efforts proceed, H.R. 2060 provides clear assurances to the families who live and work in our community that their water supplies will be protected, and that their way of life will be improved. Right now, that is critical for our community's well-being. We will continue to collaborate with local, state, and federal agencies, the Tribes, conservation groups, and others to improve fish and wildlife habitat in the Crooked River.

All of us have taken significant steps in this regard. OID has voluntarily removed eleven diversion dams, and two years ago constructed a fish ladder on McKay Creek with assistance from Oregon's Department of Fish and Wildlife. NUID, in conjunction with the DRC and the Tribes, is voluntarily lining portions of its main canal and planning to return nearly 8,000 acre feet of water back into the Crooked River on an annual basis. The City continues work on its \$8.5 million wetland restoration project, with financial support from Portland General Electric Company. And all of us are participating in the development of a multispecies Habitat Conservation Plan, with the support of the National Marine Fisheries Service, the U.S. Fish and Wildlife Service, the Tribe's, state agencies and conservation groups.

The McKay Creek Water Rights Switch:

H.R. 2060 will also accelerate the McKay Creek fisheries restoration project. Local farm and ranch families, currently outside of OID's boundary, have expressed interest in exchanging their existing McKay Creek water rights for stored water supplies from Bowman Dam. Up to twenty-three families may ultimately participate in this exchange, which could result in less overall water use per acre, but provide a more reliable supply for these families. State and private funds would finance the entire cost of the project.

To accomplish this exchange, H.R. 2060 authorizes two important steps. First, the bill expands OID's boundary from its present size, which includes approximately 20,000 irrigated acres, to add approximately 685 additional irrigated acres that are currently irrigated with water from McKay Creek. Second, the bill enables OID to supply stored water to these additional 685 acres, but only after the landowners permanently transfer their existing natural streamflow water rights, with some of the water rights dating to the 1800s, to instream use. Thus, H.R. 2060 authorizes OID to supply up to 2,740 acre feet to enhance instream flows in McKay Creek. This project is an important steelhead restoration initiative supported by the Confederated Tribes of the Warm Springs Reservation, the Crooked River Watershed Council, Deschutes River Conservancy, Portland General Electric Company, the Deschutes Land Trust, and many others.

Wild and Scenic Move

H.R. 2060 also proposes to move an existing wild and scenic river boundary on the Crooked River. This will allow the construction of a small hydropower facility at the base of Bowman Dam, above the new boundary. In 1988, Congress designated the Lower Crooked River (or Chimney Rock Segment) as a Recreational River Area in the Omnibus Oregon Wild and Scenic Rivers Act. Following passage of this law, the Bureau of Land Management (BLM) established

the upstream “interim” boundary of this 8-mile long segment on the crest of Bowman Dam, in the center of State Highway 27. Although BLM has stated this location was never intended to be the final starting point of the designation, it has been unable or unwilling to administratively move the boundary. The current boundary is an absolute restriction on the development of carbon-free, renewable hydropower generation at Bowman Dam.

H.R. 2060 will require the Secretary to relocate the upstream boundary of the wild and scenic designation to a point one-quarter mile downstream from the toe of the dam. This minor shift would enable a small, minimally intrusive facility to be constructed, including a small powerhouse and related facilities.

I understand the project would operate with existing water releases, without any changes to release schedules, amounts, or reservoir recreation levels. In addition to power generation, the project may also improve water quality below the dam by reducing total dissolved gas (TDG) concentrations. Fish can be affected by elevated TDG concentrations, which has occurred recently, for example, in the Columbia River. Relocating the boundary and the construction of a hydropower facility will not impair redband trout spawning areas. And river access for fishing will not be impacted except as necessary for public safety.

Finally, the eventual license holder will be required by the Federal Energy Regulatory Commission to evaluate impacts to the designated “Outstandingly Remarkable Values” in the quarter-mile reach between the dam and the new boundary. If impacts are identified, full mitigation will be required. Besides the potential fisheries benefits, this project will create enough carbon-free, renewable electricity to power 4,500 homes.

Ochoco Irrigation District Contract Changes

Ochoco Irrigation District’s present water supply contract with Reclamation does not allow OID to participate in “Conserved Water Projects” under Oregon law. Under the terms of its contract, water allocated to OID can only be used for irrigation purposes.

Since these contracts were signed, the State of Oregon has enacted laws to encourage water users and water delivery entities, including districts, to conserve water. The Oregon Conserved Water statute (ORS 537.455 et seq.) is one such program. This statute requires at least 25 percent of any water saved by a conservation project to be left instream and protected with an instream water right. Because OID’s contract with Reclamation does not allow water to be dedicated to instream uses, OID cannot participate in this program. H.R. 2060 will remove this barrier to water conservation by amending OID’s underlying contract so it can conserve water consistent with Oregon law and return a portion of the savings to instream uses, forever.

H.R. 2060 makes a second amendment to OID’s contract. This change will enable District landowners to voluntarily repay their respective share of construction costs associated with Bowman Dam and the Crooked River project earlier than their present repayment schedule allows. These farmers and ranchers are prohibited from paying off their obligations to the United States before the contract repayment date of 2023. This change is important because it will enable District landowners to purchase additional lands inside OID while still using water

from Bowman Dam. Larger holdings will promote greater efficiencies, economies of scale, and a more dynamic business climate.

Collectively, these amendments to OID's contract would allow for greater flexibility and creativity in land use decisions and water management, benefitting the economy and environment. They would facilitate conservation efforts, instream leasing, and more dynamic business practices. Congress has previously approved similar provisions for Oregon irrigation districts (*see* P. L. 110-229, Section 509(d); and P.L. 109-138).

Conclusion

H.R. 2060 will, if enacted, accelerate real, meaningful social, economic, and environmental benefits for the people of Prineville, Crook County, and all of Central Oregon. I encourage the Subcommittee to act quickly on this legislation.