



**Testimony of Dan Keppen  
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**Submitted to the U.S. House of Representatives Committee on Natural Resources  
Subcommittee on Water and Power**

**Oversight Hearing on  
*"American Recovery and Reinvestment Act Funds for the Bureau of Reclamation and the  
Water Resources Division of the United States Geological Survey"***

**April 28, 2009**

Chairwoman Napolitano and Members of the Subcommittee:

Thank you for this opportunity to submit testimony on behalf of the Family Farm Alliance (Alliance). My name is Dan Keppen, and I serve as the executive director for the Alliance, which advocates for family farmers, ranchers, irrigation districts, and allied industries in 17 Western states. The Alliance is focused on one mission - To ensure the availability of reliable, affordable irrigation water supplies to Western farmers and ranchers. Our members are family farmers, ranchers and irrigation districts and water agencies, several of which are responsible for the operation and maintenance of the Bureau of Reclamation's largest and most complex facilities.

We applaud the willingness of the Obama Administration, Congress, and this Subcommittee to apply economic stimulus funding to the critical condition of aging water infrastructure in the Western United States.

We have reviewed the Interior Department's proposed plan for the allocation of \$1 billion in economic stimulus funding to projects and programs of the Bureau of Reclamation (Reclamation). We are generally pleased by the plan, which funds some vitally important projects that will ensure security of water supplies in several states. However, the Alliance is concerned that the proposal allocates only about \$130 million to the rehabilitation of Reclamation's existing infrastructure, which the agency estimates is in need of approximately \$3 billion worth of repairs. We are also concerned that the proposal does not provide a more aggressive response to the water supply crisis in California and that it seems to ignore new repayment authorities intended to facilitate non-federal funding of major repair work. I will discuss these and other points in more detail below.

In the American West, Federal water supply systems are essential components of communities, farms, and the environment. These facilities are an integral part of the nation's food-production system and their consistent operation helps ensure our farmer's ability to provide a reliable and secure food supply for our own citizens and the rest of the world. Population growth,

environmental demands and climate change are placing an unprecedented strain on aging water storage and conveyance systems designed primarily for agricultural use.

### **Addressing aging infrastructure should be the top priority in Reclamation's stimulus plan**

Reclamation built and manages the largest part of the critical water supply infrastructure that is the foundation of the economic vitality of the 17 Western States. Much of this federally-owned infrastructure is now 50-100 years old, approaching the end of its design life, and needs to be rebuilt and rehabilitated for the next century. Reclamation estimates that \$3 billion will be needed from project users in the near-term to provide for essential repairs and rehabilitation of its facilities. The Congressional Research Service has calculated the original development cost of the Reclamation water supply and delivery infrastructure to be about \$20 billion, and Reclamation puts the current replacement value of the system at well over \$100 billion. The Alliance believes that protecting this national asset is absolutely essential to American economic security, and we are gratified that there is strong bipartisan agreement on that point among Members of this Committee. We thank Chairwoman Napolitano and Members of the Subcommittee for their efforts to ensure that the American Recovery and Reinvestment Act (ARRA) included resources for the rehabilitation and enhancement of the Reclamation's Western water supply infrastructure.

The \$1 billion that Congress provided to Reclamation in the Recovery Act a unique opportunity to make the investments necessary to secure a more reliable water supply infrastructure for the West, while creating jobs and opportunities in economically distressed rural areas. Repairing and modernizing our western water infrastructure also will directly address some of the West's vexing water supply problems by improving water resource management and conservation. These in turn will produce greater energy efficiencies and will provide more flexibility to meet environmental needs, thereby alleviating conflict.

Seizing this opportunity will require Reclamation quickly identify actions that will yield the greatest benefits to water supply security, and then move decisively to carry them out. Bureaucratic inertia must give way to a creative "can-do" approach whose goal is to channel stimulus resources into effective action through expansive use of existing programs and rapid implementation of new authorities.

### **Alliance Involvement with Economic Stimulus and Aging Infrastructure Matters**

Earlier this year, while Congress was still working to finalize the economic recovery package, the Alliance provided policy recommendations to the Departments of the Interior and Agriculture for the use of anticipated economic stimulus funding for western water supply infrastructure rehabilitation and enhancement.

In a February 9 letter to Interior Secretary Salazar and Agriculture Secretary Vilsack, the Alliance made the following recommendations for the most effective use of any economic stimulus funding made available to the Bureau of Reclamation:.

- Rehabilitate and Improve Aging Reclamation Infrastructure, using direct loans, loan guarantees, and extended repayment provisions;

- Aggressively outsource design, engineering and environmental work whenever feasible, economical and necessary to speed project implementation;
- Provide funding to speed implementation of current and ready-to-go Safety of Dams Program projects;
- Improve Drought Management Through Water Management / Conservation / Reuse;
- Fund "Shovel-Ready" Title XVI Water Reclamation & Reuse Projects;
- Provide Clean Water to Rural Areas through implementation of ready-to-go rural water projects, including those already under construction, or "at risk" facilities.

We also recommended that Reclamation and other federal agencies find ways to streamline the federal regulatory process (i.e. NEPA) associated with stimulus project implementation. The entire February 9, 2009 letter (6 pp) is included as an attachment to this testimony.

### **The Intent of Congress: The American Recovery and Reinvestment Act**

Title XVI of the American Recovery and Reinvestment Act generally lists the requirements for qualifying projects. Section 1602 of that title directs that, in using funds made available in the Act for infrastructure investment, recipients shall give preference to activities that can be started and completed expeditiously, including a goal of using at least 50 percent of the funds for activities that can be initiated not later than 120 days after the date of the enactment of this Act. Recipients must also use grant funds in a manner that maximizes job creation and economic benefit. Section 1603 states that all funds appropriated in this Act will remain available for obligation until September 30, 2010.

In the statement of conferees report prepared for the Department of Interior, Bureau of Reclamation, Water and Related Resources, Reclamation was directed to consider the following criteria when allocating funds for stimulus programs, projects and activities:

- a. Can be obligated/executed quickly;
- b. Will result in high, immediate employment;
- c. Have little schedule risk;
- d. Will be executed by contract or direct hire of temporary labor; and
- e. Will complete either a project phase, a project, or will provide a useful service that does not require additional funding.

The ARRA also includes a provision authorizing Reclamation to provide for extended repayment of reimbursable repair and rehabilitation expenses by project beneficiaries, as further discussed below.

Aside from these requirements, it appears that Reclamation was given wide latitude in regard to establishing priorities and making decisions to implement solutions that we hoped would maximize the water supplies, ensure that water data needs are met, and enhance infrastructure.

### **Overview of Stimulus Spending Recommendations for the Bureau of Reclamation**

Secretary Salazar announced the stimulus spending package proposed by the Bureau of Reclamation earlier this month, where the importance of addressing Western water infrastructure needs was underscored.

“From aging dams to outdated water systems, America’s water infrastructure needs immediate attention and investment,” said Secretary Salazar. “The \$1 billion we are investing through the President’s economic recovery plan will put Americans to work rebuilding our water infrastructure and tackling the complex and painful water challenges we are facing. These investments will boost our economy, help farmers, businesses and communities get the water they need to thrive and restore aquatic resources in the West.”

Although Reclamation did not formally solicit input from its water customers, the agency apparently worked through a rigorous merit-based process to identify investments that met the criteria put forth in the Recovery Act. Reclamation outlined how \$1 billion would be spent:

- Meeting Future Water Supply Needs (including Title XVI water recycling projects and rural water projects) - \$450 million
- Improving Infrastructure Reliability and Safety - \$165 million
- Environmental and Ecosystem Restoration - \$235 million
- Water Conservation Initiative (Challenge Grants) - \$40 million
- Green Buildings - \$14 million
- Emergency drought relief in the West, primarily in California- \$40 million
- Delivering water from the Colorado River to users in central Utah under the Central Utah Project - \$50 million

#### Summary of Reclamation’s Evaluation and Selection Process

In selecting the \$945 million of projects, Reclamation used a multi-tiered, merit-based evaluation process that considered:

- a. The general objectives of the ARRA and Secretarial policy objectives (e.g., improving energy efficiency and assisting Native Americans);
- b. Priorities specific to Reclamation as required by the ARRA and its Conference Report, and as established by the Secretary;
- c. Reclamation’s overall program priorities; and
- d. Criteria for selection of projects within a program investment area.

Notably, Reclamation developed “Additional Criteria” which it applied to its evaluation of all potential projects and programs. Key considerations relative to these criteria include:

- Priority was given to funding large construction work that is difficult to accommodate within annual budget limitations;
- The use of stimulus funding was balanced across programs and activities to ensure the continued delivery of public benefits, the operation and maintenance of facilities in a safe and reliable manner, and the protection of the health and safety of the public and Reclamation employees, and compliance with environmental requirements and opportunities for ecosystem restoration;
- Priority was given to larger projects to the extent possible in light of the workload limitations on the staff available to process procurements and financial assistance agreements.

It is important to understand the criteria utilized by Reclamation in its selection process, since it expands upon original Congressional direction, as would be expected. This criteria also explains why larger, more expensive projects appeared to be favored by Reclamation over an alternative approach that would fund many more, less expensive proposals, an issue of some concern to many of our members.

### **Positive Aspects of Reclamation's Stimulus Proposal**

We are pleased that Reclamation's stimulus proposal includes support and funding for several types of projects recommended by Family Farm Alliance members:

- Washington State - Potholes Supplemental Feed Route, which will modify existing facilities to route water from Pinto Dam to Potholes Reservoir; Weber Siphon Complex, to construct second siphon barrels (cast reinforced concrete pipe) to the Weber Branch and Weber Coulee Siphons; Grand Coulee Maintenance Activities that will fund equipment purchases for repairs at the dam, including safety features; Yakima River Basin Water Enhancement Project (YRBWEP), Benton Irrigation District, to replace existing canals with pressurized pipe and change the point of diversion; and YRBWEP Sunnyside Conduit, to convert up to 66 laterals to closed pipe.
- Red Bluff Diversion Dam, California – this “shovel-ready” project, sponsored by the Tehama-Colusa Canal Authority, is critical to preservation of the regional agriculturally based economy, and will also provide great benefit to endangered and threatened fish species in the Sacramento River. The completion of this project will benefit water users statewide by providing near-term benefits to the fishery resource, thereby helping to resolve some of the regulatory issues that are crippling the ability to effectively manage water in California.
- Montana – Canyon Ferry: Excitation System Replacement project would replace aging Excitation System on the three units at Canyon Ferry Powerplant; and complete design and specification for repair of concrete spalls in the spillway chute. The Ft Peck and North Central Water systems are great examples of qualified projects that will benefit from the ARRA (although only some components will be completed in the time period allotted).
- Yuma, Arizona area - \$36.25 million will be used to repair or replace aging water management and delivery facilities to improve water storage capacity, water management and water use efficiencies, and address safety concerns related to these facilities.
- Colorado River Salinity Control Projects (Title II) - Anticipated projects will most likely consist of replacement of earthen canal and laterals with pipe delivery systems. We would like to see this program address selenium problems by providing incentives and funding assistance for water users in the Gunnison Basin.

We believe these projects are good examples of the types of activities that deserve Reclamation's attention in the stimulus package

### **Overall General Concern**

As noted earlier in this testimony, addressing aging water infrastructure in the West is a critical priority for Reclamation, and the stimulus package provides a tremendous opportunity to finally tackle this growing problem in a meaningful way. We were, therefore, disappointed to see that,

out of the \$700 million in Reclamation stimulus funding not allocated to Title XVI rural water, CALFED, and other programs, only \$130 million is proposed for addressing existing water infrastructure (\$24 million Safety of Dams and \$10 million in Canal Safety money are included in the \$164 million figure noted on page 4).

This suggests to our membership that Reclamation does not share our view that aging infrastructure is a high priority. However, we know that is not the case, and instead, the reasoning for the relatively lower emphasis on addressing aging infrastructure may rest instead within Reclamation's internal criteria that essentially promotes stimulus funding for fewer and larger ready-to-go projects. Reclamation apparently believes it will be easier to implement that approach, rather than spreading the money out to encompass more, smaller projects that could be made "shovel-ready" with some additional effort.

We appreciate the balanced approach Reclamation is attempting to take with this spending opportunity. We are on record for supporting stimulus resources directed to funding the federal share of existing Title XVI projects that are ready for construction or can be made ready for construction within the timeframe prescribed by the stimulus legislation. These reclamation and reuse projects augment existing urban water supplies and thereby reduce pressure on agricultural and rural supplies. We also understand the need for Reclamation to support environmental/ecosystem restoration efforts intended to make Western U.S. rivers, streams and estuaries healthy. In many cases, these restoration efforts have direct water supply benefits for irrigators.

However, there are numerous other government agencies tasked with clear directives to steward environmental restoration efforts and fund urban water conservation projects. At the same time, there are very limited funding programs to support repair and modernization of aging agricultural water infrastructure. So, unfortunately, it is difficult to see a Reclamation stimulus proposal that provides \$500 million more for environmental restoration projects and new urban and rural domestic water programs than it does for rehabilitation of existing irrigation supply and delivery facilities.

We appreciate that Reclamation acknowledges that investments in infrastructure reliability will create immediate construction, engineering and scientific jobs. Again, however, only \$130 million has been slated for high priority infrastructure repair and replacement projects across the entire West. This is a tough pill to swallow for many Western irrigators, especially when \$13.5 million is being provided for "green" buildings for Reclamation at Boulder City, Nevada. Meanwhile, farmers within Bureau of Reclamation service areas in California are receiving only 10% of their water supplies (see below). This allocation is an unprecedented, record low delivery amount for Central Valley Project agricultural contractors. These producers – as well as the communities and consumers who rely upon them – will all suffer as a result.

### **Specific Concerns**

We have several concerns and observations regarding some specific provisions of the recent Reclamation stimulus proposal, including repayment, transferred works, the suite of actions proposed for California, and the level of funding for Challenge Grants. These concerns are further detailed below.

### Repayment Period

The Conference Report (final bill) authorizes the Secretary of the Interior to extend for up to 50 years the repayment period for the reimbursable costs of extraordinary maintenance and replacement activities carried out with stimulus funding. Extended repayment is with interest. However, nowhere in Reclamation's 40-page explanation of its proposed stimulus package is the 50-year repayment language from the stimulus bill mentioned.

The ARRA provides extended repayment authority that the ARRA provides for extraordinary Operations and Maintenance (O&M) work, which clearly gives Reclamation the authority to finance O&M work, the costs of which are the responsibility of non-federal interests. The absence of the extended repayment authority from the Reclamation program document, plus the fact that the Reclamation project selection criteria penalize projects that require new repayment contracts, raises concerns that Reclamation intends to ignore this authority.

It would be helpful for Reclamation to publish an explanation of how it plans to carry out the provisions of the stimulus act authorizing up to 50-year repayment periods for extraordinary O&M projects.

### Transferred works

There are two general classifications for Bureau of Reclamation facilities, depending on the entity responsible for operating those facilities. "Reserved facilities" are those operated by Reclamation, while "transferred facilities" are operated by non-federal authorities, several of which we represent. Of great concern to our members is that Reclamation's program specifically EXCLUDES transferred works. See this reference on page 2 of "Selection Criteria" section (page 21 of the PDF document):

*"...project features which water users have assumed the responsibility to operate and maintain at their own expense and with their own workforces (referred to as transferred works), were eventually eliminated from consideration since it is not Reclamation's obligation to finance the maintenance and replacement of these facilities even though they are federally owned."*

The exclusion of transferred works is a concern for our organization. Reclamation's claim that it has no "obligation to finance the maintenance and replacement of these facilities" is legally correct but it is also counterproductive in the context of the APPA's goals to create jobs by repairing infrastructure. Some of the largest projects in the Reclamation system are transferred works. Why would they be made ineligible for stimulus funding? Using stimulus money to repair or upgrade federally owned transferred works would not relieve non-federal contractors from their obligation to pay for such work, it would only make it easier for them to repair the federal asset faster. Further, it is illogical to make distinction between reserved and transferred works in stimulus funding allocation because non-federal interests are responsible for O&M costs for both kinds of projects. Who performs the actual work seems to us to be irrelevant to the question of where stimulus funding should be applied.

The Committee needs to understand that these facilities are still federal assets, and that only the O&M responsibilities – NOT the title of the assets – were transferred to beneficiaries. Reclamation has an obligation to make sure these assets are maintained for the security of the

country as a whole. The Committee should ask Reclamation to justify why it believes that Congress did not intend that stimulus authority be used for projects on transferred works.

### Challenge Grants

Reclamation's Challenge Grant component of the stimulus proposal provides 50/50 cost-share grants for water conservation projects, advanced water treatment demonstrations, and other projects that benefit candidate and Endangered Species Act (ESA)-protected species. A total of \$40 million of the stimulus money is to be shared across the West, with \$1 million minimum and \$5 million maximum grants for irrigation district-generated on-the-ground projects. This program has been funded by Congress at about \$15 million per year and has a history of oversubscription, so the \$40 million allocated in the stimulus plan is a welcome infusion of resources into a popular and effective program.

We know of several "shovel ready" projects proposed by local irrigators which we believe can score very well in all aspects of this ARRA Challenge Grant application. Many of these projects will be seeking \$3 to \$4 million each and several projects have been "phased" over time to take advantage of existing state and federal loan/grant programs. The higher ceiling of \$5 million proposed by Reclamation will provide an opportunity to complete these projects all at once.

However, other irrigators are concerned that the minimum grant amount - traditionally set at \$300,000 - has been raised to \$1 million. The new, higher minimum limitation eliminates many smaller projects, which reduces the total number of projects across the West.

Reclamation should provide clear justification for this important change. Further, Reclamation should look for ways to allocate even more substantial amounts of stimulus funding to the over-subscribed water conservation and management Challenge Grant program and other existing cost-shared programs for planning, designing, or constructing improvements to water infrastructure that conserve water, provide management improvements, and promote increased efficiencies. We anticipate that there will be intense competition for the limited Challenge Grant dollars. Some of our members believe that \$120 million in Challenge Grant funding - triple the amount proposed by Reclamation - will be needed to satisfy the demand for this program.

### San Joaquin Valley Projects and Actions

While Family Farm Alliance members in Northern California welcomed Secretary Salazar's April 15 announcement that provided \$110 million for Red Bluff Diversion Dam improvements (see "Positive Aspects.... above), the reaction of irrigators and water managers in the San Joaquin Valley can probably best be summed up in the words of California Congressman Jim Costa (D-Fresno), who released a statement that same day.

"Today's announcement.... is very disappointing in that it does little to help our farmers and farm workers in the next six to twenty-four months, should we continue to experience ongoing dry circumstances," said Rep. Costa. "The major portion of projects identified is focused on fisheries and environmental projects, and neglects the human needs. Many towns in my district are experiencing Depression-level unemployment due to a lack of water for our farms right now. What is unclear is how the identified projects address these real human needs."



The Reclamation stimulus proposal includes \$40 million for “Emergency drought relief”, much of which will likely be spent in California. Parts of California are currently experiencing hydrologic and regulatory drought conditions, which will have devastating economic impacts to farmers and the rural communities they support. Under the Drought Relief Act of 1991, and other authorities, Reclamation intends to fund emergency drought relief projects that “can quickly and effectively mitigate the consequences of the current drought by making the greatest quantities of water available for areas that are hardest hit”. These projects include ESA mitigation efforts, water transfers and exchanges, installation of groundwater wells, installation of rock barriers in the Sacramento Delta, and installation of temporary water lines.

According to our members in the San Joaquin Valley, these projects will do very little to help Central Valley water users. In fact, our members were unaware of anyone even working on a project to “install rock barriers in the Delta”. There appears to be nothing relevant, immediate or helpful to beleaguered agricultural water users in the California drought package. This is very frustrating, and has engendered a feeling among San Joaquin water users that Reclamation is staring an emergency straight in the face, but does not appear to be willing to do anything extraordinary with regards to dealing with the emergency. They believe Reclamation needs to start taking some risks, including taking forceful administrative action to confront the crushing weight that fisheries regulations are exerting on Central Valley Project water operations.

San Joaquin Valley water users have proposed several meaningful project proposals which have been rejected by Reclamation for a variety of reasons. Notable among these is a \$35 million proposal to install Techite / RPM pipe by Westlands Water District, which was rejected by Reclamation on their determination that it is not shovel-ready and needs to complete NEPA and ESA processes. Westlands disagrees.

### Time Constraints

Some “shovel ready” projects such as Idaho’s Minidoka Dam rehabilitation project (ready to start this fall) were not funded by Reclamation because (they were told) they would not be completed in time. The Minidoka Dam Spillway project is set to begin next year, but the completion time line could be shortened if funding was provided at this time. Currently, this project is estimated to cost \$60 million, with the Bonneville Power Administration paying 50%, the federal government covering 8% and the water users responsible for 42% of costs. The benefit of stimulus dollars for the Minidoka Dam spillway project is that additional funds can cover the non-federal share of the construction costs, which would be repaid over time, as directed in the stimulus bill provisions (but apparently ignored by Reclamation, as noted above). Based on this and other decisions, many of our members are demanding to know how Reclamation is going to spend \$1billion in less than one year if the agency excludes many projects from funding. This is another example of how water users would like to see Reclamation take a risk, get creative within legal limits, and help the local Idaho water users achieve a meaningful infrastructure fix.

Reclamation’s customers need to be convinced that the agency is being as aggressive and creative as possible in ensuring that good projects meet the “shovel-ready” criteria. As it stands now, our membership is concerned that Reclamation disqualified potentially shovel-ready projects in order to minimize its workload.

### Program Management

We offer a few additional observations and recommendations, intended to assist Reclamation in its efforts to efficiently and fairly administer the challenging stimulus program. Reclamation should be encouraged to conduct preliminary work on near-priority projects in case higher-ranked priority projects are stalled or do not move forward in a predicted manner. We also recommend that Reclamation maintain and update a complete list of ranked priority projects, including those funded with ARRA funds, and those that remain unfunded.

### **Economic Stimulus Through Regulatory Flexibility**

Despite the focus of this testimony on specific provisions of the proposed Reclamation stimulus package, we cannot lose sight of a simple but key understanding: this is an economic stimulus package. Most of the projects funded by Reclamation will create (at least temporarily) jobs and put people to work in a time when employment has never been more important. We also think stimulus funding and strong leadership should be directed in a way that also saves the jobs for folks that are already working. Nowhere is there a riper opportunity to save tens of thousands of jobs through leadership, reason and flexibility than what currently exists in California.

### Streamline the Federal Regulatory Process

The slow pace of the federal regulatory process is likely to be a major obstacle to implementation of projects and actions that could employ stimulus funding to secure the Western water supply infrastructure. The goals of the economic stimulus legislation – job creation, renewed economic activity and an improved national infrastructure – could well be stymied by a protracted, duplicative and overly-complex regulatory process.

During consideration of the omnibus legislation in the House Transportation and Infrastructure Committee, Chairman James Oberstar said, *“This is a national emergency, and business as usual is not good enough anymore. If the purpose of this legislation is to be achieved, then we must set tight deadlines, and hold everyone accountable to them, both the federal agencies and the state and local grant recipients.”*

We couldn’t agree more.

The Department of Interior must work on an urgent basis with other appropriate federal agencies to streamline the regulatory process into one that is efficient, fair and effective.

The stimulus bill recognizes the need for streamlining and provides funding for that purpose. It directs that National Environmental Policy Act (NEPA) reviews be *“completed on an expeditious basis and that the shortest existing applicable process”* under NEPA be used. The same principle should be applied to Endangered Species Act (ESA) and Clean Water Act reviews of ready-to-go projects. This can be accomplished through improved Inter-agency coordination and simultaneous rather than sequential project review by regulating agencies.

In fact, there is a provision in Reclamation’s NEPA guidelines which allows Reclamation to accept local environmental compliance (such as CEQA, in California) as the basis for their NEPA compliance. It has been our experience that Reclamation historically has been hesitant to

use this flexibility. The accelerated nature of this ARRA would lend itself to using this provision, at least in California, where many projects have already undergone CEQA reviews.

### An Opportunity to Apply Regulatory Relief to Achieve Economic Stimulus

After 3 consecutive years of dry conditions - and due to mounting environmental restrictions that have moved water away from agricultural and towards fish like the Delta smelt - the allocation for California's Central Valley Project (CVP) agricultural water service contractors south of the Delta stands at a paltry ten percent. The impacts to growers on the West side of the San Joaquin and Sacramento Valleys will be severe, and ramifications will ripple through the rest of the state (and nation) as well. Thousands of acres are being fallowed, upwards of 30,000 farm workers will lose their jobs, and loss income in the San Joaquin Valley could exceed \$1 billion. The impacts will ripple outward, since a significant percentage of winter vegetables are grown in the Central Valley for consumption by the rest of the country.

Much of the recent crisis is driven by recent declines noted in some Bay-Delta fish populations. There appears to be no doubt that some Delta fish populations have plummeted, and it is equally clear that current methods of "recovery" are not working. Those efforts focus almost exclusively on operation of the state and federal water project pumps that pull water from the Delta and send it to Central Valley farms and Southern California. As noted in a recent Information Quality Act request we filed with the U.S. Fish and Wildlife Service, because there is no correlation between abundance of delta smelt and project export pumping activities, it cannot be said that project operations are responsible for declines in delta smelt abundance. And yet... the federal agencies continue to focus on those pumps, and the fish do not appear to be responding.

In the meantime, continuing environmental litigation is destroying Central Valley agriculture. Almost 300,000 acre-feet of water have been lost to the ocean since the first of the year instead of supplying the farms and homes it was intended to serve (see attached figure). This is in addition to the water that was lost last year due to these questionable environmental regulations. For a reality check that demonstrates how litigation and regulation have made this year's drought worst for San Joaquin Valley farmers than in previous, even drier years, please see "*Description from the San Luis & Delta-Mendota Water Authority Regarding the Current South-of-Delta CVP Water Supply Situation*", attached.

It would appear that Congress and the Administration have an opportunity to provide some temporary economic relief in the form of legal or administrative proposals intended to give the benefit of doubt to hard working American farmers and farm labor while sound, long-term solutions to fisheries challenges are developed. The questionable science employed by U.S. Fish and Wildlife Service in its recent Delta smelt opinion is justification enough for political leaders to take action to protect tens of thousands of farming jobs in California.

Political leadership and administrative flexibility can provide their own brand of economic stimulation. Many in the San Joaquin Valley had hoped that the Department of Interior would dedicate a balanced portion of the stimulus funding towards projects that would afford the operational flexibility for providing a reliable supply of water to meet the needs of distressed communities. That has not happened. Perhaps it is not too late, however, to provide stimulus "in-lieu" of using federal funds and instead applying administrative and legislative regulatory relief

to keep people working in the San Joaquin Valley.

### **Conclusion**

Success of the Reclamation stimulus proposal is important to the family farmers and ranchers of our membership, and our observations are intended to ensure that federal stimulus dollars are used as effectively as possible. We intend to monitor initial progress on Reclamation stimulus-funded projects and will engage with Congress and the Obama Administration as required in the coming months.

Thank you for this opportunity to present our views today.

### **Attachments:**

1. Figure of Export Water Lost to San Joaquin Valley in 2009 Due to Delta Smelt Biological Opinion
2. *“Description from the San Luis & Delta-Mendota Water Authority Regarding the Current South-of-Delta CVP Water Supply Situation”*
3. February 9, 2009 Family Farm Alliance Letter to Interior Secretary Salazar and Agriculture Secretary Vilsack