

Testimony

Provided By

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On

**The Bureau of Reclamation and the American Recovery and
Reinvestment Act (ARRA)**

Before the

**Committee on Natural Resources
Subcommittee on Water and Power
United States House of Representatives**

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**House Committee on Natural Resources
Subcommittee on Water and Power**

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Eastern Municipal Water District**

Thank you, Chairwoman Napolitano and members of the Committee for the opportunity to testify before you today regarding the Bureau of Reclamation (Bureau) and the American Recovery and Reinvestment Act of 2009 (The ACT). I am the General Manager for the Eastern Municipal Water District (EMWD), which provides water and wastewater services to 675,000 persons in Riverside County in Southern California.

I was asked to address four general themes, and I will begin by focusing on the portion of the Bureau's Mission Statement: "To manage, develop and protect water and related resources....." I have testified before several committees on the Title XVI Program and view it as a very effective way for the Federal Government to participate in water resource management in the arid West, and recently Congress has partially acknowledged those obligations with the enactment last year, of the SECURE WATER ACT.

The era of massive surface water projects is fading, while the demand for water continues to increase. Options to develop new sources of supply are limited by availability, public acceptance and affordability. The water manager's tool box is limited to maximizing use of existing water resources through conservation, rate incentives, storm water management, water reuse, and desalination. Over the past decade, my own agency has committed over \$235 million dollars just to implement these types of projects to develop new local supplies in our service area, and reduce our need for imported water supplies from the Colorado River and the California Delta. As a result, we have reduced our dependence on imported water by 26 percent, while our service connections have increased 34 percent over the same period. The Bureau is actively engaged in developing these new sources of supply as embodied in the goals of the newly established WaterSMART Initiative. Given that the Federal Government should be involved in developing water resources in the West, if that responsibility is not given to the Bureau, who should lead these programs?

The initial requirements and conditions of the ACT were confusing, which caused delays in the project implementation. The requirements for compliance for use of American goods, labor compliance, and wage rate certifications under the ACT required the use of outside consultants and the dedication of a significant portion of one employee's time. The vast majority of the Title XVI Projects awarded under the ACT were awarded to agencies in Southern California and administered by the Temecula Office of the Lower Colorado Region. The staff, while dealing with a vastly increased workload, has always been available to answer questions, clarify requirements, provide timely reimbursement, and guide us through the process.

The Bureau of Reclamation's Title XVI Program provides a means of funding water recycling projects; however, the program has not been adequately funded for many years until the recent infusion of funding from the American Recovery and Reinvestment Act of 2009 (The ACT). Without this one time windfall, my agency's projects and many other congressionally authorized projects would not have been approved. My agency tried unsuccessfully for many years to receive an authorization through legislation until we finally received a \$12 million dollars authorization in 2008. Subsequently, we received \$9.46 million dollars in funding under the ACT to construct storage tanks, pipelines, and a booster plant to provide more reliable pressures to our users.

The stimulus funding allowed many backlog projects to be funded, but the future administration of the program must be addressed, if it is to realize the full potential benefits that are possible. Currently an agency identifies a need, develops a project, and attempts to submit it under the Title XVI Program. The agency finds the Bureau is not adequately funded to approve the project and does not support adding additional projects to the existing backlog. Further, the Bureau perceives, however incorrectly, that the congressional appropriation will reduce available funding for more traditional projects and requirements. The Agency then turns to Congress to obtain an authorization. If the project is authorized, the agency must then attempt to obtain funding through annual appropriations. While this initial appropriation may provide funding for a beginning, it does not qualify as a "new start" in the Bureau budget and there is no guarantee that subsequent year funding will be provided. A multi-million dollar project can not be awarded and constructed with such uncertain funding.

This program has tremendous benefits and allows the Federal Government to leverage its investment four to one. The best course is to ensure adequate funding in the Bureau's annual appropriation and for Congress to establish eligibility criteria to guide the Title XVI Program rather than focus on specific projects. Once a project has been approved, it should be totally funded and included as a "new start" in the Bureau's budget if multiple year funding is necessary.

Since 1992, 245,000 acre feet of new water has been developed through the Title XVI Program with the goal of increasing that amount to 350,000 acre feet by 2012, based on the approved projects now underway. There currently exists a substantial backlog of projects in the program, and in Southern California alone, 17 projects have been approved through amendments to the Act. If all projects are completed they are projected to generate 400,000 acre feet of recycled water annually. The Title XVI Program is vital to meeting the water supply needs of the nation and we urge you to adequately fund the program through the Bureau's budget to eliminate the backlog of authorized projects.

In meeting the goals of the ACT, we are only beginning to implement the projects funded under the Stimulus Program. As of last month, the cumulative total of full time equivalents created/sustained is 58, but only one of five authorized projects is under active construction. Four of the five projects have been awarded to contractors, and the contractors have begun to mobilize and take delivery of materials. The number above does not reflect the secondary employment generated by pipe and pump manufacturers, trucking companies, local government, and other providers. It also does not reflect the primary and secondary fiscal stimulation to the local community.

In these difficult economic times, it was a struggle for my agency to commit the \$30 million dollars representing our share of the projects. While this is a burden for the local agency, it gives credibility to the program. If this funding had not been available and the bidding climate been so favorable we would not have started these projects. The cumulative effect of these projects will increase our ability to deliver 20,000 acre feet of additional water in the future while providing our existing customers with a reliable pressurized delivery system and reduce our need for imported water. The federal share of this investment in new water supply is approximately \$473 per acre foot. Based on our experience, we use a planning figure of approximately \$3,000 to develop a new acre foot of water. This program represents a substantial return on investment for the Federal Government.

I want to thank the Committee for the opportunity to participate in this very important oversight hearing. We intend to file additional written comments and I would welcome your questions, when appropriate, in the proceedings.