

**Statement of Jessica Neuwerth
Acting Executive Director
Colorado River Board of California
Before the
U.S. House Committee on Natural Resources
Subcommittee on Water, Wildlife and Fisheries
On
H.R. 9515 to establish an interest-bearing account for the non-Federal contributions to
the Lower Colorado River Multi-Species Conservation Program, and for other purposes
(Calvert)**

November 20th, 2024

Chair Westerman, Ranking Member Grijalva, and members of the Subcommittee, I am Jessica Neuwerth, the Acting Executive Director of the Colorado River Board of California (Board), a state agency within California's Natural Resources Agency. Thank you for the opportunity to provide the Subcommittee testimony on H.R. 9515 and its importance to the Lower Basin States on the Colorado River, including California's Colorado River water and power users.

The Board was established in 1937 to protect the rights and interests of California's water and power users in the Colorado River. The Board and ten other California agencies provide quarterly funding to the Lower Colorado River Multi-Species Conservation Program (LCR MSCP), a 50-year multi-stakeholder, Federal and non-Federal partnership that seeks to balance the use of Lower Colorado River water resources with the conservation of native species and their habitats in compliance with the Endangered Species Act (ESA).

The LCR MSCP was established in 2005 after nearly a decade of planning between the Department of the Interior and state, tribal, and local water, power, and wildlife agencies. The program is supported by agencies within the federal government and across the Lower Colorado River Basin States of California, Arizona, and Nevada (see list of participants in Attachment 1). Over its 50-year term, the LCR MSCP will establish and maintain over 8,000 acres of native habitat and stock over 1.2 million native fish (see map of LCR MSCP habitats in Attachment 2). The species benefited by the LCR MSCP include birds, fish, mammals, reptiles, amphibians, insects, and plants.

Congress formally approved the LCR MSCP in 2009 and authorized the Secretary of the Interior to implement the LCR MSCP in accordance with the program agreements executed by the participants. (Omnibus Public Land Management Act of 2009, Public Law 111-11, Title IX Bureau of Reclamation Authorizations, Subtitle E Lower Colorado River Multi-Species Conservation Program, sections 9401-9404 [123 Stat. 991, 1327-1329]).

Through the LCR MSCP, program funders receive ESA compliance for current water diversions and power production on the Lower Colorado River and for a range of future water and power development activities. This comprehensive ESA compliance has proved critical as the Lower Basin States implement new programs to conserve water in the face of ongoing aridification in the Colorado River Basin.

The LCR MSCP has a budget of \$626 million (2003 dollars) for its 50-year term. The funding is shared among the program participants on the basis of 50% Federal, 25% California, and 12.5% each from Arizona and Nevada. The LCR MSCP Funding and Management Agreement (FMA) provides that all contributed funds are paid to the Bureau of Reclamation (Reclamation), which manages the habitat creation projects in accordance with annual work plans approved by the LCR MSCP Steering Committee.

Through the LCR MSCP agreements, the state funding parties committed to make payments quarterly to cover the program costs based on the initial budget estimates established in 2005. Program documents dictate annual funding contributions through 2055, which provides certainty for the budgeting process of non-federal contributors. For Fiscal Year 2024, the program budget calls for funding of \$38.8 million, with the state participants paying \$19.4 million. Reclamation collects the LCR MSCP payments on a quarterly basis and uses those funds as needed for costs incurred to execute the approved annual work plans. The non-Federal contributed funds are retained in separate Federal accounts until expended.

Over time the pace of funding has exceeded the work expenditures resulting in Reclamation accumulating over \$60 million in non-Federal contributed funds for future costs. Given the pace of habitat development, the accumulated funds are expected to exceed \$80 million in the near term before program spending begins to reduce the balance, which is anticipated to occur over the next number of years. However, the account in which Reclamation holds the contributed funds does not earn interest or any investment return. The principal amount remains available, but its value is eroded over time by the effect of inflation that results in higher costs to implement projects. In the current interest rate environment, the lack of investment effectively costs the LCR MSCP at least \$2 million annually that could be used to fund future work over the remaining 30 years of the program.

H.R. 9515 would address this issue by directing the Secretary of the Treasury to establish and deposit existing and future non-Federal contributions into a fund titled “Non-Federal Funding Account for the Lower Colorado River Multi-Species Conservation Program” (Fund). Further this act would allow the Secretary of the Interior to invest any portion of the Fund that is not required to meet the current needs of the Program into a public debt security, while granting access to make use of the amounts within the Fund without further appropriation.

By ensuring that the non-Federal LCR MSCP contributions retain their value until needed for program expenditures, H.R. 9515 would reduce the need for future Federal

appropriations to support the Program, without any change to the existing LCR MSCP cost share and contributions.

On behalf of the Board and the Lower Basin's LCR MSCP permittees, I would like to express support for the Lower Colorado River Multi-Species Conservation Program Amendment Act of 2024. We look forward to working with you and Congress to enact this legislation. I am happy to answer any questions. Thank you.

Attachment 1: LCR MSCP Participant List

Federal Participant Group

- Bureau of Indian Affairs
- Bureau of Land Management
- Bureau of Reclamation
- National Park Service
- U.S. Fish and Wildlife Service
- Western Area Power Administration

Arizona Participant Group

- Arizona Department of Water Resources
- Arizona Electric Power Cooperative, Inc.
- Arizona Game and Fish Department
- Arizona Power Authority
- Central Arizona Water Conservation District
- Cibola Valley Irrigation and Drainage District
- City of Bullhead City
- City of Lake Havasu City
- City of Mesa
- City of Somerton
- City of Yuma
- Electrical District No. 3, Pinal County, Arizona
- Golden Shores Water Conservation District
- Mohave County Water Authority
- Mohave Valley Irrigation and Drainage District
- Mohave Water Conservation District
- North Gila Valley Irrigation and Drainage District
- Town of Fredonia
- Town of Thatcher
- Town of Wickenburg
- Salt River Project Agricultural Improvement and Power District
- Unit "B" Irrigation and Drainage District
- Wellton-Mohawk Irrigation and Drainage District
- Yuma County Water Users' Association
- Yuma Irrigation District
- Yuma Mesa Irrigation and Drainage District

California Participant Group

- Bard Water District
- California Department of Fish and Wildlife
- City of Needles
- Coachella Valley Water District
- Colorado River Board of California
- Imperial Irrigation District
- Los Angeles Department of Water and Power
- The Metropolitan Water District of Southern California
- Palo Verde Irrigation District
- San Diego County Water Authority
- Southern California Edison Company
- Southern California Public Power Authority

Nevada Participant Group

- Colorado River Commission of Nevada
- Colorado River Commission Power Users
- Henderson WC LLC.
- Nevada Department of Wildlife
- Southern Nevada Water Authority

Native American Participant Group

- Chemehuevi Indian Tribe
- Colorado River Indian Tribes
- Hualapai Tribe

Conservation Participant Group

- Lower Colorado River RC&D Area, Inc.
- The Nature Conservancy

Other Interested Parties Participant Group

- Desert Wildlife Unlimited
- QuadState County Government Coalition

Attachment 2: FY2023 Map of LCR MSCP Habitat Areas

