

Testimony of Shannon McDaniel, Secretary/Manager
South Columbia Basin Irrigation District
Before the Subcommittee on Water and Power

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I appreciate the opportunity and privilege of testifying before you today on *The Bureau of Reclamation's 21 st Century Challenges in Managing, Protecting, and Developing Water and Power Supplies*. I appreciate the opportunity to present some of my views concerning the National Academy of Sciences study and Reclamation's response.

I am Secretary/Manager of the South Columbia Basin Irrigation District. The district is one of three irrigation districts comprising the Columbia Basin Project located in Southeastern Washington State. The South Columbia Basin Irrigation District provides water to 230,000 acres of irrigated land serving 4,000 landowners and farm operators.

The purpose of my testimony today is to convey to Congress the following key points:

- In my opinion, the benefits of Reclamation far outweigh the cost to the citizens of the United States.
- The degradation of Reclamation's ability to fulfill its contractual responsibilities is not in the best interests of the water users or the agency.
- Recent shifts in Reclamation's priorities away from its original mission and in light of its flattened budget impairs its abilities to serve its traditional constituents and meet its contractual responsibilities.
- Insufficient funding will lead to inefficient facilities management. This long-term trend can only lead to further degradation of facilities and an increasing risk of system failure.
- Federal loan guarantees to assist Reclamation contractors with replacement of facilities can be very helpful to some districts and we support this approach; however, Congress should be aware that this is not the solution for all projects' aging infrastructure needs.
- Reclamation needs to ensure the continued viability of institutional knowledge held by current employees. Reclamation needs to have a plan for filling these key positions with people who have been well trained and understand Reclamation's mission.
- Reclamation's vision for its future must be more clearly defined so that employees can stay focused on the core objectives of the agency.

It is important to recognize that the federal government through Reclamation has played a major role in the development of the West. This development has created a substantial economic engine, which includes agriculture, power, recreation, and flood control that, under the stewardship of Reclamation management and employees, has brought untold benefits to most Reclamation states. As Congress and others try to redefine Reclamation and its role, I believe it is important for Congress to realize that, for those whose livelihoods depend on the facilities and management of the organization, changes in the management structure of the agency may improve its efficiency, but the dismantling of Reclamation or diminishing its role and the degradation of its ability to fulfill its contractual responsibilities is not in the best interests of the water users that the agency serves.

New and complex challenges lay ahead for Reclamation. The past decade has been full of new dealings with the ESA, water quality, and water quantity, not to mention the need for efficiency improvements in management and operations.

Reclamation's budget for the past several years had zero growth. This has shifted operation, maintenance, and improvement funds to deal with the ESA and other regulatory issues. As the regulatory and environmental communities push Reclamation into areas that are beyond its original mission, the cost of business continues to increase. However, the cost of doing business does not diminish what Reclamation's role has been or what it will be.

Reclamation manages large facilities in the West, including Grand Coulee Dam. Speaking strictly from my knowledge and background in the Columbia Basin Project, the management of Grand Coulee Dam for the benefit of irrigators and power production is a vast responsibility. It is vitally important that this facility is managed efficiently and effectively.

I would like to focus the remainder of my comments on the National Research Council Report, *Managing Construction and Infrastructure in the 21 st Century Bureau of Reclamation*, and the response of Reclamation management, specifically Reclamation's aging infrastructure, personnel, and the aggressiveness of the plan.

Aging Infrastructure

Reclamation began its mission in 1902 with the passage of the Reclamation Act. Reclamation took on the primary role of developing agriculture projects in the 17 Reclamation states. Those projects were constructed with technology available

over the next 60 years. Subsequently, changes in agricultural technologies, water conveyance systems, and application systems have brought many improvements within the irrigation districts. I do not think Congress or water users had any concept of how water demands would increase or how much technology would improve. During this time, Reclamation has played a substantial role in ensuring that we can continue to operate and be good stewards for district patrons as well as the federal government.

Over the course of a century, Reclamation's facilities have aged and worn out just like any other structure. Forces of water and nature cause degradation over time. Therefore, significant planning needs to take place for reconstruction or improvement of infrastructure. As competing interests for water in the West grow, it will be important that water conveyance systems be improved to their maximum efficiency. Reclamation needs to play a significant role to ensure that federal interests and investments are protected. The burden of complete reconstruction of irrigation projects with local funds is not feasible in many cases. The agricultural economy is struggling in some areas in the West. Reclamation's plan proposes to seek/obtain legislation for loan guarantees. In some cases that might be the solution; however, it is not the solution for everyone. The economy of many communities in the West depends upon irrigated agriculture. Reclamation's efforts on behalf of water users will be important to protect those economies and to ensure that the facilities continue to operate and provide agricultural and other authorized benefits.

Personnel Issues

Reclamation's responsibility is not only to protect the structural assets but also the knowledge and personnel of the organization. I have worked with Reclamation in various capacities for 25 years, and I have seen several changes in the organization during that time. Some changes may have improved cost efficiencies and management, but they also degraded the capability of Reclamation to carry out its primary functions. The reorganization of Reclamation in the early 1990s created several hardships. The reduction in force caused by offering buyouts for early retirement adversely impacted operations of the Columbia Basin Project. Employees were offered early retirement with little or no plan for their replacements. Reclamation went from a very knowledgeable and efficient operation to an operation run by people well down on the learning curve. They had not been trained to make decisions that needed to be made and consequently the efficiency of the operation was diminished by the lack of knowledge. Some might have thought that these were just jobs with plenty of qualified people, but that is not the case. These are technical jobs, take years of training, and have enormous responsibility.

The NRC Report highlights this issue in Chapter 4, Workforce and Human Resources, page 73, Strategic Direction, "... there is no universal understanding of functions to be performed, of standards to be applied, or of authority, responsibility, and accountability at each level within Reclamation." Reclamation's vision needs to be clearly defined so employees can be focused on objectives, outcomes, and what the agency's leadership defines as success.

The NRC Report also emphasizes the relationship with stakeholders. As stakeholders, the trust and confidence we would like to have is developed by sharing our views with Reclamation employees with knowledge of our particular projects. Future leaders and supervisors of Reclamation employees who interact with stakeholders need to know the issues and be willing, on occasion, to agree to disagree and look for solutions rather than conflict.

I believe as Reclamation moves forward it needs to take a hard look at recruiting, training, and retaining employees to keep the agency proficient in all levels of the work force. I would emphasize operations, resource management and contract specialists that organizations like mine depend on to get their water and resolve contractual issues. Reclamation needs to develop strong plans in all levels of organization to hire knowledgeable and long-term employees.

Overall Plan and Timelines

The NRC report in its 138 pages is an enlightening, comprehensive review of Reclamation. The response from Reclamation, *Managing for Excellence, An Action Plan for the 21st Century*, seems rapid and aggressive. I have to question the viability of such a complete review and what seems to be a major shift in program management in the next 18 to 20 months. Reclamation may take a synergistic approach and the agency may have the will to accomplish the task, but I believe Congress will have to provide Reclamation with fiscal divine intervention in the form of associated funding and extended time frames to accomplish these goals defined within Reclamation's response to change the well-developed culture currently existing within Reclamation.

I am concerned that the pressures of change may compromise the work and services that Reclamation needs to accomplish or is contractually obligated to provide prior to December 2007. I would agree that Reclamation can change for the better, but I would caution that better does not necessarily mean moving quickly without regard to consequences. Change is difficult for any organization. A process that receives the support of Congress, Reclamation management and employees, and stakeholders will be the avenue to a successful transition.

In closing, I would like to thank the Subcommittee and staff for extending this opportunity to testify today. If you have any questions, I would be happy to answer them. If any questions cannot be answered today, I would be happy to submit the answers in writing for the record.