

**TESTIMONY OF THE HONORABLE KEN TEDFORD**  
**MAYOR OF THE CITY OF FALLON, NEVADA**  
**REGARDING H.R. 1870**  
**BEFORE THE SUBCOMMITTEE ON WATER & POWER**  
**U.S. HOUSE OF REPRESENTATIVES**  
**DECEMBER 10, 2001**

Chairman Calvert, Members of the subcommittee, my name is Ken Tedford and I am here today in my capacity as the Mayor of the City of Fallon, Nevada. I am pleased to have this opportunity to appear before the subcommittee and testify in favor of the passage of H.R. 1870. I am particularly mindful that this hearing is being held at a time when the Congress and our Nation's leadership face unique and extraordinary challenges and, yet, you continue to do the people's business in the face of these challenges. Thank you.

If enacted into law, H.R. 1870 will enable my City to acquire through purchase at appraised value a six (6) acre parcel of federally owned land that the City leased from the Bureau of Reclamation. This parcel is located inside the corporate limits of the City. The City is aware that the United States government, through the U.S. Reclamation Service, predecessor of the Bureau of Reclamation, acquired the freight yard property in 1920. It appears that from 1920 until the mid-1980's the Bureau of Reclamation conducted operations thereon related to the Newlands Project, including but not limited to the electric generation and distribution utility operated by the Bureau of Reclamation and the Truckee-Carson Irrigation District. Federal use of the property ended in the early 1980's. The first agreement for the City's use of the property was a five (5) year lease in 1984 between the Bureau of Reclamation and the City. That lease anticipated construction of the present railroad loading facility, which was accomplished pursuant to the 1990 lease between the City and the Bureau of Reclamation.

Earlier this year, during negotiations to extend the City's lease of the property, which has not been concluded, the Bureau advised the City that it was their preference that the City assume fee ownership of the property rather than continuing to lease it. This is the City's desire as well. As a result, we asked Representative Jim Gibbons to introduce this legislation to authorize the Bureau to sell the parcel to the City. A companion measure has been introduced in the Senate by Senator Harry Reid.

The City's construction and operation of the freight yard facility under a lease arrangement has been financially encouraged and supported by the State of Nevada and the Southern Pacific Railroad pursuant to an Operating Agreement dated July 5, 1990. The United States Department of Transportation also participated financially through the Operation Agreement, funding certain grants designed to assist and promote local railroad service. Accordingly there is a significant financial investment in the freight yard facility by federal and state governments and private industry. The City of Fallon has expended approximately \$150,000.00, the State of Nevada has expended approximately \$75,000.00, and the U.S. Department of Transportation has expended approximately \$500,000.00 on the facility. Additionally, Southern Pacific Railroad has funded capital improvements to upgrade and maintain approximately 20 miles of track necessary for the operation of the facility. Accordingly the combined investment in this facility is well in excess of \$1,000,000.00. This cooperative funding demonstrates the importance to the community and the State of Nevada for the continued viable operation of this facility by the City of Fallon.

For more than ten years the freight yard facility has served as an anchor for the railroad spur which extends through the City limits. The railroad spur would have been discontinued and taken out of service were it not for this facility. The facility serves as a railhead for a mining company located in the small town of Gabbs, seventy miles to the

east and south of Fallon. Mining is that community's only industry and maintaining a railhead is essential to the economy of the town.

The revenue that the City might receive from the freight yard facility and the rent that it has paid to the Bureau of Reclamation for the use of the property are insignificant as compared to the regional economy that the facility and the railroad spur generate and support.

Before concluding, Mr. Chairman, I would like to touch briefly on the environmental condition of the property. Because the property has been used for industrial purposes for more than 75 years - for the bulk of that time as an electrical utility maintenance, storage and operations area - we and the Bureau both believe that an environmental assessment should be completed prior to a transfer. To that end, Phase I and Phase II Environmental Site Assessments have been completed. Soil samples have been taken and laboratory analyses conducted. While things generally look good, some additional investigations will need to be completed before it can be determined if the property is environmentally clean or whether some sort of remediation will be required.

Mr. Chairman, this concludes my statement but I would be happy to answer any questions that you or the other Members may have. Thank you again for allowing me to testify in support of this legislation.

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