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Committee on Natural Resources
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It All Depends on Water: Examining Efforts to Improve and Protect Central Oregon's Water Supply

Deschutes County Fairgrounds
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Chairman Bentz, Congresswoman Chavez-DeRemer and Members of the Subcommittee:

My name is Jeff Larkin and I am the owner and operator of Jeff Larkin Reality, Larkin Valley Ranch -a Grass-Fed Beef and Lamb operation here in Redmond – and a ranch-construction business. My strong roots in the community has also led me and my family to support various public and nonprofit organizations have 4H, Future Farmers of America, veterans programs, local sports teams, Friends of the Children and others.

I also serve as a member of the Board of Directors for the Central Oregon Irrigation District (COID), which is a founding member of the Deschutes Basin Board of Control and I am also representing that group here today. The DBBC is comprised of eight irrigation districts in Central Oregon – Arnold , Central Oregon, Lone Pine, North Unit, Ochoco, Three Sisters, Tumalo, and Swalley Irrigation District. DBBC members are responsible for delivering water supply to over 7,600 farm and ranch families, schools, and local parks and recreation districts throughout the Deschutes Basin. Overall, DBBC member Districts irrigate over 150,000 acres of productive agricultural lands. Collectively, the DBBC works together to protect irrigation water supplies in the Deschutes River Basin (Basin).

Thank you for opportunity to testify before the Subcommittee today and share my views about the opportunities we have at this point in time to truly “Improve and Protect Central Oregon’s Water Supply.” If we seize these opportunities, we will ensure all of the value derived from our natural resources – farming and ranching, recreation and tourism, and healthy ecosystems and wildlife – can thrive together in our Region.

First and foremost, I would like to thank Congresswoman Chavez-DeRemer for bringing this important hearing to Redmond and for bringing other congressional leaders on agriculture and natural resources issues from Congress out here today – thank you all for making the trip out here please let me welcome you to Central Oregon. Chairman Bentz, we all certainly appreciate your continued leadership on this Subcommittee as well and thank you for a life long dedication to these issues. I’d say we have a serious one-two punch that all of us in Central Oregon should be proud of, so thank you both for your public service and commitment to our water resources – because as has been said of the West, “Here is a land where life is written in water.”

Central Oregon Agriculture: A Legacy of Innovation and the Value of Reliable Water Supply

As a 3rd generation cattle rancher, relator, and ag developer, I know firsthand how seriously farmers and ranchers in the Deschutes Basin take their stewardship of our land and water, and understand the importance of constant evolution to ensure agriculture in Central Oregon can survive in a rapidly changing environment. Drought, extreme weather, urban growth, low commodity prices, new environmental requirements, and other factors have presented unceasing challenges that the agriculture operations my family and others in the region have to overcome.

However, these same challenges have also served as a calling to improve our water systems, farming and ranching operations, and markets to ensure there is a prosperous future for agriculture in Central Oregon. I am certainly not saying that it is always easy to see these challenges as opportunities rather than threats, but in fact farmers and ranchers – along the irrigation systems we rely on - have responded by becoming more efficient, more precise, and more innovative.

Responding to the ongoing pressures on ag in the Basin is essential to survival. My family and others have implemented irrigation technology, automation, and other techniques to maintain production with less water. We have reacted to population growth – along with the related reduction in ag land available to lease at affordable prices - by developing markets that go direct to consumer in order to maintain sales revenues with less cattle. I would also note that an added benefit of going directly to our customers is it helps more people know where their food comes from and hopefully increase our base of support for protecting agriculture. We have also shifted our cropping patterns and land use to ensure we focus resources to avoid losses on marginal lands and production. All of this innovation helps the ag sector remain viable and continue to feed our country.

But regardless of all of this innovation that allows us to do more with less, the recent years of drought also reminded all of us of the reality that the value in agriculture is derived from water. Of course, there is the direct value created or lost from the application of irrigation through the production of food and fiber, but it doesn't end there. In irrigation districts that recently experienced significant drought related curtailments, we have seen land values drop significantly and multigenerational farms and ranches sold for a fraction of what they were worth when water deliveries were considered more certain. There is also indirect value created from keeping water on the landscape. A good recent example is how insurance companies value the presence of neighboring irrigated lands when pricing wildfire insurance. Increasingly, insurance is becoming a major challenge for homebuyers and the natural fire break created by irrigated lands is a real factor in whether affordable insurance can be obtained.

It is not only the current water allocation on short-term hydrology that impacts our ability to create all of this direct and indirect value. While the availability of water needed to raise and sell a crop is obviously central to everything we do, the confidence that deliveries will return to normal and that there is a plan to ensure water will be available in the future is also crucial as farmers and ranchers make decisions about their operations. Providing this confidence in the long-term viability of irrigation in the Basin has driven us work constructively with others in the Basin to find solutions that provide the water supply certainty our farmers, ranchers, and irrigation districts need to persist.

Value of a Collaborative River Basin in Tackling Water Challenges

For over a decade, the DBBC and its partners in the Basin have embraced a collaborative approach to solving major water and natural resources management challenges. The foundation this cooperation is the Deschutes Basin Habitat Conservation Plan (HCP), which marked the culmination of nearly twelve years of dedicated effort among various stakeholders—irrigators, federal and state agencies, the Confederated

Tribes of the Warm Springs Reservation, local cities and counties, non-governmental organizations, and members of the public - to create a comprehensive strategy for managing water resources in the Basin for the next 30 years. This HCP provides crucial protections against potentially harsher regulations for water users under the Endangered Species Act (ESA), while charting a path to improving ecosystem health and habitat for fish and wildlife.

While we continue to believe that collaborative, locally-driven efforts are the best way to find solutions that benefit all reasonable interests, it doesn't mean it is always easy. This was evident when the first several years of environmental flow requirements from the HCP coincided with the worst droughts in Central Oregon history, leading to water curtailments for many water user. It is easy to understand how the rapid loss of water that for many raised the real prospect of losing generational farms and livelihoods could result in frustrations aimed at the HCP. At the same time, we saw out of state environmental groups that chose not to participate in HCP development throw the longevity of this collaborative solution into question with an "intent to sue" and raising concerns that even more water could be removed from agricultural water users.

Without the trust built between stakeholders at the local level through the HCP process and a solid plan to achieve results that work for agriculture, the environment, and other interests, these speed bumps could easily have caused a tough water situation to get worse for our farmers and ranchers. Instead, we were able to work with our federal and non-federal partners to implement "adaptive management" strategies to reduce required releases based on actual hydrology and prevent even greater drought impacts from deeper cuts to water users. In addition, the unified front in the basin and solid plan for success helped prevent an "intent to sue" from resulting in an actual legal challenge to the HCP.

We are confident that as new challenges come our way, we'll be able to build on this foundation of collaboration to find solutions that work for the Basin as a whole and maintain the balance that drew many of us to Central Oregon.

Conserving Water and Sustaining Agriculture through Irrigation Modernization and Infrastructure Investment

The certainty and partnerships established through collaborative problem solving has allowed the DBBC to develop a comprehensive strategy to safeguard the future of agriculture in the region while balancing environmental needs. This strategy hinges on infrastructure development and improvements that modernize irrigation systems and upgrade infrastructure in the Basin to reduce water losses – freeing up the water necessary to meet instream requirements and still deliver agricultural water supplies.

Irrigation modernization and infrastructure development plans is largely centered around piping, pressurizing, and automating open canals, but also includes development of mechanisms to transfer water, relocating pumping facilities, upgrading fish screens, and a variety of other activities. In addition, in many cases irrigation modernization projects include installation of hydro generation to increase renewable, carbon free energy that benefits the entire region.



The benefits of irrigation modernization to the Basin are numerous, with water conservation being paramount. Many of the historic canals still used by irrigation districts in the Basin are carved out of volcanic soils and are extremely porous. Some reaches of canal lose up to 50% of its water in delivery. By piping these outdated canals, water losses from seepage and evaporation are slashed, allowing more water to be delivered to junior water users or used to support flows in the Deschutes River. Since 2015, the DBBC members have piped roughly 25 miles of canal which has saved 12,000-15,000 AF/year. Once all of the planned piping projects are completed, an additional nearly 80,000AF/year in savings is expected. To put that in perspective, that equates to over 1.1 billion pints of beer OR 224.3 Olympic swimming pools of water would be saved in one day.

Overall, these water savings will ensure that required winter releases to support the Oregon Spotted Frog and other species can be met while maintaining agricultural water deliveries to all of the irrigation districts regardless of water priority. Likewise, projects like relocating the North Unit Irrigation District Crooked River pumps will help rewater a stretch of river through Smith Rock State Park while boosting water supply certainty for region farmers.

Additional benefits of irrigation modernization include delivery of pressurized water to farms allowing for reduction of pumping and installation of new hydro generation. Taking COID's plans as an example, once fully implemented we will be able to deliver pressurized water that is expected to eliminate the need for over 2,300 pumps and reduce electricity use by over 33 million kilowatt hours per year. From a carbon emissions standpoint that is the equivalent of 2.6 million gallons of gasoline according to the EPA – and that is just one system and doesn't include the 15 megawatts of new hydro generation anticipated from these projects. A number of the smaller systems in the Basin are already fully piped and demonstrating that these energy benefits reduce emissions and save money on farm.

Reduced risk of canal failure is another important advantage of these projects. Just this year, a naturally occurring lava tube under one of COID's main canals caused a massive canal breach during the peak of irrigation system. We were able to quickly respond to restore deliveries without threatening the crops served by that facility, but it was costly and could have been much worse. Once these stretches are piped, the risk of these types of failures will be significantly reduced.

In addition, these modernization projects support over 4,900 jobs and contribute 219M in economic development for our rural communities.

While these infrastructure improvements produce multiple benefits, they don't come cheap. The Deschutes Basin will need over \$1 billion in infrastructure investment is required to make this vision a reality. Federal programs like the Natural Resources Conservation Service's (NRCS) Watershed Protection and Flood Prevention Act (PL-566), Bureau of Reclamation's Drought funding and WaterSMART program, Environmental Protection Service's Clean Water State Revolving Fund, and U.S. Fish and Wildlife Service's Fisheries Restoration and Irrigation Mitigation Act have been instrumental in our efforts to date. We are also greatly appreciative that the State of Oregon recognized the value of these types of projects and has allocated \$50 million to help meet non-federal cost-share requirements for some irrigation district projects.

Urgent Need to Ramp up Efforts

The pressure to complete irrigation modernization plans is hard to overstate. Pressure on water resources from drought and environmental flows continues to grow, and a future for agriculture in the Basin requires moving ahead with infrastructure projects with a greater sense of urgency. In addition to threats from worsening droughts, HCP mandated winter releases for the Oregon Spotted Frog are only 5 years

from **tripling** and without significant progress on infrastructure improvements it will be crippling to Districts and patrons.

We hear from farmers and ranchers from across the Basin about how recent drought related water curtailments and uncertainty about future water reliability weigh on their decisions about continuing to operate. It is critical that we continue to rapidly implement these projects to ensure these producers have confidence that they can count on continued water supply for the long-term. With low commodity prices, increasing costs of fertilizer and other inputs, and all of the other pressures on the agriculture sector, it is crucial that water supply is not yet another variable.

Without this path to survivability, I have no doubt we will watch as our Basin continues to lose farmland. The effect of such a loss will without question take an economic, cultural, and environmental toll on the Basin, not to mention impact our nation's food supply chain that gets over 55% of its carrot seed and significant portion of other seed crops from Central Oregon.

Opportunities for Federal Assistance

As we continue to work toward water management future that supports all of the values in the Basin, I'd like to highlight a couple areas of federal policy that are important to these efforts.

I realize some of this is preaching to the choir. We all certainly recognize and want to thank Congresswoman Chavez-DeRemer, and other members of Congress recognized here today, for your active support for agriculture and natural resources in Oregon. We appreciate you being such an important voice for western irrigated agriculture on the House Agriculture Committee. We look forward to continuing to work with you as you push your bipartisan proposals in the Farm Bill aimed at enhancing support for farmers, ranchers, and foresters, along with your work with Oregon's congressional delegation to push for federal disaster declarations and resources for communities affected by wildfires.

Support for Infrastructure Investments and Programs

As referenced above, the NRCS PL-566 program has been an essential tool to Central Oregon. Currently, Central Oregon's irrigation districts have roughly \$350 million of projects that can move quickly through design, bid, and construction, and the majority of them are included in PL-566 watershed plans.

There has been increasing concern with the recent refocusing of the program away from multi-purpose water management projects and rather focusing on single purpose flood control projects. We think it is critical that the program maintain balance in terms of the types and phase of projects, along with regional balance.

We also encourage the Agency and Congress to consider steps that can help streamline and improved the PL-566 planning and construction process, including:

- Increase the statutory cap on construction cost from \$25 million to \$50 million. This limit has remained the same for decades even as inflation has raised the cost of materials used for irrigation piping projects.
- Ensure the program relies on the authority of the State Conservationists to make final selection of watershed plans and projects in their respective states. No two states and no two watersheds are exactly alike. Maintaining local control over the WFPO decision making process is important to ensuring that the program is utilized in the most efficient manner possible in each state.

Funding of the program is also important. The DBBC strongly supports provisions in the Farm Bill that increase the annual mandatory funding for the PL-566 program and efforts take steps to ensure that irrigation modernization is eligible under other NRCS conservation programs. Congresswoman, we know these are both issues you have championed on the Committee - please let us know if you need anything from us as you fight the good fight.

I would also like to thank Representatives Bentz and Chavez-DeRemer for their support for ensuring existing drought related funding and investments are allocated to Central Oregon and would ask for you to continue the drum beat on that issue. Our Basin is still dry and one year of good hydrology hasn't bailed us out from the historic, multi-year drought. Please don't let the federal agencies forget about us as they move on to the next crisis.

Lastly, Support for future funding for water infrastructure programs at the Bureau of Reclamation, USDA, and other agencies is also important. While we all certainly appreciate the need to be good stewards of tax payer dollars, these investments easily pay themselves back and are crucial to the region.

Increased Certainty

Certainty is the cornerstone of collaborative, locally-driven environmental and ESA solutions. If there is a constant cycle of litigating, reopening, or layering new regulations and restrictions on water users it creates a huge challenge for water managers and their boards to commit to collaborative solutions or invest money in the projects that make them work. Federal policy should reward basins like the Deschutes that develop cooperative and workable solutions to their problems in any way it can.

Conclusion

Thank you again for allowing me to testify at this hearing today and for all of you taking the time to be here. The Deschutes Basin can be a model of how to constructively work through water challenges and find solutions that work for everyone. We look forward to working with all of you to continuing moving forward with these efforts.

I look forward to answering any questions you have.