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U.S. House of Representatives

Committee on Natural Resources

Washington, DC 20515

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August 28, 2009

Mr. Kenneth Salazar
Secretary of the Interior
U.S. Department of the Interior
1849 C Street NW
Washington, D.C. 20240

Dear ~~Mr. Secretary.~~ Ken,

As chair of the Subcommittee on Water and Power, I have grave concerns I felt I must share with you. Please forgive the lengthy explanation; I felt it must be given.

Drought in California is polarizing the state, taking up valuable time and resources resulting in considerable debate and finger-pointing as to who/what to blame. Thank you for recognizing that the issue is big enough and requires you dedicating high level staff to addressing the problem.

The quandary we face is to both reduce demand and increase supply. Historically, water developers have focused on increasing the size of the water pie. Developing new water supply takes years to accomplish (fifteen years by the Governors own estimate), costs billions of dollars, presently lacks public consensus, public and political will, and united support. Addressing the water equation by reducing demand has already resulted in extensive efforts in Southern California to reduce water consumption (local regulations), improving conservation efforts (low flow toilets and shower heads) and educating the public (PSA's and notices in water bills). This has lessened impacts, but as the population continues to grow and the drought continues, the demand will increase beyond what conservation alone can provide.

The California Congressional delegation is a diverse group. One thing that we all agree on is that the water crisis in California is significant, requires leadership and development of a

solutions portfolio that builds upon our abilities to confront problems, and uses our innovation and ideas to mobilize the resources necessary to addresses the issues. Some of us have been giving the California water issue serious review and determined that the Subcommittee needed to explore options.

What Does a Water Solution Look Like?

Over the past two months I have had the Water and Power Subcommittee staff director, Dave Wegner, researching the issue and our potential roles. I have been briefed on initial findings and we will be briefing the subcommittee upon our return in September. We are offering our full assistance to address the long, mid and short-term actions that can be taken to develop water solutions for California and, by learning from these efforts, provide opportunities for the rest of the Western United States. Our concern is that the drought of the last three years may continue into 2010, possibly further. We need to implement actions now that will provide the ability to let the Department focus on the long-term solutions.

Solutions to the California water crisis must be based on a diversified and dynamic approach, allow for appropriate planning and permitting that will ultimately allow delivery of water in a timely and cost effective manner. There is no one single "silver bullet" that will solve the water crisis. The challenge we face is to develop a cooperative approach that cumulatively will yield a diversified portfolio and strategy that will result in increased supply, reduced risk, and improved water security, sooner rather than later.

It is indisputable and imperative that discussions and efforts directed at long-term solutions continue. At the same time, we must recognize that when creating new water from large water projects, all parties and all interests are defined by an immutable rule: the last dollar must be spent to get the first drop of water. The bottom line is that until we spend the last construction dollar, no one gets the first drop of water from any of these proposed projects.

In the course of our research, we have asked state water leaders when new water supplies could be brought on-line, addressing the question, when does California achieve that "first drop?" The answers range from 2020 to 2030, depending on a plethora of unknown factors. In reality the year doesn't really matter. The point is there is no immediate construction action that can be taken to create new water.

Creating solutions to water demands must incorporate a range of ideas and approaches. Water managers must continue to explore, and analyze long-term solutions associated with the Delta, evaluating new water sources, including storage and conveyance. At the same time, it is equally imperative that a plan be adopted to address our immediate challenges.

The Goal: Creating 1 MAF of Water for California in the Near Term

Let me reiterate again Mr. Secretary, we want and are anxious to work with the Department on a portfolio of solutions for the water crisis in California. We want to look for solutions and approaches where Congress and the Administration can work collaboratively on solutions. As Chairwoman of the Subcommittee on Water and Power, I submit the following recommendations

for immediate actions on your part, to address challenges to the California water crisis. Each is based on the concept of stretching existing water supplies in order to increase the amount of available water and does not require new legislation, only strong and decisive leadership.

(1) **Bureau of Reclamation to establish a 1 Million Acre Foot new water program**

- Grow new water in the State – throughout the State
- Create, in the next 48-60 months, 1 MAF of new water annually
- Develop this new water without regional water user or environmental conflict
- Accomplish this objective utilizing the Bureau's Title XVI program, identified by the Commissioner on July 21, 2009, as part of Reclamation's core mission. (We agree with the Commissioner's statement made before the Subcommittee and believe that by working with OMB we can develop support for funding.)

(2) **Bureau of Reclamation to establish a "Farmer Helping Farmer" Irrigation Efficiency Initiative**

- Make funds available to water districts, water agencies and individual irrigators to invest in on-farm irrigation efficiencies to stretch our existing available irrigation water. These funds could come from the Reclamation Rural Water Program and other funding vehicles identified in previous legislation.
- Consistent with CVPIA and Reclamation law, allow districts or irrigators to sell, rent or lease water savings to other irrigators.
- Implement improved and less bureaucratically cumbersome transfer incentives for farmers and water districts to allow the efficient and timely movement of water from and through existing facilities.

(3) **Bureau of Reclamation to establish a "Water Conservation" Initiative for urban and rural water districts.**

- Make funds available to water districts, water agencies and others as appropriate to invest in conservation efforts (i.e. irrigation methods, scheduling, land leveling, etc.) that stretch existing water supplies. These funds could come from the Reclamation Rural Water Program and other funding vehicles identified in previous legislation.
- Consistent with CVPIA and Reclamation law, allow districts and/or irrigators to sell, rent or lease water saved to others.

The objective of these recommendations is to stretch the water supplies we have. In the short term, we have adequate water supply to meet the needs of the State of California. What is lacking is the bureaucratic ability to efficiently move water, incentives for water right holders to allow for the efficient use of water, and leadership to address how to get it done.

We can implement programs here and now to create 1 MAF of new water annually through Title XVI, and supplement that initiative with projects to stretch existing supplies throughout the State – from our cities to our farms.

Recommendations requiring action:

- **The Interior Department and Bureau of Reclamation submit, urgently, a $250 million budget amendment to the Bureau of Reclamation's budget for FY 2010 adding funds in the following amounts:**

Title XVI	$	200 million
Water Efficiency (Farmer-to-Farmer)	$	25 million
Water Conservation Initiative	$	25 million

- **OMB, Interior, the Administration, and others as appropriate and necessary, work with the House Budget Committee, Appropriations Committee, Energy and Water Appropriations Subcommittee, Natural Resources Committee, and the Water and Power Subcommittee to implement this prior to when the Energy and Water Appropriations bill for FY 2010 is finalized in conference.** Concurrently, coordinate with the appropriate Senate committees and subcommittees.
- **The Title XVI funds should go to develop a new generation of projects – throughout the State. The objective is to (a) fund projects not funded by the Stimulus Program; and (b) underwrite at least 40 congressionally approved new recycling projects.** Today, projects throughout Southern California – in LA, San Diego, Riverside, Orange and San Bernadino Counties are on track to develop approximately 500,000 acre-feet of new water annually. This program will double that – to produce 1 MAF of new water annually and do so within 48-60 months.

While California puts 1 MAF water into service and on-line, long-term plans can proceed with the efforts of the Department of the Interior leading towards actions. California can manage our way through this challenge rather than be overwhelmed by it. When the day arrives where California runs short of water, the direct and indirect costs will be measured in billions and the bureaucratic stress will increase exponentially. **We need to act now and act in a concerted, strategic approach.**

What can be done immediately?

Congress has provided tools so we can begin work now to resolve the water crisis. First, the Title XVI water recycling and water reclamation program can be the centerpiece of a constructive solution. As a result of investment in it, **new wet, not paper,** water can be created and placed in service throughout the State. Recycled water developed throughout California relieves pressure on the Delta, and, in turn, helps water districts and water users in the San Joaquin Valley, particularly those on the West Side, who have junior water rights and water entitlements.

A $200 million investment in Title XVI automatically leverages an additional $600 million from the water districts and financial lenders. By law and policy, water districts are eligible for a 25% cost-share, not to exceed $20 million. This is the most cost-shared water resources program in the Federal Government. This investment **stimulates new business, puts people to work, develops green jobs, produces 1 MAF of new water annually** and helps the State manage its way through this water crisis.

The bottom line to the Water and Power Subcommittee is that we believe that Congress has given the Department tools to address the California water crisis. We believe that solutions must include near, mid and long-term actions. And finally, we believe that cooperatively we can work with the Department to strategically plan for and implement actions that will result in water in the faucet, will work with local water districts, will put people to work, and will provide leadership in addressing long-term water planning and production.

What we would like to Suggest.

We respectfully request a sit down meeting to discuss these ideas with you, identifying what we can do to work with the Department in meeting the water needs of California, and doing so in a cost effective and environmentally sensitive manner. We look forward to your favorable reply and meeting with you in September. Please contact the Water and Power Subcommittee or myself to set up the meeting.

Warm Regards,

Grace F. Napolitano

Grace F. Napolitano
Chairwoman
Water and Power Subcommittee

cc: Nick Joe Rahall, Chairman, Committee on Natural Resources
Doc Hastings, Ranking Minority Member, Committee on Natural Resources
Tom McClintock, Ranking Minority Member, Subcommittee on Water and Power
Members, Subcommittee on Water and Power
Members, California Congressional Delegation
Senator Feinstein
Senator Boxer
Phil Isenberg
John Garamendi
Darrell Steinberg, President Pro Tempore, California State Senate
Karen Bass, Speaker, California State Assembly
Governor Arnold Schwarzenegger

Supporting Justification for Proposal Suggestions

- This request is consistent with:
  - Bureau of Reclamation Feasibility Study on Water Recycling in Southern California
  - Bureau of Reclamation Feasibility Study on Water Recycling in the Bay Area.
  - State of California Task Force on Water Recycling
  - DWR's Bulletin 160
  - MWD and SAWPA approved programs
  - Other?

- Water Recycling Benefits
  - Consistent with stimulus objectives
  - Creates green jobs
  - Provides for continuity of construction jobs in counties most impacted by the recession
  - Relieves pressure on the Delta, short-term and long-term
  - Consistent with reduced energy and lower carbon objectives
  - Provides drought relief
  - Consistent with climate change policy objectives
  - Develops new water supplies (and does so without generating political conflicts)
  - Projects can be designed, approved, funded, constructed and operated within a short time.
  - No other alternative can produce 1 MAF as quickly or efficiently.

- Farmer to Farmer Initiative Benefits
  - Allows farmers to develop and implement solutions locally
  - Can be accomplished with days, weeks and months....all short term
  - Proven technologies can be applied to modernize and improve water management locally
  - Maximizes flexibility to local districts and irrigators within their immediate regions

- Conservation Initiative Benefits
  - Fastest and least expensive way to "create" new water
  - Urban water agencies have a demonstrated capacity