S. HRG. 108–64

FREMONT-MADISON CONVEYANCE; TUALATIN RIVER BASIN; IRVINE BASIN SURFACE; HAWAII WATER RESOURCES; AND AMEND RECLAMATION PROJECTS ACT

HEARING

BEFORE THE

SUBCOMMITTEE ON WATER AND POWER

OF THE

COMMITTEE ON
ENERGY AND NATURAL RESOURCES
UNITED STATES SENATE

ONE HUNDRED EIGHTH CONGRESS

FIRST SESSION

ON

S. 520
S. 625
S. 649
S. 960
S. 993

MAY 13, 2003

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FREMONT-MADISON CONVEYANCE; TUALATIN RIVER BASIN; IRVINE BASIN SURFACE; HAWAII WATER RESOURCES; AND AMEND RECLAMATION PROJECTS ACT

TUESDAY, MAY 13, 2003

U.S. SENATE,
SUBCOMMITTEE ON WATER AND POWER,
COMMITTEE ON ENERGY AND NATURAL RESOURCES,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:32 p.m. in room SD–366, Dirksen Senate Office Building, Hon. Lisa Murkowski presiding.

OPENING STATEMENT OF HON. LISA MURKOWSKI, U.S. SENATOR FROM ALASKA

Senator MURKOWSKI. I am calling to order this meeting of the Subcommittee on Water and Power of the Energy Committee. I would like to welcome everyone this afternoon to the subcommittee. I appreciate your interest in the hearing and, given the critical challenges facing our country, the work performed by the subcommittee is critical. So I appreciate the attendance this afternoon.

There are five bills before the subcommittee today designed to address the challenges facing our country. The first is S. 520, the Fremont-Madison Conveyance Act, introduced by Senators Crapo and Craig; S. 625, the Tualatin River Water Basin Supply Enhancement Act of 2003, introduced by Senators Smith and Wyden; S. 649, the Irvine Basin Surface and Groundwater Improvement Act of 2003, introduced by Senator Feinstein; S. 960, the Water Resources Act of 2003, introduced by Senator Akaka; and S. 993, the Small Reclamation Water Resources Project Act of 2003, introduced by Senator Stevens.

I would like to extend a special welcome to you, Senator Crapo. I understand you will be making a statement in support of your legislation, S. 520. I would also like to welcome Commissioner John Keys of the Bureau of Reclamation, who will be testifying on behalf of the administration on all five of these measures.

Additionally, I am pleased to have the following witnesses on our second panel. There will be: Joe Findaro, the D.C. counsel for the Fremont-Madison Irrigation District, who will be testifying in support of S. 520; Brian Brady, president of the Irvine Ranch Water District Board of Directors, who will be testifying in support of S. 649, the Irvine Basin Surface and Groundwater Improvement Act of 2003; Chauncey Ching, professor at the University of Hawaii,

who will be testifying in support of S. 960; and Peter Carlson, the coordinator of the Small Reclamation Loan Program Coalition, who will be testifying in support of S. 993. So I appreciate all those of you who have taken the time to join us this afternoon.

Rather than outlining the details of the five bills that we have before us, I will allow those introductions to be made by the Senators introducing the bills. It will I think shorten our time here in the subcommittee and will keep us from repeating ourselves.

I would like to ask those committee members who can join me here this afternoon if they would like to make comments as opening statements, and we will go in the order that you have joined the committee. So with that, Senator Wyden, would you like to make some opening remarks?

STATEMENT OF HON. RON WYDEN, U.S. SENATOR FROM OREGON

Senator WYDEN. Thank you, Madam Chair, and thank you for the cooperation that you and your staff have shown Senator Smith and I. He and I have an extremely important bill for Washington County, a fast-growing part of our State, and suffice it to say water agencies in nine cities there have joined to create a strong local partnership to find new ways to meet the area's growing water supply needs.

Suffice it to say all of us as westerners—Alaska, Idaho, and California—have seen again and again the kind of divisive conflicts that we have had over water, that have occurred not just in our States but throughout the West. What Senator Smith and I offer as the model that is being used in Washington County is going to help the Federal Government join a partnership to avoid these kind of divisive conflicts and identify new sources of supply to meet our citizens' growing demand for water.

The county's population has doubled since 1990. More people means more demand for water, and to a great extent what is going on in this particular county is really a microcosm of the West. Senator Craig and I have talked about this often. This is an area that has a very significant agricultural component, as Idaho does. It has a very significant high technology sector which is fast-growing, and suffice it to say all of these demands come together and there simply is more of a demand than there has been supply.

So we are pleased to have a chance to work with the committee on an initiative like this that will help us look at a broad range of alternatives, from increasing existing storage capacity to considering conservation measures as a new way to meet our water needs.

Madam Chair, the county chairman of the area, Tom Brian, wanted a statement submitted for the record. Senator Smith and I would like to have consent to have the chairman's, Chairman Brian's, statement put into the record. If that could be made possible, we would both appreciate it.

Senator MURKOWSKI. We will do that.

Senator WYDEN. Madam Chair, I thank you for your assistance.

Senator MURKOWSKI. Thank you.

Senators Craig and Feinstein, I am reminded that Senator Crapo will only be with us for a few minutes. If you would not mind, if

he could go ahead and make a comment and then we could go back to your opening statements.

Senator FEINSTEIN. Fine.

Senator MURKOWSKI. Senator Crapo.

STATEMENT OF HON. MIKE CRAPO, U.S. SENATOR FROM IDAHO

Senator CRAPO. Thank you very much, Madam Chair. I have to go preside over the floor in just a few moments and I appreciate you accommodating my schedule.

I want to thank you and all the members of the committee for this opportunity to testify on S. 520, the Fremont-Madison Conveyance Act. Senator Craig, my colleague from Idaho, is my joint cosponsor on this measure and I commend his able and strong partnership in working on this bill, and I again thank you for rescheduling this hearing on this issue as the Senate works on critical national energy policy legislation.

I would also like to express my appreciation to Mr. Joe Findaro, who will be testifying on a later panel on behalf of the Fremont-Madison Irrigation District. Joe will be providing a fuller account of the history of FMID's operations in the development of the conveyance proposal, so I will keep my remarks brief.

I also want to express my appreciation to the Bureau of Reclamation, Commissioner John Keys, an honorary Idahoan and one who has been instrumental in promoting title transfer legislation such as this. He and his staff have spent many diligent hours making this legislation a reality.

As a part of recommendations to reinvent government programs under the last administration, we had identified title transfer to irrigation facilities for which construction costs have already been paid out as a good and cost-effective government policy. Congress has already undertaken several of these proposals, including two in Idaho, and I commend this committee for its leadership in advancing them.

S. 520 would require the Secretary of the Interior to convey title to portions of the district currently under ownership of the Bureau, namely the Cross-Cut Conversion Dam, the Cross-Cut Canal, and the Teton Exchange Wells, to FMID. The district has managed these facilities since their creation in 1938 and by all accounts has done an excellent job of maintaining and operating these facilities. FMID has also a strong record of working within the community to manage the facilities in a manner that reflects and complements the unique ecological surroundings in which they reside.

Over the past few years, representatives of the district have partnered aggressively with the local community, the Bureau, irrigators, the Shoshone-Bannock Tribe, and environmentalists to secure an ecologically sensitive and cost-effective transfer. I commend all the parties for their work on such a delicate and complex process.

I believe this legislation represents the fruits of that successful partnership, and I look forward to working with all the parties as this legislation moves through the legislative process.

Just this past October, this committee passed this Fremont-Madison Irrigation Conveyance Act and in November it was ap-

proved by the full Senate. This compromise bill reflects the hard work of FMID, local environmental communities and the tribal representatives to address their varying interests. It is my hope that this committee and Congress will complete the work that was initiated in the previous session. To that end, I look forward to working with all the parties as this legislation proceeds through the legislative process.

Madam Chair, this measure is important to the people of eastern Idaho and reflects the spirit pioneered by this committee in partnership with the Bureau to advance previous title transfer proposals. I commend your leadership in calling this hearing and offer my services as the committee works to enact the Fremont-Madison Conveyance Act.

Senator MURKOWSKI. Thank you. We appreciate you taking the time this afternoon to join us.

With that, Senator Craig.

STATEMENT OF HON. LARRY E. CRAIG, U.S. SENATOR FROM IDAHO

Senator CRAIG. Well, thank you very much, Chairman Murkowski.

Senator Crapo has in large part expressed our desires and will with S. 520. Both he and I have worked collectively on it. I want to thank Joe Findaro and others who have been very much involved in working out the differences for this transfer of title.

Last July, the committee had a hearing on a previous version of the Fremont-Madison Act. The bill we are discussing today is similar to that. While it retains most of that language from the last session, there have been some compromises that were necessary and important to work out amongst the stakeholders involved here, and I think we have worked those out.

The Shoshone-Bannock Tribe's concern has I believe been met. The Henry's Fork Foundation and Trout Unlimited have withdrawn their opposition due to drought language included in the bill. So the language, while it is not new, does incorporate the changes we think are appropriate and necessary after the bill died in the 107th last year.

We are back and we appreciate the opportunity for this subcommittee to work its will and the full committee to consider it as we move it out to the floor for the final consideration of the Senate. These kinds of title transfers in reclamation projects once paid out were a commitment that we believe is an appropriate way to handle the law, because the law said just that. There has been some resistance over time, but as we have worked out our differences we think that these projects now should reside in the private sector, responsible for the public resource obviously that they manage along with the entitled resource of water rights, and we think this bill effectively demonstrates that and reflects that kind of a commitment.

We thank you very much.

Senator MURKOWSKI. Thank you.

Senator Feinstein.

STATEMENT OF HON. DIANNE FEINSTEIN, U.S. SENATOR FROM CALIFORNIA

Senator FEINSTEIN. Thank you very much, Madam Chairman, for holding the hearing, and I want to thank Chairman Domenici for calendaring a bill that I have introduced. This bill has been introduced by Representative Cox in the House of Representatives and I am introducing it on behalf of the Irvine Water District, and I believe Mr. Brady is here and will be testifying about the bill.

The reason I am introducing it as a separate bill from the CALFED bill, which you all know about, is because of my understanding that the Irvine Ranch has done the early studies and has the match, the 75 percent of the money, and is ready to go ahead with it. Because of the water quality concerns and groundwater concerns, it is my belief that I want to push things to get water improvements in the State.

This bill authorizes up to $19 million in funds to cover 25 percent of the costs of constructing the water projects in southern California. The first project is called the Natural Treatment System and it will build a network of wetlands to filter surface water and urban runoff in the San Diego Creek Watershed and the Upper Newport Bay. It is based on the performance of a single constructed wetland in the area and we expect the Natural Treatment System to filter out 126,000 pounds of nitrogen and 21,000 pounds of phosphorus from the watershed each year and reduce levels of harmful bacteria by as much as 26 percent.

The second project, the Irvine Desalter, will clean brackish groundwater and provide drinking water for between 20,000 and 40,000 people. This water district covers 266,000 people by night, half a million people by day. By allowing the Irvine Basin to access another water source, the desalter will reduce dependence on imported water and take considerable pressure off of other water resources, including the Colorado River. The Irvine Company has already donated the land necessary to build the desalter.

The final project will construct a regional brine line to dispose of brine directly into the ocean. Like much of California, the Irvine Ranch Water District is a leader in water reclamation and recycling efforts. However, buildup of too much salt in the system can hamper these reclamation efforts. The brine line will allow the district to continue its innovative efforts to ensure that water is used more than once while increasing use of brackish water resources. The brine line will allow the water district to maximize conservation and recycling efforts while utilizing a new water source.

Now, these are title 16 projects. The Government's share cannot exceed more than 25 percent. As I mentioned, the Irvine Basin Water District has the other funding. They are ready to move forward with a relatively modest investment. We can make a real difference in water quality and water supply.

There is a problem and I would ask Mr. Brady to address this up front. It is my understanding that Commissioner Keys may oppose this project and my understanding is that he may oppose it, I gather, because they have not done all of the studies. But the President's fiscal year 2004 budget proposes only $13 million for this program. That is barely a third of the $36 million funding in the year 2002. So I am hopeful that the Commissioner will be will-

ing to support title 16 projects like those in S. 649 because they are small, they are discrete, they make sense, they are cost effective, and they help.

Thank you very much.

Senator MURKOWSKI. Thank you.

At this time let us go to panel one, the Honorable John Keys, the Commissioner for the Bureau of Reclamation, Department of the Interior. Welcome to the subcommittee.

STATEMENT OF JOHN W. KEYS, III, COMMISSIONER, BUREAU OF RECLAMATION, DEPARTMENT OF THE INTERIOR

Mr. KEYS. Madam Chairman, it is my pleasure to be here today, my first time to testify before you, and it is certainly a pleasure to be here.

Is there a certain order that you would like for me to take off in, or just whichever comes first?

Senator MURKOWSKI. Well, we have been kind of addressing them just in the order that we have in our packets. So if you need to go out of that order, you just let us know which one you are referring to.

Mr. KEYS. Very good.

Senator MURKOWSKI. But starting with S. 520, the Fremont-Madison Conveyance.

Mr. KEYS. Thank you very much.

Madam Chairman, S. 520, to transfer title of the facilities, lands, and permits on the Fremont-Madison Irrigation District, is a good bill. Facilities under consideration are the Cross-Cut Diversion Dam and Canal, the Teton Exchange Wells, and the Idaho Department of Water Resources permit that goes along with those wells. The facilities under consideration for transfer are used exclusively for irrigation and they have been operated and maintained by the district ever since they have been in existence.

While the Cross-Cut Diversion Dam and Canal are paid out by the district, the legislation provides for the payment for the Teton Exchange Wells. They are currently evaluated at about $277,000 based on the outstanding balance to be repaid by the district. We have been working very closely with the district over the past years in this title transfer effort. We worked very closely with the Henry's Fork Foundation, with the tribe, and other sponsors there.

When we testified last year on this bill, there were a few small concerns with the legislation. Since that time we have worked closely with the district, with the Henry's Fork Foundation, and other people there and those issues have subsequently been addressed, and the administration supports S. 520 as written.

Before I go ahead, I would certainly like to compliment the district board chairman Jeff Raybould and their executive director Dale Swenson on the yeomen's work that they have done on this title transfer program, and certainly Senators Craig and Crapo have been there all the way with them.

S. 625 would authorize the Secretary of the Interior to complete a study of the feasibility of several methods to meet future water supplies for agriculture, municipal, and industrial uses in the Tualatin River Basin in northwestern Oregon. Reclamation has been working closely with the regional wastewater entity, Clean

Water Services, the several municipalities in the basin, the Tualatin Valley Irrigation District, and other interests there to develop a plan that would increase available storage for local use and preserve the important environmental benefits so valued by the local residents.

The merits of the proposed feasibility study are sound and reasonable, and therefore the administration supports S. 625 as it is written.

Madam Chairman, S. 960 would amend two acts of Reclamation, the Reclamation Wastewater and Groundwater Study and Facilities Act, commonly called title 16, and the Hawaii Water Resources Act of 2000. Under the Hawaii Resources Act of 2000, we are currently working with the Hawaii Department of Agriculture to study rehabilitation of five irrigation systems on the islands. We are currently working on Oahu, the Hanaku Ditch on Maui, the Kokei Ditch on Kawaii, Kekaha Ditch on Kawaii, and the East Kawaii Irrigation System, and those studies are due to be completed during this year.

Because S. 960 was introduced as recently as April 30, we have had little time to thoroughly analyze the merits of the legislation. Therefore, until we have had the opportunity to go through it more carefully, we cannot support S. 960 at this time. I might add that the tremendous backlog of current projects in title 16 that have already been authorized, because of that we would currently oppose the addition of any new projects, as based on recent funding levels, it could take Reclamation more than 15 years to complete those projects already authorized, of which there are about 27 of them.

Madam Chairman, the next one that I would talk about is S. 649, which would amend the Reclamation Wastewater and Groundwater Study Facilities Act, which is title 16, to authorize the Secretary to participate in projects within the San Diego Creek Watershed in California, and other purposes, commonly called the Irvine Basin Surface and Groundwater Improvement Act of 2003.

Reclamation has had preliminary discussions with the Irvine Ranch Water District about proposed surface water treatment, groundwater treatment, and brine disposal components of the project. However, S. 649 authorizes the design and construction of the project before Reclamation or the project sponsors have completed the feasibility study that meets the legal requirements of title 16. Reclamation prefers that feasibility studies be completed first to determine whether these particular projects warrant Federal construction authorization. Therefore, we believe the legislation is premature and the Department cannot support S. 649.

I would add here again that the Department also opposes enactment of the legislation because of those currently authorized 27 projects that are ahead of this one and the backlog that would take us about 15 years to get past and get into it.

The last bill that I would talk about is S. 993, which would amend the Small Reclamation Projects Act to authorize $1.3 billion for three new programs: a revised and expanded grant and loan program within the Bureau of Reclamation, a small reclamation water resources management partnership program, and a 10-year loan guarantee program. The Department recognizes the realities of an aging Federal and non-Federal water infrastructure that will

need rehabilitation over the next several decades and understands the many other future needs involving ecosystem restoration efforts, new water supplies for increasing demands, conservation efforts, and improvements in the quality of our rivers and streams.

It was with this recognition that led Secretary Norton to recently release the Department's vision for meeting water needs in the future, "Water 2025: Preventing Crisis and Conflict in the West." That document is intended to focus attention on the reality that explosive population growth in the western urban areas, the emerging need for water for environmental and recreational uses, and the national importance of crop production on western farms and ranches is driving major conflicts between those competing uses of water.

The thrust of with Water 2025 is to focus existing resources on areas where scarce Federal dollars can provide the greatest benefits. While some of the programs identified in S. 993 are consistent with the intent of Water 2025, the overall programs authorized by this bill would strain Reclamation's financial and administrative resources and, if enacted, would make it even more difficult to meet our current obligations. Therefore, the Department cannot support S. 993.

Madam Chairman, that concludes my oral remarks. I would certainly stand to answer any questions that you might have on our statements on any one of those five bills.

[The prepared statements of Mr. Keys on S. 520, S. 625, S. 649, S. 960, and S. 993 follow:]

PREPARED STATEMENTS OF JOHN W. KEYS, III, COMMISSIONER, BUREAU OF RECLAMATION, DEPARTMENT OF THE INTERIOR

S. 520

My name is John Keys. I am Commissioner of the Bureau of Reclamation. I am pleased to provide the Administration's views on S. 520, the Fremont-Madison Conveyance Act, which directs the Secretary of the Interior to transfer title of certain Federal owned facilities, lands and permits to the Fremont-Madison Irrigation District (District).

The facilities under consideration for transfer in S. 520 the Cross Cut Diversion Dam and Canal, the Teton Exchange Wells and the Idaho Department of Water Resources permit number 22-7022 B are associated with the Upper Snake River Division, Minidoka Project and the Lower Teton Division, Teton Basin Project, respectively, and are located near Rexburg in eastern Idaho. The facilities under consideration for transfer are used exclusively for irrigation purposes and have always been operated and maintained by the District. While the Cross Cut Diversion Dam and Canal are paid-out by the District, the legislation provides for a payment for the Teton Exchange Wells, which are currently valued at $277,961, based upon the outstanding balance to be repaid by the District.

Mr. Chairman, over the last few years, we have been working very closely with the District and numerous other local organizations including the Henry's Fork Foundation, a local conservation and sportsmen's organization, to work through the issues on the title transfer for the features, lands and water rights associated with this project. We have made great progress in narrowing the scope of the transfer to meet the District's needs, protect the interests of the other stakeholders, and ensure that the transfer does not negatively impact downstream contractors of the integrated Snake River system. I testified before this Subcommittee last year that we had a few minor concerns with the legislation. Those issues were subsequently addressed and the Administration supports S. 520 as written.

In conclusion, Mr. Chairman, I have had the opportunity to work with the District over the last few years to reach the point where we are today. I would like to take this opportunity to compliment District Board Chairman Jeff Raybould and their Executive Director, Dale Swenson, for their diligence and commitment in working with us and the other interested entities of eastern Idaho on the issues surrounding

this transfer. I would also like to thank Senator Crapo and Senator Craig and their staffs for their cooperation.

S. 625

Thank you for the opportunity to testify on S. 625, the Tualatin River Basin Water Supply Enhancement Act of 2003. The legislation authorizes the Secretary of the Interior, in cooperation with affected local entities, to complete a study of the feasibility of various methods to meet future water supplies for agriculture, and for municipal and industrial uses.

Reclamation has been working closely with the regional wastewater entity Clean Water Services, several municipalities in Washington County, Oregon, the Tualatin Valley Water District, and others, to develop a plan that will increase available storage for local use and preserve the important environmental benefits so valued by the local residents. A tremendous amount of local effort has been expended to develop useful information upon which a feasibility study by Reclamation may be based. The study partners have also invested considerable effort to begin the planning process at the local level, with the assistance of Reclamation. A full range of potential approaches to meeting future water supply needs will be considered, including market-based incentives and other economic incentives. As such, the merits of the proposed feasibility study are sound and reasonable and therefore the Administration can support S.625. However, it is important to note that this project is not included in the Administration's Fiscal Year 2004 budget request.

S. 649

I am pleased to appear before this Subcommittee to provide the Department's views on S. 649.

S. 649 would amend the Reclamation Wastewater and Groundwater Study and Facilities Act (43 U.S.C. 390h et seq.), commonly called Title XVI, to authorize the Secretary of Interior to participate in projects within the San Diego Creek Watershed in California and for other purposes.

Reclamation has had some preliminary discussions with the Irvine Ranch Water District about proposed surface water treatment, groundwater treatment, and brine disposal components of their project. However, S. 649 authorizes the design and construction of the project before Reclamation or the project sponsors have completed a feasibility study that meets the legal requirements of title XVI. Reclamation prefers that feasibility studies be completed first to determine whether these particular projects warrant Federal construction authorization. Therefore, we believe the legislation is premature and the Department cannot support S. 649.

The Department also opposes enactment of this legislation because authorizing new projects is likely to place an additional burden on Reclamation's already tight budget. With the tremendous backlog of existing Title XVI projects, we oppose the addition of new projects at this time. Based on recent funding levels, it could take Reclamation more than 15 years to complete funding of the 27 currently authorized projects. For these reasons, Madame Chairwoman, the Department cannot support S. 649.

For the record, Madame, Chairwoman, in 1992, Congress adopted, and the President signed, the Reclamation Projects Authorization and Adjustment Act (Public Law 192-575). Title XVI of this Act, the Wastewater and Groundwater Study and Facilities Act, authorized the construction of five water reclamation and reuse projects. The Secretary was also authorized to undertake a program to identify other water recycling opportunities throughout the 17 western United States, and to conduct appraisal level and feasibility level studies to determine if those opportunities are worthy of implementation. The Bureau of Reclamation has been administering a grant program to fund these Title XVI projects since FY 1994.

In 1996, Public Law 104-266, the Reclamation Recycling and Water Conservation Act was enacted into law. This Act amended Title XVI and authorized the Secretary to participate in the planning, design, and construction of 18 additional projects, including two desalination research and development projects. Since 1996, Title XVI has been amended several other times and now there are 27 projects authorized for construction in eight states, and Reclamation has been granted authority to conduct planning studies in the State of Hawaii. Thank you for the opportunity to comment on S. 649.

S. 960

I am pleased to appear before this Subcommittee to provide the Department's views on S. 960.

S. 960 would amend two Acts the Reclamation Wastewater and Groundwater Study and Facilities Act (43 U.S.C. 390h et seq.), commonly called Title XVI, and the Hawaii Water Resources Act of 2000 (Public Law 106-566, Title I).

Because S. 960 was introduced as recently as April 30, 2003, we have had little time to thoroughly analyze the merits of the legislation. Therefore, until we have had that opportunity, we cannot support S. 960. We do note that Section 2 of the proposed legislation adds three additional projects to Title XVI. Due to the tremendous backlog of current projects already authorized under this program, we currently oppose the addition of any new projects. And, based on recent funding levels, it could take Reclamation more than 15 years to complete funding of the 27 currently authorized projects.

Thank you for the opportunity to comment on S. 960.

S. 993

I am pleased to appear before this Subcommittee to provide the Department's views on S. 993.

S. 993 would amend the Small Reclamation Projects Act (SRPA) to authorize $1.3 billion for three new programs: a revised and expanded grant and loan program within the Bureau of Reclamation; a Small Reclamation Water Resources Management Partnership Program; and a 10-year loan guarantee program.

The Department recognizes the realities of an aging federal and nonfederal water infrastructure that will need rehabilitation during the next several decades, and understands the many other future needs involving ecosystem restoration efforts, new water supplies for increasing demands, conservation efforts, and improvements in the quality of our rivers and streams. It was this recognition that led Secretary Norton to recently release the Department's vision for meeting water needs in the future. "Water 2025: Preventing Crises and Conflict in the West," is intended to focus attention on the reality that explosive population growth in western urban areas, the emerging need for water for environmental and recreational uses, and the national importance of crop production on western farms and ranches is driving major conflicts between these competing uses of water. The thrust of Water 2025 is to focus existing resources on areas where scarce federal dollars can provide the greatest benefits. However, while some of the programs identified in S. 993 are consistent with the intent of Water 2025, the overall programs authorized by this bill would strain Reclamation's financial and administrative resources, and, if enacted would make it even more difficult to meet our many current obligations. Therefore, the Department cannot support S. 993.

I note that the provisions in S. 993 are nearly identical to the provisions contained in S. 1882 introduced in the 107th Congress, which I testified on last July before this Subcommittee. The concerns I raised at that time remain true today.

First, it would be a very costly program, requiring new and significant funding resources to implement. And, as previously mentioned, it also would compete with other Departmental priorities for funding.

Second, the bill would greatly expand Reclamation's authority and jurisdiction to include not only projects in the 17 Western states and Hawaii, but also those located in the Commonwealth of Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Virgin Islands, and the Territory of the Pacific Islands. Given the number of other demands on Reclamation's budget and the number of already authorized but unfunded projects, we have concerns about adding any additional projects that would place additional burdens on to Reclamation's current workload.

Lastly, establishment of a Loan Guarantee Program would require much lead time, and also require additional staffing. This program would need to be developed in a manner that meets the principles and standards set forth in OMB Circular No. A-129, Policies for Federal Credit Programs and Non-Tax Receivables, and the requirements of the Federal Financial Management Improvement Act of 1996. It also would put Reclamation in the role of a commercial loan officer for developers of projects, a role Interior's Inspector General criticized in a 1991 audit report.

The Department supports efforts to provide technical assistance to non-Federal water user entities in constructing and rehabilitating their water resource projects and in carrying out restoration efforts. However, the combined financial and administrative burdens imposed by this bill are such that we cannot support this approach. The Department welcomes the opportunity to work with Subcommittee members to find workable solutions to address Reclamation's aging water infrastructure and restoration needs.

Thank you again for this opportunity to comment on S. 993. I would be happy to try and answer any questions you may have.

Senator MURKOWSKI. Thank you, Commissioner Keys.

Senator Akaka and Senator Smith, I had invited the committee members to give a brief opening statement if they would like. We just heard the testimony from Mr. Keys on the five bills before us, but if you would like to take a moment to make your comments that would be certainly appropriate.

Senator Akaka.

STATEMENT OF HON. DANIEL K. AKAKA, U.S. SENATOR FROM HAWAII

Senator AKAKA. Thank you very much, Madam Chairman. I thank you for holding this hearing today to consider these water resource bills, including S. 960, legislation of great importance for my State of Hawaii.

Madam Chairman, I would like to say a few words about my bill. This bill, which is supported by the Governor of the State of Hawaii, authorizes three projects and, Mr. Keys, you mentioned them, which are critical to water planning and delivery systems in the State of Hawaii. S. 960 would authorize a seawater desalination project on Oahu and two wastewater reclamation projects on Maui and the island of Hawaii. These projects are important to the State of Hawaii.

The Board of Water Supply predicts that, even with improved conservation methods, the island of Oahu, with a population of over a million residents, will run out of potable water by 2018. Other islands face similar scenarios in terms of limited water supplies. S. 960 will help to reduce demand on potable water sources.

Madam Chairman, I would like to submit the testimony of Governor Lingle of Hawaii and the Board of Water Supply for the hearing record.

Senator MURKOWSKI. Yes, you may.

Senator AKAKA. Madam Chairman, it is with great pleasure that I also welcome Dr. Chauncey Ching, who will be providing testimony on behalf of the city and county of Honolulu, the county of Maui, and the county of Hawaii during the second panel. Dr. Ching is a distinguished agricultural economist and professor of agriculture from the University of Hawaii. Prior to that, he was a director of the Hawaii Institute of Tropical Agriculture and Human Resources.

He works very closely with county and State officials in addressing our agricultural and water supply needs in the State of Hawaii.

Again, I thank you for holding this hearing, Madam Chairman, and I thank Dr. Ching for coming. I also want to thank Commissioner Keys. I very much appreciate your appearing here today to provide testimony on these bills, and I realize that you have had a very short time to review S. 960. I hope to receive the Bureau's input as soon as possible and to work with you to incorporate your comments so that we can quickly move this bill forward.

I appreciate the valuable technical support that the Bureau has provided to Hawaii on these and on other projects, and I look forward to working with you on this legislation.

Thank you very much, Madam Chairman.

Senator MURKOWSKI. Thank you, Senator.

Senator Smith.

STATEMENT OF HON. GORDON SMITH, U.S. SENATOR FROM OREGON

Senator SMITH. Thank you, Madam Chairman, and welcome to John Keys. Good to see you here, sir, and I appreciate, John, your support, the administration's support of S. 625 as it relates to the Tualatin River watershed.

Madam Chairman, I have a much longer statement if I may include it in the record. I will just state briefly that this is a very far-sighted piece of legislation that helps to foresee the water needs of salmon and of a much developed population that has grown substantially over the last decade and will likely continue. This really gets these communities ahead of the curve in meeting their environmental responsibilities and also their responsibilities to the economy of that area.

So I thank the administration for supporting these studies. They need to occur if these projects can be developed and they need to happen in a timely way, and I thank you very much.

[The prepared statement of Senator Smith follows:]

PREPARED STATEMENT OF HON. GORDON SMITH, U.S. SENATOR FROM OREGON

Madam Chairwoman, I appreciate your convening this legislative hearing today to receive testimony on several pieces of legislation that are very important to the affected geographic areas, and to those who receive their water from these existing Reclamation projects.

S. 520 would authorize the Secretary of the Interior to convey certain facilities, used exclusively for irrigation, to the Fremont-Madison Irrigation District in the State of Idaho.

This bill passed the Senate at the end of the last Congress, and I will support my colleagues from Idaho in their efforts to move this bill expeditiously in the 108th Congress.

The second bill, S. 625, which I sponsored and is cosponsored by my colleague Senator Wyden, would authorize the Bureau of Reclamation to conduct certain feasibility studies in the Tualatin River Basin in Oregon. There is an existing federal Reclamation project in this rapidly growing area west of Portland.

Developed in 1975, water from Hagg Lake—the impoundment behind Scoggins Dam—is currently used for river flow restoration, municipal water supply, and agricultural irrigation needs in the Tualatin River watershed. The lake also provides recreational opportunities, with park and recreational facilities operated by Washington County.

The Tualatin River watershed contains the rapidly growing urban portion of Washington County, which includes the cities of Beaverton, Banks, Cornelius, Forest Grove, Hillsboro, North Plains, Sherwood, Tigard and Tualatin.

This area, home to approximately 450,000 people, almost doubled its population in the last 20 years, and this trend is expected to continue.

To better manage the existing resources of the Tualatin River Basin and to meet future water needs, several cities and districts partnered to develop an Integrated Water Resources Management Strategy in 1997.

This work identified the following areas of challenge in meeting future water supply needs: municipal and industrial demands that are expected to double by 2050; maintaining existing irrigated agriculture; water needs for Spring Chinook salmon and steelhead populations recently listed under the Endangered Species Act; and additional flows to restore river flow and improve water quality, since the Tualatin River and its tributaries are considered water quality-limited under the Clean Water Act.

This bill is an important first step in helping these communities meet future water supply needs. It would authorize the Bureau of Reclamation to conduct feasibility studies in the basin, in cooperation with the local communities which are already contributing significant financial resources to addressing these needs.

It is imperative that these studies move forward expeditiously, since water supplies in the basin will be strained within 10 years. The Bureau of Reclamation actually sought funding for this study in its fiscal year 2002 and 2003 budget requests.

Since that time, it has determined that it lacks sufficient authority to conduct these studies, which is why this bill is needed at this time.

One of the other bills to be heard today is S. 993, a bill which I introduced to amend and update the Small Reclamation Projects Act of 1956. The underlying Act established Reclamation's small loan program, and was used successfully for decades by eligible water districts for smaller projects.

During the last Administration, a decision was made not to accept any more loan applications for this program, despite the remaining funds of over $200 million under the current authorization ceiling.

This effort to update the program is a recognition that the funding needs for many irrigation districts and other eligible entities have changed in recent years. As a result of threatened and endangered species, as well as higher environmental standards, water users are being called upon to modify their conveyance and distribution systems, to screen diversions, and to mitigate for certain project impacts.

Generally speaking, these are not the types of projects that are attractive to commercial lenders. The small loan program, as updated by this bill, can provide an important funding source for the types of investments we are requiring water users to make. This bill provides a mix of loans, grants and loan guarantees that would be important tools to resolving watershed conflicts and maintaining healthy agricultural economies throughout the rural west.

Madam Chairwoman, I appreciate the opportunity to work with you to move these bills out of Committee as soon as possible. I look forward to hearing from the witnesses who are going to appear before us today on these and the other bills on the agenda.

Senator MURKOWSKI. Thank you, and we will make sure your comments are included in the record.

Commissioner Keys, as far as—I am going to start in reverse just to keep you on your toes here. This would be S. 993, the Small Reclamation Water Resources Project Act. As I understand, the Small Reclamation Projects Act program is presently dormant and I am wondering if the Bureau could restart the program without this legislation, or whether legislation will be necessary in order to move forward with it?

Mr. KEYS. Mr. Chairman, it could be started without legislation now. There have been a number of administrative actions that have kept it dormant for several administrations now. Certainly a lot of those would have to be addressed, like the authority and jurisdiction that Reclamation has has been criticized by the Inspector General in a 1991 audit report. In plain language, they do not like Reclamation being in the banking business. We are a water resources management organization and when we get into the loans and having to set interest rates and that sort of thing they get very uncomfortable, and the Inspector General has been critical of our role in that process.

Senator MURKOWSKI. Well, recognizing then that they do not like you to go into the banking business, do you feel that this legislation perhaps redirects the Bureau from the primary purpose of irrigation and reclamation?

Mr. KEYS. Mr. Chairman, in some way, shape, form, or fashion there needs to be a provision as this bill provides. The aging infrastructure around the western United States is getting to crisis proportions in some places and the local irrigation entities are looking for some way to renew facilities.

I am not sure that that is Reclamation's role in the water management of the West, and we are trying in Water 2025 to define that role, to see where conservation, where the renewal of facilities can best accomplish the needs for water over the next 25 years.

The Small Reclamation Project Act in its current configuration does not lend itself to being amenable to that. It has requirements in there for irrigation pieces. This legislation would expand it much beyond what we do now, beyond our 17 Western States and Hawaii. It takes it into a lot of the territories and so forth.

It also has loan guarantee materials there that we do not have authority for, and it would certainly even require a lot of lead time, and we would have to be in the role of a commercial loan officer which we have not traditionally done.

Senator MURKOWSKI. Let us skip over to S. 649, the Irvine project. How does this particular project fit within the overall goals and objectives of the CALFED initiative, of that project?

Mr. KEYS. Senator, I think it fits within that. It also fits within our title 16 program. In my testimony I indicated that we have been working with the Irvine Ranch people. We just have not completed the feasibility study that we feel should be done before the Irvine Ranch is included in the title 16 program. Completing the feasibility study lets us know if it has all of the requirements, if it is financially and engineeringly feasible, and so forth. We would prefer that the studies be completed before it be included.

Senator MURKOWSKI. Questions of the committee members? Senator Feinstein?

Senator FEINSTEIN. Thank you very much. I would like to take up where you left off, Senator Murkowski.

Mr. Keys, as to a Department feasibility study, is it not true that the Department has been sitting on numerous staff-completed feasibility studies for title 16 projects for several years?

Mr. KEYS. Madam Chairman, Ms. Feinstein, there are some that have been completed that we have not acted on.

Senator FEINSTEIN. My understanding is that you have been sitting on the Bay Area recycling study since 1998 and the southern California recycling study since 2001.

Mr. KEYS. That is correct.

Senator FEINSTEIN. Well, then the question comes, can you fairly impose a requirement of a Department-completed feasibility study when in all honesty the Department has not been completing feasibility studies?

Mr. KEYS. As I said, there are some that have been completed. The backlog that we have there is certainly at times much beyond our capability to fund them. If you look at the total authorized projects, it is almost in the area of $3 billion. We do not have that kind of funding to put into those projects.

Certainly, the title 16 program was developed as a demonstration program so that we could demonstrate the reliability, the feasibility, the doability of wastewater recycling and reuse to show how it could be part of a good water resource management program. We have been doing that for over 10 years and certainly it has proven that it is a good one, a good program.

Now, some of those that are not funded we just have not been able to get to.

Senator FEINSTEIN. So essentially what you are saying, then, is you are going to oppose any new program for authorization under title 16?

Mr. KEYS. One of the things we are trying to look at under title 16 is to see if it would be valuable for us to refocus that program. In other words, as a demonstration program it has shown that wastewater reuse and recycling is very valuable and it has shown a lot of the different techniques and technologies to go along with it.

We are hoping that that program can sort of shift and look at desalination to see if there are opportunities there that we can work with cities to find new water supplies, either from brackish groundwater or desalinating ocean water.

Senator FEINSTEIN. Your very Department is trying to wean California off of its Colorado River supply and this is a substantial problem, and the only way it can be successfully done is to develop alternatives. As I understand this brackish water desalter, it would provide an alternative water for over 20,000 people who are now drawing their water from the Colorado River, and yet the very Department that says, California, you have got to wean your way off of this water, is saying, we are not going to authorize a project to enable you to do it.

Mr. KEYS. It boils down to we just do not have enough money to go around at times. We would prefer that the feasibility study on this project be done before it be included in the program.

Senator FEINSTEIN. Thank you, Madam Chairman.

Thank you, sir.

Senator MURKOWSKI. Senator Akaka.

Senator AKAKA. No.

Senator MURKOWSKI. Senator Smith.

Senator SMITH. Thank you, Madam Chairman.

John, I am interested in the loan program that may or may not be available to small water users. You spoke in your testimony about the 2025 program. I believe it has funding of $11 million behind it. Frankly, I am worried that that is wholly inadequate to do, to even begin to meet the demand that is out there from irrigators who are now, frankly, under a whole new set of environmental mandates that are very expensive to meet in terms of infrastructure. They are the kinds of things that give them the ability to stay in business, but not have, frankly, the ability to make any money at business. So banks are loath to loan them money for environmental projects.

My understanding is that in the last administration no more applications were accepted for these small loan issues, even though there was authorization of an additional $200 million available to them. But now the program the Bush Administration is proposing under 2025 does not seem to do it.

The bill that we have before the committee today, S. 993, I think actually does take those Federal dollars and stretch them much further when it is done under some grants, some loans. And the updated program, the program we are trying to update, is literally called the Small Reclamations Project Act of 1956.

Can you comment about this whole issue and what the administration's thinking is?

Mr. KEYS. Mr. Chairman, Senator Smith, Water 2025 is not a loan program. Water 2025 is trying to focus on where we stand with water in the Western United States, take a look 25 years into

the future and see where we will potentially encounter future Klamath-type situations and stay out of that type of situation that can be caused by expanding and growing population. It can be caused by administrative problems such as the Endangered Species Act, growing needs for recreation, for other water-related needs of our society.

The Western Water Initiative that is part of our 2004 budget has four main components. The first one is water conservation measures, and of course $11 million is a drop in the bucket when you look at what we are trying to do across the western United States. But it is a collaborative effort to try to go to the States and the local folks and say: Here is where the problems are, here are some programs that we have that we can demonstrate to you that would work and where we could start some demonstration type projects to show the benefits more of conservation type things and prove that it would work, like lining canals, putting in control facilities, putting in monitoring facilities, and that sort of thing.

Senator SMITH. So it is more from the Federal Government to State government?

Mr. KEYS. It would work very closely with the State Governments.

Senator SMITH. How about when it gets right to the ground with farmers who want to use this old project under the Eisenhower administration of small reclamation projects? Is that still available to them?

Mr. KEYS. The whole Water 2025 effort is a multi-governmental effort. We would be working on behalf of Interior from our side with the programs that we have authorized. The Department of Agriculture would work very closely with us on those programs that they have authorized to work directly with the farmers, such as we are doing in the Klamath Basin now, where they are working on land treatments and other water conservation programs that they already have.

Most of the work that you see under Water 2025 is within existing authorizations, ones that we already have to do conservation work with irrigation districts, ones that the Department of Agriculture has, that the Environmental Protection Agency has, that the Corps of Engineers has, and that sort of thing.

Senator SMITH. John, I want to tell you how tremendously impressed I was with the work the Bureau has done at Klamath. The headgates that I helped Ann Veneman and Gale Norton open 18 months ago was an old rusty structure that has now been replaced with a state of the art system that truly will protect the fish resource that is there and I hope go a long way towards mitigating the concerns that the tribes have and that the environmentalists have in terms of our commitment to saving the suckerfish, and it certainly is a brighter day for the farm community in that area as well.

Thank you and I hope that we can work with you on S. 993, the Small Reclamation Projects Act of 1956, and update it so it can still be utilized, because I think it may be needed in addition to the 2025 program.

Senator MURKOWSKI. Senator Akaka.

Senator AKAKA. Yes. May I ask Mr. Keys a question about the report. I know that we introduced S. 960 in April 2003 and that you have had little time to thoroughly analyze the merits of the legislation, and I know, as you pointed out, that you have many projects, as a matter of fact 15 years to complete funding, 27 currently authorized projects, as an example.

My question to you is, would you have an idea of when we might be able to hear from you?

Mr. KEYS. Mr. Chairman, Mr. Akaka, there are three main parts of S. 960. The first part that I know much more about, the Hawaii Water Resources Act of 2000, we have an existing study under way with the Department of Agriculture in Hawaii and that is due to be done this fall, and we would certainly report back. It is on those five projects that we are working on rehabilitation of facilities.

To expand that into the other 19 or 20 or however many others we would purport to look at, we could let you know how long that would take within a month. On the seawater desal and the wastewater project on Maui and Hawaii, we could give you a rough estimate of how long it would take within that same period of time, realizing that there are those other projects that are authorized and certainly these new ones would get in line with.

Senator AKAKA. Thank you very much. I really appreciate that.

Thank you, Madam Chairman.

Senator MURKOWSKI. Thank you.

Thank you, Commissioner Keys. I appreciate your testimony this afternoon. I look forward to working with you on these various bills that we have before us, the committee staff as well as the sponsors, to either review those issues that you have not had an opportunity to do so thoroughly, but we will be looking forward to working with you on these. So we appreciate your time this afternoon.

Mr. KEYS. Thank you very much.

Senator MURKOWSKI. Let us now call up panel two, and this afternoon we will have before us: Mr. Joe Findaro, the Washington counsel for the Fremont-Madison Irrigation District; Mr. Brian Brady, president, Board of Directors of the Irvine Ranch Water District; Mr. Chauncey Ching, professor at the University of Hawaii; and Mr. Peter Carlson, coordinator for the Small Reclamation Loan Program Coalition, Will and Carlson, Incorporated.

Gentlemen, good afternoon and welcome to the committee. We will start at this end with you, Mr. Findaro, if you would like to give us your comments this afternoon on the legislation before us.

STATEMENT OF JOE FINDARO, WASHINGTON COUNSEL, FREMONT-MADISON IRRIGATION DISTRICT

Mr. FINDARO. Madam Chairman, thank you very much for holding this hearing. I appreciate the opportunity to testify. I would like to submit testimony for the record on behalf of Jeff Raybould, chairman of the Board of Directors of the Fremont-Madison Irrigation District. Jeff could not be here today because he is chairing a meeting in Idaho of the Idaho Potato Commission.

Fremont-Madison provides a supplemental water supply to approximately 1,500 water users irrigating approximately 200,000 acres associated with the original Island Park and Grassy Lake Projects, as well as the failed Teton Dam Project. In 1993, Fre-

mont-Madison and the Henry's Fork Foundation, a local environmental group, helped form the Henry's Fork Watershed Council, which is a grassroots community forum that uses a non-adversarial consensus-based approach to problem-solving and conflict resolution among citizens, scientists, and agencies with varied perspectives.

Fremont-Madison originally submitted a resolution to the Bureau requesting transfer of title from Reclamation to FMID of Island Park Dam, Grassy Lake Dam, the Cross-Cut Dam and Canal, and the Teton Wells. In the course of this effort, the Watershed Council held a meeting in June 2000 to discuss this proposal. There was no opposition to title transfer of the Cross-Cut Dam and Canal and the Teton Wells from any representatives of the Watershed Council, although some concerns were expressed with respect to Grassy Lake and Island Park. So they pared back their proposal request with the Bureau and that is why we have the facilities in this legislation today.

We are here as a partner with the Bureau of Reclamation and we appreciate the active participation of Commissioner Keys and his staff, particularly Matt Ames and James Hess. Last year this legislation passed in both the House and the Senate, but in different forms, and we urge the committee to act as expeditiously as possible.

I believe it should be viewed as a model. It is the result of extensive outreach on the part of the Irrigation District to include all interested parties not just the Henry's Fork Foundation, but also Trout Unlimited and the Shoshone-Bannock Tribes at the Fort Hull Reservation. We are not aware of any local interest or any national group that opposes this bill.

I spent about 21 years both in Interior and outside Interior working on water resources matters. In the last 6 years, I have worked on about 5 title transfers that have been signed into law, and I want to make a comment with respect to what Commissioner Keys said. I think these title transfers, and particularly Fremont-Madison, tie in nicely with the Water 2025 initiative. In an era of declining Federal budgets and aging infrastructure, these types of title transfers allow the locals who have been responsible for operating and maintaining these projects, who have a proven track record of working with local environmental groups, who have either paid off the project or are willing to pay any outstanding debt, to move forward so that the locals can in fact take title and better maintain and better manage the projects that they are responsible for.

In closing, I would like to thank Senator Crapo and Ken Flanz on his staff, Senator Craig and Mark Hilmer from his staff, Congressman Simpson and Brandon Tucker from his staff, and also the committee staff that have worked on this, particularly Jim Beirne, Shelley Randall, and Patty Beneke, as well as former staff member, Colleen Deegan.

I would be pleased to answer questions you might have.

[The prepared statement of Mr. Raybould follows:]

PREPARED STATEMENT OF JEFF RAYBOULD, CHAIRMAN OF THE BOARD OF DIRECTORS, FREMONT-MADISON IRRIGATION DISTRICT

Madam Chair, Members of the Subcommittee, I am Jeff Raybould, Chairman of the Board of Directors of the Fremont-Madison Irrigation District (FMID) in Idaho. I am here to testify in support of S. 520.

This legislation would require the Secretary of the Interior to convey certain facilities to our District pursuant to the Memorandum of Agreement with the Bureau of Reclamation. These facilities include: the Cross Cut Diversion Dam, the Cross Cut Canal and the Teton Exchange Wells.

FMID was created under the laws of the State of Idaho in 1935 to enter into a repayment contract with the United States Bureau of Reclamation for the construction of Island Park Dam, Grassy Lake Dam and the Cross Cut Diversion Dam and Canal. The forty year repayment contract was paid out in 1979 by the spaceholders of FM1D.

FMID provides a supplemental water supply to approximately 1,500 water users irrigating approximately 200,000 acres associated with the original Island Park and Grassy Lake projects as well as the failed Teton Dam project. Forty canal companies existed prior to the creation of FMID. The canal companies supply the natural flow water (primary water supply) to lands of their stockholders. They also conduct their own operation and maintenance. Most of the lands served by FMID are also lands of the canal companies. The FMID uses these canal companies to deliver storage water.

In 1993, FMID and the Henry's Fork Foundation, a local environmental group, helped form the Henry's Fork Watershed Council which is a grassroots community forum that uses a non-adversial, consensus-based approach to problem solving and conflict resolution among citizens, scientists, and agencies with varied perspectives.

FMID originally submitted a resolution to the Bureau of Reclamation, requesting transfer of title from Reclamation to FMID of Island Park Dam, Grassy Lake Dam, Cross Cut Dam and Canal and the Teton wells. FMID worked closely with the Henry's Fork Foundation to develop a consensus on how title for all these facilities could be transferred.

In the course of this effort, the Watershed Council held a special meeting in June, 2000 to discuss the transfer of facilities. At this time, there was no opposition expressed to title transfer of the Cross Cut Dam and Canal and the Teton wells from any representative of the Watershed Council. As a result of these consultative discussions, FMID decided to only go forward with seeking title to the Cross Cut Dam and Canal and the Teton wells.

The Cross Cut Dam is located on Henry's Fork of the Snake River which diverts water into the Last Chance and Cross Cut Canals. It is a concrete gravity weir with a structural height of 17 feet and a total length of 457 feet. It was completed in 1938. The Cross Cut Canal begins at the Cross Cut Dam. The canal is approximately 7 miles long with a capacity of 600 cubic feet/second (cfs) at the head.

The canal diverts storage water from the Henry's Fork near Chester and conveys it to the Teton River. In addition to conveying storage water to users on the Teton River, the canal also conveys natural flow water to some of the lands within the Fall River Irrigation Company system. A portion of the Cross Cut Canal was constructed through the already existing Fall River Canal. FMID has operated and maintained the canal since it was built. FMID and Fall River jointly employ a canal manager to address operation and maintenance needs.

Five Teton Exchange Wells were constructed by the Bureau of Reclamation in the early 1970's as part of the Lower Teton Division. They were designed to provide groundwater in exchange for water storage in Teton Reservoir. Failure of the Teton Dam in June, 1976 made the constructed wells the only additional supplemental water source available to irrigate the lands affected by the Teton Dam failure.

In 1977, FMID and the Bureau entered into a contract to allow the use of the wells as a backup water supply in drought years. This contract provides for the use of wells, pumps, motors and appurtenant facilities over a 25 year period.

Water from the five wells is pumped into the lower Henry's Fork system to augment supplemental irrigation water supply for FMID in dry years. FMID pays for all operation, maintenance and replacement costs.

FMID has conducted extensive outreach with local entities in response to the proposed title transfer and we will continue to do so as the process moves forward. Throughout the process we have been willing to make changes to satisfy concerns that have been raised, including a drought management planning provision. It is worth noting that the Henry's Fork Foundation is on record supporting this legislation and that Trout Unlimited is on record not opposing this legislation.

This concludes my remarks. Thank you for allowing me to appear before your subcommittee today. I would be pleased to answer any questions you might have.

Senator MURKOWSKI. Thank you. We appreciate that. It is nice to know that you got all the bugs worked out of it within the time period that you have been given, so that is good to hear.

Let us next go to Mr. Chauncey Ching. We will hold questions until we have heard from everyone in the panel. Mr. Ching.

STATEMENT OF CHAUNCEY CHING, PROFESSOR, UNIVERSITY OF HAWAII

Mr. CHING. Madam Chairman, other members of the committee: Good afternoon. My name is Chauncey Ching. I am professor of Agricultural Economics at the University of Hawaii. On behalf of the counties in the State of Hawaii, I thank you for allowing us to offer some comments on S. 960, and I also wish to thank Senator Akaka for his visionary interest in water and in Hawaii's agriculture.

I have submitted written testimony and, rather than go through the details of that testimony, I would like to reiterate four points contained in that testimony. First, in Hawaii water is our most limiting natural resource. Second, the Hawaii water study that is being conducted is incomplete. Third, there is wide acceptance of any evolving water resources use and development strategy in Hawaii. And lastly, the three projects proposed for authorization is consistent with the strategy.

On the first point, water is our most limiting resource. This may seem like a strange statement to make when we think of Hawaii as a lush tropical paradise. It is, but on many parts of our islands we have visual similarities to the high deserts of the Western United States. We have alarming projections of water use relative to water recharge rates, where on Oahu, where the main population is, we will run out of fresh water in the year 2023. More recently, the chief engineer of the Honolulu Board of Water Supplies indicated to me that they have updated their models and we may run out sooner, perhaps in 2018.

Lastly, I note that Hawaii has been plagued by drought. This is not a phenomenon limited to Western States, Western U.S. States, but rather we have had drought over the last 7 or 8 years, some being very, very severe, and I simply point out to you in the drought outlook as late as April of this year, April 17 actually, Hawaii is in the second severest category of drought on the big island, and on the third category on the islands of Oahu, Molokai, and Maui.

Regarding the second point, the Hawaii water study as conducted is incomplete, not because of the folks doing the work, but rather due to funding limitations. The report will be out some time in September of this year, first to the Bureau and then to the Congress. But the study addresses only 5 of the 14 major irrigation systems in the State. It addresses only a few reuse and recycling alternatives. It provides only cursory water diversification assessment and it provides only limited consideration of some of the policy, legal, and institutional barriers that impact water use in Hawaii.

In other words, much more needs to be done and we would welcome Federal assistance and will continue to work with our State legislators to seek the matching funds needed for this study, which

would provide a blueprint of all our actions in the near to intermediate term.

Regarding point three, there is a wide acceptance of an evolving water resources use and development strategy in Hawaii. Rather than focusing on some of the more complicated hydrologic and other models, we have stepped back and simply looked at simple supply and demand concepts. On the supply side, we are encouraging and promoting preservation and enhancement of watersheds, and these are the natural ones that are primarily tropical forests. We are promoting improved storage reserve surface water. These are manmade structures. We are pursuing practices to recharge groundwater aquifers that have been subject to less recharge since the decline of sugar cane plantations. And we are also expanding our search for new water sources, the so-called diversification of water issues.

On the demand side, we have encouraged the adoption of conservation technologies to use less water, to minimize waste by making some of our delivery systems more efficient—these are primarily irrigation systems—and then also to substitute recycled water for potable water when appropriate.

The three projects proposed for authorization is consistent with this strategy. All three projects have two characteristics in common: one, they are all located on the dry side of three different islands; and secondly, all areas are expected to be subject to rapid population growth.

Briefly, the desalination project at Kalaeloa on the island of Oahu is a seawater desalination project. It will serve the so-called second city on Oahu, second to Honolulu, called Kapolei, where population is currently 67,000 people and will increase, projected at least, to 114,000 in the next 20 years. This results in an increased demand of about 10 million gallons per day of potable water.

The plant, if realized, will be located on former lands of the military, specifically the Barber's Point Naval Air Station, and land has been granted to the city and county, specifically the Board of Water Supply, at this time.

The second project is a wastewater reuse project on the big island of Hawaii, again on the western, on the dry side of the island. Here two things are anticipated. One is to increase the treatment of the effluent waste to the highest level, tertiary treatment; and then to distribute these waters for irrigation purposes, for environmental purposes, for threatened and endangered species, and for reducing the risk of coastal water discharges.

The last project is on the island of Maui, on the northwest portion of the island. Here again, the county of Maui has considerable experience in wastewater reuse and recycling, has demonstrated this in the southern part of the island, and would like to duplicate this on the northwest portion of the island. What is needed here is infrastructure, primarily storage tanks and pipelines.

In the above comments, I have tried to describe four items: the severity of the water issues in Hawaii; the need to expand the Hawaii water study; the strategy we are implementing to address these issues; and three projects that are consistent with the strategy. We are excited and supportive of the provisions of S. 960 and urge your support. Thank you for letting me represent the views

and concerns about our most limiting natural resource, water. Thank you.

[The prepared statement of Professor Ching follows:]

PREPARED STATEMENT OF CHAUNCEY CHING, PROFESSOR, UNIVERSITY OF HAWAII

INTRODUCTION

Madame Chairperson and other members of the Committee, on behalf of the counties in the State of Hawaii, I thank you for allowing me to offer testimony on Senate Bill 960, to amend the Reclamation Wastewater and Groundwater Study and Facilities Act to authorize certain projects in the State of Hawaii and to amend the Hawaii Water Resources Act of 2000 to modify the water resources study. In particular, we thank Senator Akaka for his visionary interest in the water issues impacting Hawaii and for introducing this bill.

My name is Chauncey Ching. I am a professor of Agricultural Economics at the University of Hawaii. As part of my responsibilities of facilitating the transition of Hawaii's agriculture from large scale plantations to smaller scale diversified agriculture, I worked with all members of Hawaii's Congressional delegation in convening two meetings in 2001 to address the resource that most limits sustainable development in Hawaii—water. While this may sound strange for an island state located in a tropical/subtropical ecosystem, water is unquestionably our most limiting resource.

Perhaps unknown to those who have not visited Hawaii, we have areas on the leeward sides of all of our islands that have very limited water supplies and have remarkable similarities to the high deserts in the Western United States. Further, the U.S. Seasonal Drought Outlook (released by the National Oceanic and Atmospheric Administration, NOAA, on April 17, 2003) shows four categories of drought in the country. The most severe condition is "Drought to persist or intensify" and the second most severe is "Drought ongoing, some improvement." While Hawaii is not in the most severe category, a large part of the Big Island is in the "Drought ongoing, some improvement" category; and, other parts of the state are in the "Drought likely to improve, impacts ease" category—less severe but drought conditions nevertheless.

BACKGROUND AND EVENTS CONDITIONING INTEREST IN S. 960

In part, the meetings in 2001 were initiated as preparation for the conduct of the Hawaii Water Study mandated in the Hawaii Resources Act of 2000. In anticipation of this study, it was increasingly apparent that the water issues in Hawaii were so enormous that our only chance of effectively addressing them was to ensure the highest level of collaboration among federal, state, and local governmental agencies and the private land owners.

One of the most alarming statistics about our state comes from the Honolulu Board of Water Supply. About two years ago, leaders of this county agency noted that we, on Oahu, will run out of fresh water in 2023. While this was very disconcerting, a few months ago I was told that the Board of Water Supply had updated and improved its forecasting models and now we will run out of fresh water in 2018! [Source: Challenges and Opportunities—A Board of Water Supply Look at Water for the 21st Century, Water Resources Research Center Conference, January 15, 2003]

Without question, this is a startling projection. It gets my attention and I trust it gets yours as well. Rather than panic and choose to be overwhelmed, we use this projected shortfall in freshwater recharge rates relative to freshwater use rates to guide our thinking and actions and spur our efforts to realize our charge of maintaining and improving quality of life for current and future generations. Clearly, if we treat this projected shortfall as a self-fulfilling prophecy, we are ignoring and sacrificing future generations' rights to a quality of life at least comparable to that which we enjoy today. We use this statistic, which applies directly to the island of Oahu but has implications for all islands, as a "wakeup call" signaling the importance of water resources in the Hawaii's sustainable development plans. This statistic was a clear signal that we needed to devise and implement a plan to address very limited water resources in Hawaii.

AN EVOLVING WATER RESOURCES USE AND DEVELOPMENT STRATEGY

For many of us, a useful way of thinking about water resources in Hawaii was in terms of supply and demand. From the supply side, we include preservation and enhancement of watersheds, improved storage to preserve surface water, practices

that recharge ground water aquifers, and exploration of new, supplemental sources. On the demand side, we include employment of conservation technologies to use less water, vigilance to minimize wasting water through inefficient delivery systems, and, substituting the use of recycled water for potable water in those applications where public health and safety are not compromised. Of course, there are also activities that impact both the supply and demand for water e.g., use of recycled water for irrigating landscapes and other agricultural activities while concurrently recharging ground water aquifers.

While supply and demand provide a useful context for strategic thinking, there were those present who constantly reminded us that whatever strategy we devised needed to serve community interests, those of the state, and the nation. Any water resources use and development strategy necessarily needed to ensure minimal impact on the natural environment since we are simply stewards of these resources for current and future generations.

THE HAWAII WATER STUDY

This study, mandated in the Hawaii Resources Act of 2000 is underway and scheduled for completion in September 2003. The $300,000 appropriated by Congress for this purpose was matched by the Hawaii State Legislature. The Hawaii Department of Agriculture is the coordinating entity charged with overseeing completion of this work.

Preliminary analyses suggest that the findings to be reported in September only begins to articulate the issues and corrective actions for a comprehensive set of problems that impacts practically all residents and visitors, all segments of the economy including a large military complex, and the natural resources within the state and in the coastal waters under national and international jurisdictions.

The study to be reported addresses only five of the fourteen major irrigation systems developed by sugarcane plantations over the past 150 years, identifies only a few alternatives for reuse and recycling of water, barely touches on water diversification strategies, and only mentions the legal, institutional, and public policy barriers that must be addressed if we are to be responsible and effective stewards of water resources.

Based on the components of the water resources issues that remain, we are encouraged by the amendment to increase the funding limit for the Hawaii Water Study. At the same time, we continue our efforts to apprise our state legislators on the significance of other aspects of the water resources issue not being addressed by the Hawaii Water Study and the importance of providing matching funds to address them.

THREE SPECIFIC PROJECTS, PART OF THE WATER RESOURCES STRATEGY

The three projects proposed for authorization in S. 960 are consistent with the evolving strategy for water resource use and development in Hawaii articulated above. These are priority projects identified at the county level. While a combination of county and state funds will be a critical part of the financing strategy, the counties are encouraged about the possibility of federal assistance through the Reclamation Wastewater and Groundwater Study and Facilities Act. For this reason, we support the provision in S. 960 to separate funding authority for this program for Hawaii projects from the funding limit set for the Hawaii Water Study.

Kalaeloa Desalination Project (Island of Oahu)

Oahu (Honolulu) is home to about 72 percent of Hawaii's residents—880,000 people in 2001. It is here that water use rates will exceed water recharge rates in 2018. While conservation measures have successfully reduced water use rates, new sources of supplemental water and substitution of recycled water for potable water are the two main activities being pursued to avoid the mining of water beginning in 2018.

The Board of Water Supply (BWS), City and County of Honolulu is responsible for the management, control and operation of Oahu's municipal water system. As part of this responsibility, the BWS seeks alternative methods to provide reliable, high quality potable water for Oahu's future. The desalination project proposed is centrally located in the secondary urban center of Kapolei, Ewa, Oahu. Ewa is a planned community of residential, commercial and industrial developments. Over the next 20 years the expected increase in population is 70% from 67,000 to 114,000 people resulting in an additional demand of approximately 10 million gallons per day (mgd).

Realization of the proposed project will help meet Ewa's projected 2025 demand, conserve limited groundwater in the area, avoid impacts to the environment,

streams, native flora and fauna from wells drilled in forested watersheds, increase water system reliability through drought mitigation (Oahu experienced a 5-year drought from 1998-2002, which affected municipal supplies and agriculture), and maintain consistently high water quality by minimizing seawater intrusion when water levels drop during drought conditions.

More specifically, the proposed project is a 5 mgd facility of modular construction that allows the potential for future expansion. Seawater Reverse Osmosis (RO) Membrane Technology is proposed where approximately 11 mgd of seawater is needed to produce 5 mgd of potable water. Seawater source wells rather than direct ocean intake will be used to ensure higher water quality. Brine disposal will be through shallow cap rock wells with temporary brine holding ponds.

The facility will be located on 20 acres of land granted from the U.S. Department of Health and Human Services through a Public Benefit Conveyance of surplus U.S. Department of Navy property formally known as Barbers Point Naval Air Station.

Kealakehe Wastewater Treatment Project (Island of Hawaii)

This project is located on the west side of the Big Island of Hawaii, north of the Kona community. It is on the leeward side, the dry side, of the island, which has been plagued by drought during the past several years. The entity responsible for this project is the County of Hawaii, Department of Environmental Management.

Effluent from the Kealakehe Wastewater Treatment Plant is currently being discharged into a temporary disposal sump. The effluent has a high suspended solids concentration due to an abundance of algae growing in the existing aerated lagoons. In order to maximize the reuse potential, the effluent should be treated to the highest level (R-1), while minimizing mechanical systems and chemical applications. Also, there is a need to provide habitat for two endangered bird species, the Hawaiian Stilt and the Hawaiian Coot. The birds have been nesting on land adjacent to the Keahole International Airport.

This project will utilize subsurface wetlands to reduce the suspended solids prior to disinfection. Retrofitting an existing lagoon and completing construction of an additional lagoon would create the subsurface wetlands. An open surface wetland would also be constructed to reduce the effluent disposal, create habitat for the endangered birds, and provide recreational opportunities for the public.

Realization of this project will reduce the risk of contamination to the coastal waters; transform the sewage effluent from a disposal liability to a resource asset; eliminate the need for expensive mechanical systems and chemical applications while upgrading the treatment process; protect endangered species; and, provide additional landscaping and recreational opportunities for the public.

Preliminary assessments suggest that the cost to construct and operate conventional tertiary wastewater treatment systems would probably be cost prohibitive for a facility of this size. Further, discharge of treated wastewater could lead to degradation of coastal water quality and the loss of a valuable resource.

Once the effluent water quality has been upgraded and the maximum amount of flow diverted for use onsite in the constructed wetlands, a distribution system would be needed to convey the recycled water to potential users. A Water Reuse Master Plan and an environmental assessment has been prepared which identifies these users and describes the necessity for a cost-effective distribution system.

Lahaina Recycled Water Distribution System Expansion Project (Island of Maui)

Maui County, through its Wastewater Reclamation Division, is one of the water recycling leaders in Hawaii. Over the last ten years, Maui has demonstrated its commitment to reusing recycled water from its wastewater reclamation facilities by building a solid foundation for a successful program. Key components of Maui's water recycling program include:

- Conducting feasibility studies to determine which areas of the County would benefit the most from the use of recycled water.
- Upgrading the wastewater reclamation facilities in these areas to tertiary treatment (R-1) capability to allow for a greater number of uses of the recycled water.
- Passing a mandatory recycled water ordinance, which requires commercial properties within 100 feet of the County's distribution system to use recycled water for irrigation purposes.
- Adopting an innovative recycled water rate structure, which recovers capital and operation/maintenance costs associated with recycled water distribution from both recycled water users and sewer users. This approach has resulted in recycled water rates that are significantly less expensive than alternative water sources and provides a monetary incentive for new users to hook up to the County's recycled water distribution system.

- Creating the position of "Wastewater Reclamation Coordinator" within the Department of Public Works. This person is involved in all facets of the recycled water program and performs the vital function of gaining community support for recycled water use by administering a public outreach program.

Maui County currently uses approximately 25% or 4 million gallons per day of the recycled water it produces from its wastewater reclamation facilities. An important aspect that is limiting the increased use of recycled water within Maui County is the lack of adequate infrastructure to distribute recycled water to commercial properties. West Maui is a good example of this limiting factor. Recycled water is used in the area for irrigation of the Kaanapali Golf Courses. Even though the recycled water pipe line passes close to a number of commercial properties, which are interested in using recycled water, the distribution infrastructure is not adequately developed to allow these properties to connect to the system. A lack of adequate recycled water storage and associated pipelines are the main constraints to increased use of recycled water in the area.

West Maui is a good candidate for increased recycled water use primarily because most of the properties mentioned above use potable water for irrigation. Potable water sources in the area are scarce. Frequent, prolonged droughts on Maui have contributed to this situation. If the recycled water is not utilized, it is disposed of through injection wells. Maui County has been encouraged to reduce the use of injection wells by the EPA and local environmental groups due to concerns that injection wells contribute nutrients to the near shore environment that cause algae blooms. The increased use of recycled water in West Maui will ease these concerns by reducing the use of injection wells for effluent disposal.

Maui County ultimately plans to expand the use of recycled water in West Maui and is currently preparing a recycled water master plan. However, expansion of its recycled water distribution system will take time and money. Federal assistance will make it much easier for the County to accomplish its goal of expanding the use of recycled water in West Maui. Maui County respectfully requests that this project be authorized for federal assistance.

CONCLUDING COMMENT

In the above comments, I have tried to describe the severity of water resources issues in Hawaii, the strategy we are implementing to address these issues, and three projects that are critical components of this strategy. We are excited and supportive of the provisions of S. 960 and urge your support.

Thank you for letting me represent views and concerns about water, our most limiting natural resource in the state of Hawaii.

Senator MURKOWSKI. Thank you, Mr. Ching.

Mr. Brady.

STATEMENT OF BRIAN BRADY, PRESIDENT, BOARD OF DIRECTORS, IRVINE RANCH WATER DISTRICT, ACCOMPANIED BY PAUL JONES, GENERAL MANAGER, IRVINE RANCH WATER DISTRICT

Mr. BRADY. Good afternoon, Madam Chairwoman and Senator Feinstein, members of the committee. My name is Brian Brady and I am the president of the Board of Directors of the Irvine Ranch Water District, and I appreciate the opportunity to testify on S. 649. I would also like to express my sincere gratitude to Senator Feinstein for introducing not only the legislation, but for her leadership on many water issues in California.

I would also like to mention and thank Christopher Cox, Representative Cox, for introducing identical legislation in the House of Representatives.

There was an item that came up with Mr. Keys that I would like to address regarding the feasibility studies and for the record I would like to point out that the Irvine Ranch Water District has completed feasibility work on all portions of the project that is before you. In fact, on two of the major components, the natural treatment system and the Irvine groundwater desalter, we have

done work well in advance or well in excess of the feasibility requirements, including design engineering, comprehensive water quality modeling, cost estimates, and both State and Federal environmental documentation.

Some of this work has already been shared with the Bureau, as Mr. Keys had mentioned, and we would be happy to work closely with the Bureau in order to provide any more information on feasibility.

Having said that and having listened to Senator Feinstein's excellent summary of most of what I was going to present to you, let me just briefly point out a few other aspects of the project before you. The San Diego Creek Watershed encompasses over 120 square miles in central Orange County. The San Diego Creek Watershed boundaries are approximately the same as the Irvine Water District's service territory. It includes the city of Irvine and portions of Lake Forest, Newport Beach, Orange, and Tustin, as well as some unincorporated areas of the county.

Surface drainage and urban runoff containing fertilizers, pesticides, sediments, and pathogens flow through the San Diego Creek Watershed and into the Upper Newport Bay, severely impacting the water quality of the watershed and the bay. As a result of these water quality concerns, EPA has identified the San Diego Creek and Upper Newport Bay as impaired water bodies, and in order to protect the water quality of San Diego Creek Watershed and the Upper Newport Bay, which incidentally is the largest marine estuary in southern California, the Irvine Ranch Water District, in collaboration with the county of Orange and the cities I have already mentioned, is proposing to develop and maintain a system of manmade wetlands throughout the area that will utilize natural processes to remove unwanted sediments, nutrients, and other contaminants contained within the runoff, helping assure the dry weather flows reaching the bay meet Federal clean water standards.

This watershed system of local wetlands—and there will be 31 of them in total—will be engineered to capture sediment and trash and what is called the first flush from rains, and using natural processes to, as I said, to remove nutrients. This approach we believe not only is more environmentally friendly, it can be done for less money, and it also provides additional habitat.

The other two portions of the project, the Irvine desalter will provide 5,400 acre-feet of new water and, as the Senator mentioned, between 20,000 and 40,000 people will be provided their drinking water supplies; and the final component being the brine line. The problem with reclaiming water is it produces highly concentrated brines and disposal of that is problematic. Our solution in this project is to put it back in the ocean, which is where salinity is not a problem.

Madam Chairwoman, Senator, thank you for having us here today, for inviting us, and for considering this bill.

[The prepared statement of Mr. Brady follows:]

PREPARED STATEMENT OF BRIAN BRADY, PRESIDENT, BOARD OF DIRECTORS, IRVINE RANCH WATER DISTRICT

Good afternoon, Mr. Chairman, Senator Feinstein, and the other distinguished Members of this Committee. My name is Brian Brady and I serve as President of

the Board of Directors of the Irvine Ranch Water District. I appreciate the opportunity to testify before you today on S. 649, the Irvine Basin Groundwater and Surface Water Improvement Act of 2003. Let me also express my sincere gratitude to Senator Feinstein for introducing this legislation as well as for her outstanding leadership on a host of California water issues. I would also like to thank Congressman Christopher Cox who has introduced an identical piece of legislation in the House of Representatives.

If I may, I'd like to briefly describe the role that the Irvine Ranch Water District plays in our community and the context within which our project is proposed. The Irvine Ranch Water District provides domestic water service, wastewater collection and treatment, water reclamation, and urban runoff treatment for the city of Irvine and portions of four surrounding cities as well as the County of Orange. In total, the District serves a resident population of over 266,000 with a daytime population of approximately 500,000. We enjoy approximately 275 well-qualified employees who are committed to the mission of providing a safe, reliable water supply to our customers without sacrificing the environment. In fact, because of our outstanding staff, the District has been recognized with numerous regional, statewide and national awards for our leadership in developing innovative ways to provide water while protecting the environment. The District's General Manager, Paul Jones, is with me here today to assist in answering any technical questions that the Members of the Committee may have about the projects that would be authorized by this legislation.

We are extremely excited about this legislation, as it will allow the Irvine Ranch Water District to even better serve the community and the environment. The Irvine Basin Surface and Groundwater Improvement Act would authorize the Bureau of Reclamation to participate in the design and construction of projects that will enhance the environment of a large portion of Orange County. This partnership would be a tremendous help to the District as we work to develop new groundwater supply projects and to protect the San Diego Creek watershed and Upper Newport Bay.

Before I talk about the specifics of our proposed project, it is important to discuss the regional context and approach used by water and wastewater agencies in San Bernardino, Riverside, and Orange Counties to address water resource and urban runoff issues. Contemporary surface and groundwater resource management relies heavily on addressing issues on a "watershed-wide" basis. The Southern California coastal plain and its watersheds extend from the mountains to the ocean. One watershed, that of the Santa Ana River, extends 96 miles from the San Bernardino Mountains to the Pacific, between Huntington and Newport Beaches. In terms of management, the Santa Ana Watershed Project Authority, or SAWPA as it is known, provides watershed-wide coordination of water resource management projects through a joint powers agreement among five regional agencies. These agencies have worked to develop numerous water reclamation, brackish desalting and water quality wetland projects in the three-county region.

In the lower portion of the Santa Ana River system in Orange County, Orange County Water District, one of the five SAWPA members, manages the groundwater basin, and as discussed later, is a key partner in the groundwater component of the proposed project.

With respect to coordination of surface drainage, or "urban runoff" issues, the County of Orange, in collaboration with the cities and agencies within the County, are developing new, innovative methods to treat contaminated surface runoff, including another component of this proposed project.

All these aforementioned partnerships provide the basis for, and examples of, collaborative water resource management using a comprehensive "watershed-wide" approach.

This brings us to the San Diego Creek watershed, which encompasses over 120 square miles in central Orange County. The San Diego Creek watershed's boundary is approximately the same as Irvine Ranch Water District's and includes the City of Irvine and portions of the Cities of Lake Forest, Newport Beach, Orange, and Tustin, as well as unincorporated areas of the County. Surface drainage, or urban runoff containing fertilizers, pesticides, sediment, and pathogens, flows through the San Diego Creek watershed and into the Upper Newport Bay, severely impacting the water quality of the watershed and the Bay. As a result of these water quality concerns, EPA has identified San Diego Creek and the Upper Newport Bay as "impaired water bodies."

In order to protect the water quality of the San Diego Creek watershed and Upper Newport Bay, the largest marine estuary in Southern California, Irvine Ranch Water District, in collaboration with the County of Orange and the aforementioned cities, is proposing to develop and maintain a system of man-made wetlands throughout the area that will utilize natural processes to remove unwanted sedi-

ment, nutrients, and other contaminants from the runoff, thus helping to ensure that the dry weather flows reaching the Bay meet federal clean water standards. This watershed-wide system of local wetlands, 31 in total, will also use engineered basins to capture sediment and trash from "first flush" rains and use natural ecosystems to remove nutrients from dry weather runoff. This approach, known as a Natural Treatment System, will reduce the community's cost of protecting the water quality of the Bay, and will also provide additional neighborhood open space and wildlife habitat.

In addition to completing the San Diego Creek Watershed Natural Treatment System, the proposed legislation would authorize Bureau of Reclamation to provide assistance in developing a related project to treat and reuse impaired groundwater within the groundwater basin.

This portion of the proposed project will be built in conjunction with Orange County Water District. This portion of the project will consist of a well system and water purification plant that will remove salts and nitrates caused by natural geology and past agricultural drainage from a portion of the groundwater basin underlying the San Diego Creek watershed. The project will employ reverse osmosis technology to create a new, highly reliable local drinking water supply at a cost comparable to imported water supplies from the San Francisco Bay-Delta Estuary and the Colorado River. The project will reduce dependence on imported supplies and is consistent with the Bureau of Reclamation's objectives of reclaiming impaired water for beneficial uses.

The final component of this project will be a regional brine line. In Orange County, just as it is throughout Southern California, wastewater reclamation for non-potable reuse is a critical component of the region's current and future water supply portfolio. Our region enjoys one of the most advanced systems of wastewater treatment, distribution and reuse in the world. Currently, brines are disposed in the sewer from industrial sources and existing or proposed impaired groundwater treatment facilities. This method of disposal is problematic as it dramatically increases the costs of treatment and impairs local water and wastewater agencies' ability to implement additional wastewater reclamation. To alleviate this problem, Irvine Ranch Water District proposes to construct a Regional Brine Line that consists of a separate system of pipes to segregate brine from sewage and dispose of the brine directly into the ocean where salinity is not a concern.

The total cost of the projects to be authorized in S. 649 is slightly under $80 million. As you know, the Bureau of Reclamation's Title XVI program allows the Bureau to contribute up to 25% of the costs of planning, designing, and constructing projects like the ones that would be authorized by S. 649 up to a limit of $20 million. Our District and other local sponsors will be providing over $60 million toward the construction of these important projects.

Mr. Chairman, Senator, thank you again for allowing me the opportunity to share my testimony with you. The Irvine Ranch Water District is committed to serving its customers in the most efficient, cost-effective and environmentally responsible manner. I am proud to serve as President of the Board for such an outstanding public agency. We are looking forward to working with the Bureau of Reclamation to make this project a success.

Again, thank you for your time and consideration of my testimony. I will be glad to answer any questions you may have at this time.

Senator MURKOWSKI. Thank you, Mr. Brady.

Mr. Carlson.

STATEMENT OF PETER CARLSON, COORDINATOR, SMALL RECLAMATION PROGRAM ACT COALITION

Mr. CARLSON. Madam Chairman, members of the subcommittee: My name is Peter Carlson. I am appearing today as the coordinator of the Small Reclamation Program Act Coalition, which is made up of the Natural Urban Agriculture Council, the Western Coalition of States, the Oregon Water Resources Congress, the Eastern Municipal Water District in Southern California, and the San Bernadino Valley Water District in California.

I would like to submit for the record a letter of support for this legislation also from the Association of California Water Agencies.

At the outset, let me state our strong support for S. 993, the Small Reclamation Water Resources Act of 2003, and express our appreciation to you for holding this hearing and to Senator Gordon Smith for introducing the legislation. The proposed amendments represent a 9-year effort to restructure the program and provide western water users with new options for addressing their water resource-related needs.

Growth and aging of the infrastructure out West are the driving forces for this legislation. This westward growth is why enactment of S. 993 is so vitally important. I have been so impressed by the discussion of this Water 2025 document from the Department of the Interior that I would also like to submit it for the record, because I believe that it provides a further justification for the need for this legislation.

There is presently not in place an active small reclamation loan program at the Bureau of Reclamation accepting proposals for projects. As a result, there is a program gap between the larger reclamation project that is typically before your subcommittee and the smaller programs that Reclamation offers, such as technical assistance. The Small Reclamation Water Resources Projects Act of 2003 would close that gap.

The amendments contained in S. 993 address these issues in the following manner. No longer requiring irrigation as a project purpose in the program will allow for the development of projects in the urban-rural crossover setting that are more economically and environmentally sound, providing additional definition and expansion of the activities which could be undertaken through the program, especially for rehabilitation and betterment, and in the area of water quality improvements will help address aging infrastructure problems, as well as developing new opportunities to make better use of existing supplies without the need to create new water supply structures.

The streamlining of the proposal process and the establishment of a definite schedule for proposal processing will give water users greater program confidence and certainty. The establishment of a new smaller partnership program under title 2 of the Small Reclamation Program Act Amendments and the activities that can be carried out under that program will facilitate problem-solving in a manner that gets the work done sooner, before more problems develop.

Once this program is up and running, we see this as a $40 to $60 million a year program, but that is probably a couple of years down the road. We appreciate the decision to increase the cost ceiling in the program from the approximate $359 million that is presently there to $1.3 billion under this legislation. This is one of the major changes in S. 993 from legislation introduced in the past. S. 993 calls for $900 million to be made available to carry out projects in title 1 of the amendments, $300 million for title 2, and $100 million for title 3.

These numbers are not without foundation. When the program was suspended in 1995, there were notices of intent for projects totaling approximately $450 million. Approximately $170 million of this was for Native American projects. At the end of the 106th Congress, we conducted an electronic survey of a thousand water users

in the West. We received responses to our survey from 12 of the 17 States indicating a strong interest in using title 1 and title 2 of the proposed amendments, further justifying in our mind the need for a ceiling increase.

We have received—we have also received responses to the idea contained in S. 993 of setting aside 20 percent of the proposed ceiling in the program for Indian tribes and economically disadvantaged communities, an approach the water community strongly supports.

The continuation of the Bureau of Reclamation's Small Reclamation Loan Program with the changes made by S. 993 in our mind is the most important and appropriate course to take at this time. There is strong interest out there and the belief that the small Reclamation loan program is the best vehicle to accomplish the work, for helping address the rural, urban, Indian population, and the water and environmental needs of the West.

Thank you.

[The prepared statement of Mr. Carlson follows:]

PREPARED STATEMENT OF PETER CARLSON, COORDINATOR, SMALL RECLAMATION PROGRAM ACT COALITION

Madam Chairman, Members of the Subcommittee, my name is Peter Carlson, I am President of the firm Will & Carlson, Inc., a Washington, D.C. governmental relations firm specializing in natural resource issues. I am appearing today as the coordinator of the Small Reclamation Program Act Coalition which is made up of the National Urban Agriculture Council (NUAC), the Western Coalition of Arid States (WESTCAS), the Oregon Water Resources Congress (OWRC) the Eastern Municipal Water District in Southern California (EMWD) and the San Bernardino Valley Water Conservation District in Southern California.

At the outset, let me state our strong support for S. 993, the Small Reclamation Water Resources Project Act of 2003 and express our appreciation for your holding this hearing and Senator Gordon Smith for introducing the legislation. The proposed amendments represent an nine year effort to restructure the program and provide western water users with new options for addressing their water resource related needs.

The Small Reclamation Program Act was last amended in 1986, and the amendments were appropriate for that time. The changes proposed by S. 993 build on what we, the water users, have learned since that time and will make this an even better program from an environmental, business and socio-economic standpoint.

According to the Western Water Policy Review Commission report from 1998 "Once the outpost of a young nation, today's West is home to nearly one-third of the American population. The region has experienced rapid population growth in recent years: western states grew by about 32 percent in the past 25 years, compared with a 19-percent rate in the rest of the nation. By the year 2025, the West will add another 28 million residents."

A more recent report from the University of Colorado's Center of the America West, of 11 Western states (California, New Mexico, Wyoming, Washington, Idaho, Utah, Arizona, Oregon, Colorado, Montana, Nevada), indicated that the 2000 census counted 61.4 million people in the Western states—a 21 percent increase from 1990. By 2050, 109 million people will live in the Western States, the study estimates.

This Westward growth is why S. 993, is so vitally important. There is presently not in place an active Small Reclamation Loan Program at the Bureau of Reclamation that is accepting proposals for projects. From our perspective, the proposed amendments would bring a number of important changes to the existing program that would help address the issues related to growth in the West. This decision, amending the Small Reclamation Loan Program, is an important step in investing in the West and putting in place a revitalized program that western water users can use to address the various needs associated with growth, whether they be water supply, water conservation, water quality, environmental or social purposes. There is currently a program gap between the larger Reclamation project that is typically before your Subcommittee and the smaller programs that Reclamation offers, such as technical assistance. The Small Reclamation Water Resources Project Act of 2003 will close that gap.

The amendments contained in S. 993 address these issues in the following manner:

1. No longer requiring irrigation as a project purpose in the program will allow for the development of projects in the urban-rural crossover setting that are more economically and environmentally sound. This is precisely the area of greatest need for support in development of small projects.

2. Providing additional definition and expansion of the activities which can be undertaken through the program, especially for rehabilitation and betterment and in the area of water quality improvements. This will help address aging infrastructure problems as well as developing new opportunities to make better use of existing supplies, without the need to create new water supply structures.

3. The streamlining of the proposal process, and the establishment of a definite schedule for proposal processing will give water users greater program confidence and certainty. Proposals will no longer languish in the bowels of the bureaucracy only to then have to wait years for an answer on whether there is a Federal interest in the proposed work.

4. The establishing of a new, smaller partnership program under Title II of the SRPA amendments, and the activities that can be carried out under the program. This will facilitate problem solving in a manner that gets the work done sooner before more problems develop, through the work being carried out by the project sponsor within 18 months and a shortened repayment period.

5. The reduction of the repayment period for Title I projects from 40 years to 25 years will also bring the program in line with current business practices in the private sector and lessen the financial exposure to the Federal government.

6. Connecting the proposed work to organizations that have legal authority and responsibility for such work on their projects, and making sure that work is consistent with applicable State water law will keep the program focused and more accountable.

As part of the discussions with the organizations I represent, which helped in the development of the ideas embodied in S. 993, some have questioned whether the Bureau's Budget would be able to accommodate this program. Western water user organizations have been working successfully on the Energy and Water Appropriations bill through our "Invest In the West" campaign to increase the allocation for the Bureau of Reclamation's Water and Related Resources program. Given the construction schedules associated with the program and the decision-making process that is built into the legislation, we see this as a $40 to $60 million a year program. We believe the Bureau of Reclamation should be able to accommodate such a level, given the changes to the program proposed by these amendments.

We appreciate the decision to increase the cost-ceiling in the program from the approximate present remaining ceiling of $359 million to $1.3 billion in order to accommodate the interest out in the West for the program. This is one of the major changes in S. 993 from legislation introduced in past. S. 993 calls for $900 million to be made available to carry out projects under Title I of the amendments, $300 million for Title II and $100 million for Title III. These numbers are not without foundation.

When the program was suspended in 1995 there were Notices of Intent for projects totaling approximately $450 million. Approximately $170 million of this total was for Native American projects. There were another ten projects that were in or about to enter the construction phase. Two of the remaining projects are being completed by this past years appropriations leaving one remaining project to be constructed.

At the end of the 106th Congress we conducted an electronic survey, based on similar legislation in the prior Congress, to assess the interest in the programs that would be developed under this legislation. Historically 15 of the 17 Western states have used this program. We received responses to our survey from water users in 12 of the 17 states indicating a strong interest in using both Title I and Title II of the proposed amendments.

Since that time I have also received responses to the idea contained in S. 993 of setting aside up to 20% of the proposed ceiling in the program for Indian Tribes and economically disadvantaged communities, an approach the water community strongly supports. These amendments also open the program up to Hawaii, Alaska and the Insular areas so their water needs can be addressed as well, an idea that we also support.

Another 1998 recommendation of the Western Water Policy Review Commission was "Given the declining federal budgets, innovative sources of funding and invest-

ment, including public and private partnerships, must be found for the management and restoration of western rivers."

Part of the reason for including a section in this bill on guaranteed loans is to explore the initiation of a new loan guarantee section under the Act. The Federal Government has approximately forty guaranteed loan programs listed in the Federal Budget. The Loan Guarantee section of these amendments is to open the door for a new, innovative approach to assist in funding projects. We believe that making available such a new financial tool for the Bureau to explore and make use of (loan guarantees) could benefit the water users in the West by having projects developed in a more timely manner while we all continue to work together to increase the financial resources for the Bureau of Reclamation for other projects in the program. As we stated earlier, we don't envision this program being a heavy financial burden on the Bureau of Reclamation's Water and Related Resources budget, but we are willing to work with the Bureau to explore new ways, such as this proposal, to see if there are financial innovations that work in meeting our needs.

I would like to address the issue of whether the Bureau of Reclamation should or shouldn't be in the loan business. Why is it that almost every Federal agency has a loan program, to assist in carrying out their activities, yet in past comments on the program the Bureau of Reclamation claims "the current loan process (at Reclamation) suffers from a lack of trained credit officers to monitor loans as well as assist in determining economic feasibility, repayment terms, maturity dates, and interest rates . . . Reclamation would continue to be in the business of developing repayment contracts and engaging in loan collection activities, two tasks for which the private sector is better suited than the Federal Government." The former Administration made great claims about Reinventing Government. Why can't Reclamation learn from the best of what other Federal agencies do with their loan programs and in turn benefit the public from a reinvention in their loan program? This is part of the reason why S. 993 is so important in terms of the prescriptiveness of the process, decision making time frames and the need to rewrite the guidelines for the new program

Some would like Reclamation just to be in the grant business. We don't believe that would be a good idea. From FY91 to FY99 Reclamation provided approximately 4,600 grants worth about $750 million. Unless you tie the grants down like S.993 would do through the amendments to the program, I believe that a grant only program would be a recipe for waste and abuse. If the Bureau has such experience with grants, which I have been told are more burdensome to administer, and have so few loans, it would seem like they can figure out how to make a loan program work better from an administrative standpoint.

CONCLUSION

The continuation of the Bureau of Reclamation's Small Reclamation Loan Program, with the changes made by S. 993, is the most important and appropriate course to take at this time. Based on the details in the Western Water Policy Review Commission report, our survey and meetings and conversations with water users in the West, there is a strong interest out there for a program that can help address the needs of the West, and a belief that the Small Reclamation Loan Program is the best vehicle to accomplish the work. Investing in the West through the proposed amendments to the program will be the best step forward into the 21st Century for helping the rural, urban, Indian population and the water and environmental resources of the West.

Senator MURKOWSKI. Thank you.

Mr. Carlson, let me just ask you, and I apologize for not knowing a little bit more about the Small Reclamation Loan Program Coalition, but I am trying to—I had asked the question earlier of Commissioner Keys about whether or not this legislation would be necessary if we already have authorized a Small Reclamation Projects Act Program. So tell me how your coalition fits in with the existing authorization?

Mr. CARLSON. With the existing authorization, a number of the members of these associations and this one district in program have used the program in the past. The changes that are in this legislation proposed for the program—the program was last amended in 1986. These amendments modernize the program. One of the

problems with the existing program is the requirement that you have an irrigation component to your project. A lot of these notices of intent that were put on hold had irrigation components that, if you will, sort of dwarfed the proposal.

What this legislation would do is say you no longer have to have your irrigation as a project purpose, but priority should be given to existing reclamation projects where there is a nexus to doing the work, and then you move forward. So the irrigation component has been troublesome.

The other thing that this legislation does that if they restarted the program it could not do is it shortens the repayment period from 40 years to 25 years. It sets a floor of 25 percent for cost-sharing, so it could go further above, and then it creates this small Reclamation Partnership Program that has a number of expanded purposes, such as watershed planning, that some may question whether there is authority to do or not within the small loan program.

Then it offers up a whole new tool, which is this loan guarantee component that presently does not exist, that might prove quite useful in terms of doing future work in the West.

Senator MURKOWSKI. So when I asked the question previously about whether or not this goes beyond the initial mission, if you will, of irrigation and reclamation, what I am hearing you say is that, yes, it probably does, but that is a good thing or a necessary thing.

Mr. CARLSON. It is a good thing. Because of the changes of environmental laws since 1956 and even since, what you may find in 1986 in terms of new environmental mandates that need to be met, new water quality changes that have to be met. So I would not consider this mission creep; I would consider it focusing on the work that needs to be done out West as a result of new things that water districts are finding that they are having to do that they were not required to do previously since this program has been around.

Senator MURKOWSKI. Mr. Brady, I want to ask you a question. You were talking about the desalination effort and the brine line, as you describe it.

Mr. BRADY. Yes.

Senator MURKOWSKI. And the plan is to essentially put the additional brine or water or whatever is left over after the desalination just directly into—where does it go, Newport Bay? I am just wondering. Has there been any kind of an analysis of the effects on the water of this additional salinity? I know that if you take a fish tank and you pour too much salt in, you will kill the fish. I am assuming you have done more scientific studies than this.

Mr. BRADY. Yes, Madam Chairman, we have. If I might, I have our general manager, Paul Jones, who is intimately involved with and familiar with the studies we have done. If I might have him give a brief answer.

Senator MURKOWSKI. Sure. Welcome Mr. Jones.

Mr. JONES. Thank you, Madam Chairman. Paul Jones, general manager, Irvine Water District.

Basically, the brine that is rejected from the desalter is concentrated salts and nitrates. There is no bacteria in that brine reject, and our proposal is to build a pipeline from the treatment plant through the area down to the Orange County Sanitation Dis-

trict, and they currently have a 5-mile outfall that we would connect to.

The studies we have shown demonstrate that the salt and the nitrate level are far below the ambient level of that in the ocean which we would be disposing in.

Senator MURKOWSKI. Let me ask you then, just as a follow-up, and I will not pretend to know anything about the desalination process other than that it does take an additional amount of energy in order to do it. And recognizing that California has had some issues when it comes to their energy issues, have you factored that into the equation about how or where we get the energy to do the desalination?

Mr. BRADY. Yes, we have. In fact, we are locating this proposed treatment plant next to another treatment plant that is being constructed for a different purpose, and they will share a site and in fact even share portions of a building. One of the things that we have looked at is an alternative of self-generation rather than purchased electricity using natural gas. Currently we generate about half of the electricity for the district using natural gas, and the other half we use purchased electricity. So we have diversified, in a sense, to protect us from the energy markets in California. Gas goes up one year, electricity goes up the next year. There are shortages of electricity and we can rely more on the natural gas.

So we have factored that into our thinking. It also provides some economies of scale, because we will build a generator for the plant that will serve both of those treatment plants that are on the site and that enables us to do it cost-effectively.

Senator MURKOWSKI. I have to put in a plug for Alaska's natural gas to help you out here.

Senator Akaka, did you have any questions that you wish to pose?

Senator AKAKA. Thank you very much, Madam Chairman.

I want to thank Dr. Ching for being here, all the way from Hawaii, to testify before this committee on a subject that's not really only for Hawaii. It's really a subject for the entire country, and that is limitation of water. Lately we have even been talking about the Columbia River and the water supply issues.

But water supply is a huge problem for our country, and what I would like to say to you, Dr. Ching, is that I hope Hawaii can set up a model as to how to take care of water needs.

You also mention, with interest to me, that there were 14 major irrigation systems in Hawaii that were developed by the sugar plantations in the last 150 years. These I understand are still in place. What we are asking with my bill is for studies of only five of these irrigation systems. So we have many other systems to work on. But the fact is that there is a possibility of making the best use of the systems that we have to provide adequate water for people in Hawaii.

I wanted to ask you, of the water shortages in Hawaii which island would you say has the most critical problem for water?

Mr. CHING. Senator, the island with the greatest demand on water is where all the people live and that is Oahu currently. But what is often missed is that even on other islands that do not have a large population, the population tends to converge on the dry

sides of the island. If you look at the development in Hawaii, if you look at the big island, for example, the growth area is on the west side, on the Kona side. That is where there is no—there is not a great abundance of water and water needs to be brought over from the other side or you need to reuse recycled water.

But Oahu at the current time, because roughly 70 percent of the population of the State reside on that island, 72 percent I believe by the last census.

Senator AKAKA. Am I correct to read with alarm that the Board of Water Supply thinks that by 2018 the island of Oahu will probably not have sufficient water supply?

Mr. CHING. That is exactly correct. They waffle a little bit. Sometimes it is 2018, sometimes it is 2023, but it is very close. It is a little melodramatic, saying we are going to run out of water. What it does mean is that we start to mine water. We use more than we recharge the system with, and that is very critical if we think about future generations.

Senator AKAKA. Well, this raises the importance of what we are asking for, the study and help with our technology for recycling, as well as using the desaltination facility at Barber's Point in bringing forth potable water.

Thank you so much for coming, and I appreciate your testimony and those of the entire panel.

Thank you very much, Madam Chairman.

Senator MURKOWSKI. Mr. Ching, I have a very smart mother-in-law who spent most of her years in Alaska and now lives on Maui. She is above Kihei in the area that you describe as being very, very desert-like, so I know very well from visiting with her some of the difficulties that you have.

Just a very quick question about the study to assess the statewide water, the water resource issues. You say that it is incomplete and it is incomplete due to funding limitations. How much has been appropriated to date? What has the State's share been? Just give me some parameters here.

Mr. CHING. The Hawaii Water Resources Act of 2000 authorized $300,000 in Federal funds, to be matched by the State in like amount. So to date $600,000 has been made available. The lead agency is the Hawaii Department of Agriculture and, as you might expect, the focus has been on these over 150-year-old irrigation systems that took water from the wet side to the dry side of the island. If these systems are not sometimes refurbished or maintained, they are lost forever and you can never replace those systems. You could never—I always say you could never get an environmental impact statement to pass to do that kind of thing. But it is $600,000 to date.

Senator MURKOWSKI. If you were to do it properly?

Mr. CHING. Well, just on the agricultural side, we have essentially addressed a third of the problem, but we have not addressed some of the other issues, such as alternative supplies, outreach, use of recycled water, and just there is a whole bunch of what I would call institutional-legal issues that have to be addressed.

For example, if we look at some of these irrigation systems, the land underneath the distribution system is owned privately, but the water apparently is owned by the State. How do we reconcile

these differences that will have to be probably challenged in court before we are done?

Senator MURKOWSKI. Interesting.

Well, thank you all. Thank you for your time, your testimony this afternoon. We have had the opportunity to perhaps shine a little bit of light on some of the challenges that face us over water in some very different parts of the country. So I appreciate the time and appreciate the attendance of all this afternoon.

With that, we stand adjourned.

[Whereupon, at 3:54 p.m., the hearing was adjourned.]

APPENDIXES

APPENDIX I

Responses to Additional Questions

U.S. DEPARTMENT OF THE INTERIOR,
BUREAU OF RECLAMATION,
Washington, DC, June 9, 2003.

Hon. LISA MURKOWSKI,
Chairperson, Subcommittee on Water and Power, Committee on Energy and Natural Resources, U.S. Senate, Washington, DC.

DEAR MADAM CHAIRWOMAN: Thank you for the opportunity to respond to the follow-up questions from the May 13, 2003 hearing before the Senate Subcommittee on Water and Power on the Bureau of Reclamation's Small Reclamation Program and the Wastewater and Groundwater Study and Facilities Act.

Enclosed are Reclamation's responses to your questions. I would appreciate your assistance in inserting these into the hearing record. If you have further questions or concerns, please do not hesitate to contact me.

Sincerely,

JOHN W. KEYS, III,
Commissioner.

[Enclosure]

RESPONSES TO QUESTIONS FROM SENATOR BINGAMAN

Question 1. What is the history of the Small Reclamation Loan Program?

Answer. Enactment of the Small Reclamation Projects Act (SR-PA) in 1956 (P.L. 84984) established a loan program within the Bureau of Reclamation to assist non-Federal organizations authorized to contract with the United States with the construction or rehabilitation of their non-Federal water projects. The program is designed to accommodate multipurpose projects, with irrigation being a required project purpose. Other purposes include municipal and industrial water supplies, hydroelectric power, flood control, recreation, and fish and wildlife enhancement. Grants can also be provided for specific project purposes on a cost-share basis. Loan amounts are limited by statute, whereby in 2002, the maximum allowable total project cost for a SRPA loan was $62.1 million, with a maximum allowable loan and/or grant of $41.6 (2/3%) million.

In 1987, Federal agencies were directed by the Congress (P.L. 100-203) to sell many Federal assets, including Reclamation small project loans, to help reduce the budget deficit. Reclamation sold 166 loans back to the original borrowers on a prepayment basis. However, a 1991 audit by the Department's Inspector General severely criticized Reclamation for its handling of the loan sale. Also, it found that there appeared to be sufficient funds available in the private sector to finance such small project undertakings, and suggested that Reclamation review its loan programs. This began a series of events that resulted in the suspension of all loan program activities and the initiation of an extensive program review. This suspension remains in effect to date.

Release of the April 1995, REGO II Report by the National Performance Review Committee called for the elimination of all Reclamation small loan programs in that they no longer were essential to Reclamation's new mission.

Question 1a. Has the program worked well?

Answer. The SRPA Program was another tool to provide financial assistance to water entities in constructing and/or rehabilitating their non-Federal water supply systems. It also has the capability of assisting non-irrigation related project functions as well.

Question 1b. Are legislative modifications necessary?

Answer. The SRPA Program can be reactivated administratively, provided that program activities remain unchanged from those in effect prior to the program's suspension in 1993. However, to include other provisions, such as removal of the irrigation project purpose requirement, repayment of the irrigation repayment obligation with interest, or expanding the Program authority beyond the 17 Western states and Hawaii, as are being proposed by S. 993, would require legislative amendment of the 1956 Act.

Question 1c. Do you think the $1.3 billion cost ceiling is appropriate?

Answer. This will depend on the contents of the program that is eventually enacted into law. The ceiling of the current program is $1.2 billion, of which approximately $375 million remains uncommitted.

Question 2. Under what authority has the report been withheld?

Answer. Prior to submittal to Congress, the Department wants to assure that the report meets Departmental requirements as well as the needs of the local entities.

Question 3. How would the new authorities included in this bill interact with authority that Reclamation already has?

Answer. The bill would greatly expand Reclamation's authority and jurisdiction to include not only projects in the 17 Western states and Hawaii, but also those located in the Commonwealth of Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Virgin Islands, and the Territory of the Pacific Islands. Given the number of other demands already placed upon Reclamation's budget, new projects, such as those envisioned in S. 993, would further strain Reclamation's existing financial and administrative resources, thereby making it even more difficult to meet its current obligations.

Question 4. Is there a demand for this kind of grant and loan program?

Answer. Reclamation's SRPA Program has always been the most popular of its loan programs, given it is designed to accommodate both Federal and non-Federal projects with multipurpose features. In various meetings with water users, it is apparent that there still remains much interest in and support for Reclamation's SRPA Loan Program. Although 10 years has passed since suspension of loan activities, Reclamation staff continues to receive inquiries on obtaining loans and/or grants. Historically, the SRPA Program provided a financial avenue to assist entities in maintaining and/or upgrading their non-Federal water supply systems.

Question 5. What criteria do you think the Secretary should apply in approving the grants, loans and guaranteed loans under this legislation?

Answer. The new program would need to be developed in a manner that meets the principles and standards set forth in the Office of Management and Budget Circular No. A-129, "Policies for Credit Programs and Non-Tax Receivables". The circular prescribes the policies and procedures to be followed by Federal agencies when justifying, designing, and managing credit programs. It sets standards for extending credit, managing lenders participation in the Government's guaranteed loan programs, servicing credit and non-tax receivables, and collecting delinquent debt. Also, the requirements of the Federal Financial Management Improvement Act of 1996 will need to be addressed in developing new program criteria.

Question 6. I understand that the Bureau is undertaking a study of water resources in Hawaii. Please describe the status of that study. What do you view as the most important water resource issues confronting that State?

Answer. This water resources study is being completed by the Hawaii Department of Agriculture under a grant agreement with Reclamation. The Department of Agriculture has contracted the technical work to Water Resources Associates. Five water delivery systems have been identified for investigation. Field inspections, inventories, and assessments have been complete and the contractor is well underway with engineering evaluations. The study appears to be on schedule for completion by the end of the year.

Based on previous meetings with the Hawaii Department of Agriculture and others, they report that an aging infrastructure and changing agricultural practices are causing serious problems for the agricultural delivery systems, while increasing water demand and limitations on new sources of water supply create challenges for the municipal sector.

RESPONSE TO QUESTION FROM SENATOR FEINSTEIN

The Reclamation Wastewater and Groundwater Study and Facilities Act, P.L. 102-575, at Title XVI, Section 1606(c) mandatorily required that "the Secretary shall submit the report authorized by this section to the [Congress] not later than six years after appropriation of funds authorized by this title." The Final Feasibility Re-

port was completed in April 2001, but was not submitted to Congress as statutorily required—even though more than six years had already passed since the appropriation of funds.

Question. When will the Department submit this report to Congress?

Answer. The Southern California Comprehensive Wastewater Reclamation and Reuse Study report published in July 2002 has been under review in the Department of the Interior. Reclamation has completed a draft compendium of that report and we intend to initiate the submittal of our report to Congress after giving the local entities opportunity for review and comment.

RESPONSES TO QUESTIONS FROM SENATOR MURKOWSKI

Question 1. S. 960 would authorize the Bureau to participate in three water management projects. What is the current state of development of these projects? Have feasibility or engineering designs been developed for each?

Answer. Kalaeloa Desalting Plant—An engineering feasibility study was completed in June 2000. This study evaluated sites, desalting technologies, and provided the basis for design of a reverse osmosis membrane seawater desalting facility. Construction designs and specifications, being done under contract, are about 15 percent complete. A pilot plant is being constructed to test membrane filters and remote supervisory control and data acquisition. This pilot plant is scheduled to operate from June to September 2003.

Kealakehe Wetland Treatment Facility—In 2001 the U.S. Geological Survey and Bureau of Reclamation published a Concept Design Summary that included a subsurface wetland pilot cell, subsurface wetland and lagoon, and free water surface wetland. Since then the two agencies have completed a design and specification for the pilot cell and will complete a design for the full wetland by the end of the year. Alterations of the treatment plant and conveyance facilities are being designed under contract.

Lahaina Reclaimed Water Distribution System—The County is developing a recycling master plan that will include the feasibility of the Lahaina distribution system. This plan is scheduled for completion by the end of 2003.

Question 2. The authorizing language does not provide estimates of funding. Do you have estimates of the funding needed for:

a) Developing seawater desalination on Oahu?

Answer. The estimated cost of the Title 16 portion of the Kalaeloa Desalting Plant is $40 million.

b) Solving the effluent discharge problems at the Kealakehe wastewater treatment plant?

Answer. The cost of this project is estimated at $16 million.

c) Extending the Maui recycled water pipeline to Lahaina?

Answer. The distribution system at Lahaina is estimated to cost $4.5 million.

RESPONSES OF DR. CHING TO QUESTIONS FROM SENATOR MURKOWSKI

S. 960, THE HAWAII WATER RESOURCES ACT

Question 1. The bill authorizes "such sums as may be necessary" to undertake these three water projects. What is the estimated price tag for these projects?

Answer:

ESTIMATED PROJECT COSTS

KALAELOA

2 Basal & 2 Caprock Exploratory wells	$1,600,000
Design	$3,571,500
EIS $285,000.	
Pilot Plant $884,700.	
Design, Surveys, Permits $2,401,800.	
Construction (5 mgd @ $8/gallon)	$40,000,000
Total	$45,171,500

KEALAKEHE

Storage reservoir and distribution main	$3,000,000
Upgrade to R-1 (tertiary) treatment	$3,000,000
Distribution System with hike/bike trails	$1,000,000
Subsurface Wetland Pilot Cell	$610,000
Subsurface Wetlands and Lagoon	$5,600,000
Free Water Suface Wetlands	$2,600,000
Total	$15,810,000

LAHAINA

Booster Station: $1,125,000	$1,125,000
4.500' of 15" pipe line @ $250/ft	$1,125,000
1 MG tank @ $1.25/gallon	$1,125,000
Modify tail outlet @ Kaanapali Golf Course pond	$25,000
Misc. laterals and meters; 7 @ $5,000/lateral	$35,000
SCADA control system modifications	$25,000
Land acquisition	$1,000,000
Total	$4,460,000
GRAND TOTAL	$65,441,500

Question 2. Have feasibility or engineering designs been developed for each proposed project?

Answer. Kalaeloa—In June 2000, the Board of Water of Supply conducted an engineering feasibility study; the design construction plans and specifications are approximately 15 percent completed.

Kealakehe—A master reuse plan and environmental assessment have been prepared. Preliminary design of wetlands has also been completed. The Bureau of Reclamation has done all the preliminary engineering and design for the project and the County has an memorandum of understanding with the Bureau pertaining to this project.

Lahaina—A recycled water master plan is currently being developed for West Maui. A feasibility analysis is part of this master plan development.

Question 3. What, if any, environmental impacts will result from the construction of the three proposed projects?

Answer. Kalaeloa—Realization of the project will diversify and supplement potable water sources and will enable water supplies to be consistent with rapid population growth in this part of Oahu. In short, this project will enable the Board of Water Supply to maintain water use rates below potable water recharge rates.

Kealakehe—The environmental assessment for the master reuse plan concludes that there will be no significant impact. An amended environmental assessment needs to be prepared for the wetlands. It is anticipated, however, that realization of the wetlands will reduce the risk of coastal water contamination, transform the recycled water from a disposal liability to a resource asset, capable of irrigating parks, playgrounds, highway landscaping and agricultural activities. In addition, the wetlands will postpone the need to develop new potable water sources in the area and provide additional landscaping and recreational opportunities for the public.

Lahaina—The environmental impacts will be positive. Potable water use will decrease with increased recycled water use. There will be less reliance on the potable water wells in the area, which will improve water quality (less chlorides), increase the water table level and extend the life of the wells. In addition, the current use of injection wells for effluent disposal at the Lahaina facility will decrease. The Environmental Protection Agency has expressed some concern that injection wells may contribute nutrients to coastal waters, which may result in seaweed blooms. Decreased injection well usage addresses this concern.

Question 4. What is the status of the study to assess statewide water resource issues? How much federal money has been appropriated to date for this effort? How much state funds have been appropriated to date?

Answer. This study, mandated in the Hawaii Resources Act of 2000 is underway and scheduled for completion in September 2003. The Congress appropriated $300,000 for federal fiscal year 2002 for this purpose. The Hawaii State Legislature provided $300,000. The Hawaii Department of Agriculture is the coordinating entity charged with overseeing completion of this work.

APPENDIX II

Additional Material Submitted for the Record

STATE OF HAWAII,
EXECUTIVE CHAMBERS,
Honolulu, HI, May 8, 2003.

Hon. LISA MURKOWSKI,
Chairperson, Subcommittee on Water and Power, Committee on Energy and Natural Resources, U.S. Senate, Washington, DC.

DEAR SENATOR MURKOWSKI: In anticipation of the May 13, 2003 hearing before your Subcommittee on Water and Power, I am writing to ask for your support of the Hawaii Water Resources Act of 2003 (S. 960). As you may know, the State of Hawaii is one of the most isolated landmasses on the planet. We rely entirely on rainfall to recharge our ground water aquifers and supply our streams. Fresh water is the most important natural resource in our State and it is imperative that beyond conservation, we explore other ways of meeting our water needs.

While each of our County Water Departments has implemented water conservation efforts, we are still facing potential water shortages in highly developed areas of the State. I am very interested in finding alternative means to augment our water supply to meet our State's increasing water demands. There are several county projects in the planning stages that will utilize seawater desalination and wastewater recycling technologies as means to augment our limited resources. Successful passage of S. 960, giving authorization for the Secretary of the Interior to participate in reclamation projects in Hawaii, would be a significant step in helping us reach our goals.

I would like to briefly remark upon the importance of each of the three reclamation projects included in the language of S. 960: (1) The desalination project in Kalaeloa, Oahu will help the Honolulu Board of Water Supply meet potable water demand beyond the year 2020 (current demand projections show the island of Oahu reaching its water supply limit in 2020); (2) the wastewater-recycling project in Kealakehe, Hawaii will allow Hawaii County's Department of Environmental Management utilize recycled wastewater for environmental purposes to provide a wetland habitat on the island of Hawaii; and (3) the recycled water distribution project in Lahaina, Maui will enable Maui's Wastewater Division to increase the use and delivery of recycled water to areas with increasing non-potable water demand.

Hawaii faces many difficult water resource challenges as our demand for water increases. As Governor of our beautiful state, I strongly believe that every effort must be made to conserve our water resources for future generations, while seeking alternatives to meet our current and future water demands. It is with these goals in mind that I request your support for S. 960. If you have any questions or need more information, please contact Mr. Ernest Lau, Deputy Director, Hawaii Commission on Water Resource Management at (808) 587-0214.

Sincerely,

LINDA LINGLE,
Governor.

BOARD OF WATER SUPPLY,
CITY AND COUNTY OF HONOLULU,
Honolulu, HI, May 8, 2003.

Hon. LISA MURKOWSKI,
Chairperson, Subcommittee on Water and Power, Committee on Energy and Natural Resources, U.S. Senate, Washington, DC.

Subject: Senate Bill S.960, to Amend the Reclamation Wastewater and Groundwater Study and Facilities Act and the Hawaii Water Resources Act of 2000

DEAR CHAIR MURKOWSKI: Thank you for the opportunity to provide testimony in support of Senate Bill (SB) S. 960, the Hawaii Water Resources Act of 2003.

The Board of Water Supply (BWS), City and County of Honolulu, humbly requests your assistance in passing S.960 to amend the Reclamation Wastewater and Groundwater Study and Facilities Act to authorize a seawater desalination and two wastewater reclamation projects in the State of Hawaii, and to amend the Hawaii Water Resources Act of 2000 to modify the water resources study.

Through this bill, the BWS is seeking cooperative funding for the construction of a 5.0 million gallon per day seawater desalination facility for direct potable use within the Ewa district of Oahu, Hawaii.

The Ewa district is designated as the secondary urban center for Oahu and is a master planned community of residential, commercial and industrial developments. The population in Ewa is expected to increase by 70 percent over the next 20 years.

As an island, Oahu's natural water resources are limited. To provide a truly sustainable supply of safe drinking water and to insure the long-term protection of the environment, the BWS must leverage innovative technology like desalination. The future of our State depends on our ability to support Oahu's growing population and economy while enhancing the natural beauty of our islands and the quality of life of our communities.

We are all touched by periods of extended drought, and Oahu is no different. We have just experienced five years of low rainfall and as an island, we have few alternatives. Importing water from a neighboring state is not an option, and yet, we are surrounded by a huge resource in the Pacific Ocean. Seawater desalination is our future, and we urge the support of Congress to help Oahu meet our drinking water needs for future generations.

Thank you for your consideration and support of Senate Bill S. 960.

Very truly yours,

CLIFFORD S. JAMILE,
Manager and Chief Engineer.

STATEMENT OF TOM BRIAN, CHAIRMAN OF CLEAN WATER SERVICES BOARD OF DIRECTORS, ON BEHALF OF WATER SUPPLY FEASIBILITY STUDY PARTNERS

Chairwoman Murkowski, thank you for the opportunity to provide you with testimony in support of S. 625, a bill to authorize the Bureau of Reclamation to conduct certain feasibility studies in the Tualatin River Basin in Washington County, Oregon. My name is Tom Brian, Chairman of the Washington County Board of Commissioners and Chairman of Clean Water Services' Board of Directors. This testimony is submitted on behalf of Washington County, Clean Water Services, the Cities of Banks, Beaverton, Cornelius, Forest Grove, Hillsboro, North Plains, Sherwood, Tigard, and Tualatin, as well as the Tualatin Valley Water District. All these are collectively known as the Tualatin Basin Water Supply Partnership.

I would first like to take this opportunity to thank our Senators, Mr. Gordon Smith and Mr. Ron Wyden for their leadership in this matter and other matters of importance to the State of Oregon and its citizens. As the sponsors of S. 625, they are attempting to help prevent serious water shortages that could become critical in just a few years. The Tualatin Basin has an increasing demand for Municipal and Industrial water, Agricultural water and water for Environmental applications. With their efforts, and your support, we can avoid the unfortunate shortages impacting other basins in the northwest.

Washington County, Oregon has a population exceeding 470,000 people. Since 1987, the number of jobs in the County has doubled to approximately 220,000. Our population has doubled since 1990. Washington County is truly the economic engine that drives the rest of the State of Oregon. Washington County is home to the "Silicon Forest" where companies such as Intel, NEC, Tektronix and Lattice have a major presence. These high tech industries and other businesses need clean, reliable and plentiful water; that is one of the reasons they came to Oregon and the population growth has followed.

Washington County and the Tualatin River Watershed also have a large agriculture industry (approximately 27,000 acres of irrigated farmland) and a rapidly growing nursery stock business continues to expand in our area. With $214 million in gross farm sales, Washington County recently moved from being ranked fifth to third in the State. The nursery industry has become Oregon's number one agricultural commodity, located in large part in Washington County. This industry, too, is a large user of water.

Water suppliers will be unable to meet public water supply needs unless additional sources are available by 2012. The Tualatin River, fed by a network of creeks that drain over 700 square miles, is Washington County's only river. Nearly 80 miles in length, the Tualatin River begins in the Coast Range and meander through forest, farm and city to its confluence with the Willamette River at the city of West Linn, Oregon. The watershed does not have a snow pack to sustain summer river flows.

Investments in wastewater treatment during the past three decades have resulted in the Tualatin River being healthier than it has been in generations. However, it still remains identified as "water quality limited" according to the Clean Water Act. Efforts must be made now to improve the environmental health of the watershed to ensure its future economic vitality. Two fish species on the Tualatin River, Spring Chinook and steelhead are listed as threatened under the Endangered Species Act. Restoration of fish habitat will require more water. Expanding the Westside water source is critical to the reliability and security of the Portland Metropolitan Region water supply system.

With all these competing needs for water, it is no wonder that there is not enough to go around. As municipal, industrial, agricultural and environmental water demands grow, a solution must be found. The parties have developed an Integrated Water Resources Management strategy as a framework to address water resources management within the watershed. It is estimated that the demand for water in the Tualatin Basin will double by the year 2050, which means there is the need for an additional 50,000 acre feet of water per year.

Hagg Lake, an impoundment, which is created by Scoggins Dam on Scoggins Creek, a Tualatin River tributary was created in 1975 and is a Bureau of Reclamation facility. Washington County, in partnership with the Bureau of Reclamation operates a County park at the lake. Water from Hagg Lake is currently used for river flow restoration, municipal water supply, and agricultural irrigation needs in the Tualatin River watershed.

The water resource agencies in Washington County and the Bureau of Reclamation have been working collaboratively to meet the long-term water resource needs for all the competing interests. In fact, the partners and the Bureau of Reclamation signed a Memorandum of Agreement on March 12, 2002, which defined the roles and commitments of the parties in conducting the Study. The parties have developed an integrated water resource management strategy that has resulted in the Tualatin Basin Water Supply Feasibility Study (WSFS). The WSFS will study the impacts and benefits of a range of source options for 50,000 acre feet of needed water and select a preferred alternative as part of an EIS.

It is estimated that the EIS/Planning Report for the Tualatin Basin Water Supply Project will cost $6.87 million, of which our local partners are funding the majority, $3.8 million. We are in need of $2.9 million from the Bureau of Reclamation. The Bureau has been requesting small amounts of federal funds for the past number of years, but we need to move the Study along at a quicker pace. What the EIS and Study will show is yet to be determined, however, a number of alternatives are already being discussed. These include: expansion of Hagg Lake by raising Scoggins Dam either 40 or 20 feet; transfer of Willamette River water for irrigation; expand aquifer storage systems; increased conservation; and, expanded reuse of cleaned wastewater for irrigation. In combination with an extensive public involvement process, the intent of the Study is to determine the feasibility of these options and determine which or which combination is best to solve the issues facing the Basin.

It is our plan that we continue on with the timetable set forth by the project partners. We hope to complete the Study by December 2004. Based on the study's findings, we anticipate beginning the permitting requirements in January 2005, with final design in January 2006 and construction in January, 2007. We hope to complete construction of the selected alternative in June 2010. This is an ambitious schedule, we know, but it is one that is necessary to meet the projected water needs of this diverse and rapidly growing community. To accomplish this timetable, we need this authorization and federal funding in the amount of $2.9 million in fiscal year 2004 and we seek your committee's approval of S. 625.

Thank you again for the opportunity to submit testimony regarding this important matter in the Tualatin Basin, Oregon. We have enjoyed a great working rela-

tionship with our partners at Scoggins Dam, the Bureau of Reclamation, and we expect this relationship to continue as we move forward. We at Clean Water Services are available at anytime if you, your staff or committee members would like further information.

RESOLUTION NO. 2002-14

FREMONT-MADISON IRRIGATION DISTRICT TITLE TRANSFER

WHEREAS, Fremont-Madison Irrigation District (Fremont-Madison) is involved in a process to obtain the transfer of the legal title of portions of certain physical facilities used by Fremont-Madison, namely: the Cross Cut Diversion Dam, the Cross Cut Canal, the five (5) developed wells drilled pursuant to Idaho Water Permit 22-07022 and the assignment of said permit, all of which property rights are presently held by the United States, Bureau of Reclamation (Bureau); and

WHEREAS, Fremont-Madison is also working with the Bureau to complete the administrative process for the title transfer and is drafting a bill to convey the said facilities to Fremont-Madison for introduction in the Congress of the United States; and

WHEREAS, Fremont-Madison has controlled, managed, operated, and maintained the said facilities with permission and direction from the Bureau at all times since they were constructed.

NOW, THEREFORE, BE IT RESOLVED, That the Idaho Water Users Association supports Fremont-Madison in their effort to acquire legal title from the United States to the Cross Cut Division Dam, the Cross Cut Canal, the five (5) wells developed under Permit 22-07022, together with the right to further develop wells under Permit 22-07022, but only pursuant to a plan which mitigates for injury of all irrigation water users and which is approved by the Idaho Department of Water Resources.

ASSOCIATION OF CALIFORNIA WATER AGENCIES,
Sacramento, CA, May 12, 2003.

Hon. GORDON SMITH,
U.S. Senate, Russell Senate Office Building, Washington, DC.

Re: Support of the Small Reclamation Water Resources Project Act of 2003 (S. 993)

DEAR SENATOR SMITH: The Association of California Water Agencies (ACWA) supports your Small Reclamation Water Resources Project Act of 2003 (S. 993). As you know, ACWA represents over 440 water districts throughout the state who collectively deliver over 90 percent of California's agricultural, residential and industrial water supplies. Passage of this legislation will greatly aid in the development and expansion of local water programs in California and the other Reclamation states.

ACWA supports this legislation because the grants and loans it makes available to agencies allows them to develop projects that promote efficient water use, develop new water supplies, and enhance the environment within their service areas. This program promotes state and local participation in small Reclamation projects that will provide local benefits.

ACWA is pleased to support S. 993 and appreciates your leadership on Western water issues.

Sincerely,

DAVID L. REYNOLDS,
Director of Federal Relations.

IDAHO WATER USERS ASSOCIATION, INC.,
Boise, ID, May 12, 2003.

Water and Power Subcommittee, Senate Energy and Natural Resources Committee, Senate Dirksen Office Building, Washington, DC.

Re: S. 520—Fremont Madison Conveyance Act

DEAR MADAM CHAIRWOMAN: This letter is provided on behalf of the Idaho Water Users Association (IWUA) in support of S. 520, the Fremont-Madison Conveyance Act. IWUA represents more than 300 irrigation districts, canal companies, ground water districts, water districts, municipalities, public water suppliers, hydropower interests, aquaculture companies, agri-businesses, professional firms and individuals, all dedicated to the wise and efficient development and use of our water re-

sources. IWUA members deliver water to approximately 2.5 million acres of irrigated land. IWUA is affiliated with the National Water Resources Association and the Family Farm Alliance. IWUA is proud to count Fremont-Madison Irrigation District among its members.

IWUA has strongly supported title transfer legislation for its members, including Burley Irrigation District and Nampa & Meridian Irrigation District. Both of these bills became law. We commend Idaho Senators Larry Craig and Mike Crapo for introducing S. 520 and urge your subcommittee to favorably consider the legislation.

IWUA adopted the attached resolution at is Annual Conference in January 2003, expressing support for Fremont-Madison Irrigation District's title transfer. We request that this letter of support and IWUA's resolution by included in the official hearing record of the subcommittee. Thank you.

Sincerely,

NORMAN M. SEMANKO,
Executive Director & General Counsel.

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