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Committee on Natural Resources
Water, Power and Oceans Subcommittee**

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Good morning, Chairman Lamborn, Ranking Member Huffman and Members of the Subcommittee.

On behalf of the Family Farm Alliance (Alliance), thank you for the opportunity to present this written testimony on water supply infrastructure needs in the Western United States. The Alliance is a grassroots organization of family farmers, ranchers, irrigation districts, and allied industries in 16 Western states. The Alliance is focused on one mission: To ensure the availability of reliable, affordable irrigation water supplies to Western farmers and ranchers. We are also committed to the fundamental proposition that Western irrigated agriculture must be preserved and protected for a host of economic, sociological, environmental, and national security reasons – many of which are often overlooked in the context of other national policy decisions.

In the world of Western water, a massive flood event or devastating drought is sure to get policy makers focused on the need to update and create more effective water management policy. The recent, multi-year drought in the arid Southwest ramped up Congressional interest in federal legislation to allow Western water providers to better address drought as well as improve preparations for future dry times. One year ago, the heaviest rains in a decade overwhelmed parts of the West Coast underscoring the critical importance of having modernized water storage and management infrastructure in place to optimize water resources management. Now, a year later,

many water users in the American West are nervously looking to the skies, praying for much needed precipitation amid extraordinarily dry, spring-like weather.

Many communities of the West – as well as the farms and ranches they are intertwined with – owe their very existence, in large part, to the certainty provided by water stored and delivered by the Bureau of Reclamation (Reclamation) and other state and local water storage projects. The federal government has an enduring role in water supply infrastructure development and management that, consistent with state water laws, includes working with local water managers on both a policy and operational level and, in partnership with them, providing support for their efforts to secure a stable and sustainable water supply.

Importance of Water Infrastructure

Water is the lifeblood of our nation. Without reliable water, every sector of our economy would suffer – from agriculture, to manufacturing, to high-tech. Food cannot be grown, businesses cannot operate, and homes and schools cannot be built or operate without water. Critical water infrastructure must be maintained and modernized to ensure the delivery and safety of water today and for future generations. As Congress discusses the development of a potential infrastructure legislative package, it is of paramount importance that development, maintenance and rehabilitation of water infrastructure is a high priority.

Water managers throughout the West are actively investing in new water supply options, embracing new technology, and looking to use water as efficiently as possible. Thanks in large part to these efforts, water usage in the U.S. for agricultural, industrial and municipal uses has declined since the mid-1980's while at the same time populations, crop production, and demands for water have increased. Local water managers are looking to their federal partners to ensure that this impressive track record of water innovation can continue and even be improved.

Adverse economic consequences are certain if we do not invest and reinvest in our water infrastructure. According to the American Society of Civil Engineers 2016 Infrastructure Report Card, lack of future investment in water and wastewater systems will cause the U.S. to lose nearly 500,000 jobs by 2025 and 956,000 jobs by 2040. This lack of investment will also lead to a loss of \$3.2 trillion in GDP by 2040.

When Congress begins to deal with infrastructure issues later this year, any new federal water infrastructure investments or financing tools should be made available for improvements in water conveyance, surface water storage, aquifer storage and recovery, groundwater recharge, wastewater, water reuse, desalination, and efficiency projects. Any new infrastructure legislation must also apply to the remediation of existing aging water infrastructure as well as to the

development of new infrastructure. Moreover, meaningful infrastructure legislation should encourage integrated water resource planning from watershed to wastewater discharge. Investments in forest health and watershed management can have as high or greater water yield and return on investment as more traditional brick-and-mortar capital investments.

Western water managers also face significant regulatory and policy-related challenges. Water infrastructure that was built early in the last century is aging, and once-available federal grant and loan programs used in the past to rebuild this important infrastructure have been greatly diminished. Meanwhile, some progress – such as provisions included in the Water Infrastructure Improvements for the Nation (WIIN) Act - has been made at the federal level towards supporting the development of new and improved water supply infrastructure to keep up with the growing water demands of expanding cities, energy production, and environmental needs. While water conservation, water efficiency, and water transfers are important tools for addressing certain water supply challenges, these tools must be balanced with supply enhancement measures that provide long-term solutions for the varying and specific circumstances in the West.

Western irrigated agriculture is a significant contributor to the national economy. The Family Farm Alliance in 2015 published “The Economic Importance of Western Irrigated Agriculture” (prepared by the Pacific Northwest Project), a white paper specifically drafted for policy makers seeking to better understand the direct economic impact of Western irrigated agriculture and to acknowledge the growing chorus of voices bringing attention to food security and irrigated agriculture as a national economic issue.

For the 17 Western states studied in the 2015 report, the total household income impacts from irrigated agriculture, associated service industries, and food processing sectors was \$172 billion annually. Irrigated farming and ranching is a huge economic driver in the West, particularly in rural communities. Further, the fact that Americans spend less of their disposable income on food than any other nation in the world ensures a vibrant, consumer-driven economy. However, this economic force would virtually disappear, along with the rural American communities dependent on farming and ranching, if the water infrastructure that supports it crumbles or once-reliable water supplies are threatened. Given the magnitude of the food security issue to the nation’s economic and social wellbeing, policy makers must prioritize protection of our water supply infrastructure.

This economically critical federally-owned water infrastructure is aging and is in need of rehabilitation and improvement. Most Reclamation facilities are between 50 and 100 years old. Reclamation has reported an infrastructure and maintenance backlog of approximately \$3 billion. Such aging infrastructure presents a further challenge because it requires ever increasing maintenance and replacement investments. As of 2013, the replacement value of Reclamation’s infrastructure assets was \$94.5 billion. Investing in this infrastructure on the front end will save ratepayers’ money in the long run and allow us to preserve it, and the many benefits it provides, for future generations.

The Western Drought and Water Shortages

Droughts occur routinely in the West; that is why Reclamation made such important investments in water supply infrastructure over the past century. However, this infrastructure was never designed to meet the current burgeoning demands of growing communities and environmental needs, while continuing to serve farmers, ranchers and rural communities through periodic droughts and floods. Unfortunately, future droughts in the West are predicted to be more intense and longer than we have historically experienced in the 20th century.

The larger issue, the underlying problem, is the ever-present and worsening shortage of water. Droughts only exacerbate these water shortages. But they also highlight the need to re-examine how we manage our limited water resources in the West. When we must deal with chronic drought and water shortages in the West, the Alliance believes that we must also continue to maintain existing rural economies, support agricultural food production and enhance the quality of life and the environment, rather than to abandon those things in order to accommodate growing future water needs arising from population growth or environmental demands.

The simple fact is, in many areas of the West, we have outgrown our aging water supply infrastructure. We have been living off investments of our forefathers in water infrastructure and have not planned well enough (or in some cases at all) to replace or add to those investments to meet the ever-increasing demand for water into the future.

We must invest (and reinvest) in our important western water infrastructure that we continue to rely on in meeting both current and future demands for water. Our existing water infrastructure is aging and in need of rebuilding; new water storage facilities are needed in order to adapt to changing hydrologic conditions and to develop new usable and sustainable water supplies to meet growing demands.

As a bright spot, Reclamation's WaterSMART program continues to leverage small cost-shared grants with local and state funding for water management improvements and conservation projects, assisting many local water providers in making timely investments in their aging water delivery systems. However, by better coordinating federal conservation programs at the U.S. Department of Agriculture (USDA), such as the Environmental Quality Improvement Program (EQIP), the Agricultural Watershed Enhancement Program, and the Regional Conservation Partnership Program (RCPP) with WaterSMART programs at Reclamation, such investments could become much more effective in constructing on- and off-farm water management improvements.

Streamlining federal regulations and permitting processes, along with federally-backed loans that could provide more affordable financing tools for large, new water storage infrastructure investments can help replace the more traditional approach to water infrastructure development

through the mostly federally funded and built water projects of the past. The federal government can continue to be a partner in solving these water problems in the West by using new, innovative and more affordable financing and funding tools at a very low (if any) cost to the federal treasury.

The Role of the Federal Government in Modernizing and Expanding Water Infrastructure

We need new water storage to adapt to our changing hydrology and develop usable and sustainable supplies to meet growing demands for water. New water supply infrastructure must be developed to capture water in good years and replace diminishing snowpack during drought conditions, provide for growing recreational and environmental needs, address climate variability, allow for continued economic and population growth, and protect the vitality of irrigated agriculture in the West.

Even with downward pressures on the budget, the federal government can be a partner with non-federal water users in solving water problems in the West by developing innovative policy and financing mechanisms with a very low federal cost. These types of programs should make water infrastructure development more attractive and affordable for non-federal interests to invest in the types of projects the federal government can no longer afford to fund and construct.

a) Federal Funding and Competitive Cost-Shared Grant Programs

Western water providers have invested millions of dollars in local and regional projects and strategies in recent years to improve water supply reliability. Those investments have been a major factor in the West's ability to manage through years of severe drought.

The Alliance believes that new innovative federally-backed financing tools will be needed in the coming years to assist in constructing new and improved water infrastructure. One such example is the congressionally authorized and funded Water Infrastructure Finance and Innovation Act of 2014 (WIFIA) program at the EPA. Water infrastructure is a long-term investment, and longer repayment and lower interest terms will be crucial to attracting investment in these water supply facilities. Such financing tools, which are currently not available in the financial markets, could help fund investments in everything from new water storage reservoirs (both on- and off-stream as well as groundwater storage), regulating reservoirs, canal lining, piping open channels, computerized water management and delivery systems, real-time monitoring of ecosystem functions and river flows to manage limited water supplies to benefit both fish and people, and watershed-based integrated regional water management project planning and implementation.

We need to develop innovative ways to encourage non-federal investments in new water infrastructure without requiring that the federal government actually build or fully fund that infrastructure. We believe such investments would allow for more cost-effective construction and operation and maintenance of much needed new water supply infrastructure and not impact federal

budgets. Bridging the overall funding gap for water infrastructure will require a partnership between federal, state and local governments and the private sector. This partnership will necessitate diverse revenue streams to ensure that communities, both large and small, along with agricultural, municipal and industrial water providers are all able to meet the water infrastructure needs of the future.

We encourage Congress to:

- **Make water infrastructure a high priority in any infrastructure legislation.**
- **Continue to maintain the tax-exempt status of municipal bonds, one of the most valuable financing tools used by our nation’s water suppliers to build and improve infrastructure, as well as incentivizing the use of Private Activity Bonds (PABs) to finance private investments in public infrastructure.**
- **Strategically target funding increases for the Bureau of Reclamation and the Army Corps of Engineers to assist in the extraordinary maintenance and rehabilitation of federally owned projects that can increase water supplies, address current and future drought and water shortage concerns, meet aging infrastructure needs, address rural water needs, and increase federal project operational efficiencies.**
- **Fully fund the Water Infrastructure Finance and Innovation Act (WIFIA).** The WIFIA program was recently updated by the 114th Congress in the passage of the Water Infrastructure Improvements for the Nation (WIIN) Act of 2016 (PL 114-322) and WIFIA loans were funded for the first time in the FY 2017 omnibus appropriations bill.
- **Consider a “WIFIA-like” alternative, or access to WIFIA loans for non-federal water supply projects in the Bureau of Reclamation.** The proposed Reclamation Infrastructure Finance and Innovation Act (RIFIA) and the New WATER Act (H.R. 434) would authorize a new affordable financing mechanism for certain large water supply projects in the West. As an alternative, WIFIA could be amended to include Reclamation-approved loans for non-federal water supply projects. The RIFIA/New Water Act provisions are similar to WIFIA but focused on non-federal water supply infrastructure loans through Reclamation. The New Water Act would, similar to WIFIA, provide up to 49% financing for larger (minimum project size of \$20 million) non-federal infrastructure projects through direct Treasury loans and loan guarantees. Such loans would carry longer repayment terms and low T-bill interest rates that are not currently available to water infrastructure proponents. And, the total “cost” to the federal government on the back end would be to cover the risk of default on these loans, which for the water supply sector is very low (less than 1% default rate for water infrastructure loans). As such, the New Water Act would authorize \$175 million in budget authority

for this new loan program, and would support over \$11.4 billion in low-cost, long-term loans with actual out of pocket costs to the Treasury of less than \$10 million, and affordably financing about \$23 billion in new water supply infrastructure across the West.

- **Jump start investments authorized by the WIIN Act (PL 114-322) that provided critical new authorizations for water infrastructure development.** The FY 2017 omnibus appropriations bill and the House and Senate versions of the FY 2018 Energy and Water Development appropriations bills have included \$67 million per year for water storage and \$10 million per year for water reuse and recycling grants, both newly authorized provisions in the WIIN Act.
- **Expand Reclamation's Water SMART grants to include a larger (up to \$20 million) competitive 50-50 cost-shared grant for water supply management projects integrated into a regional watershed plan could help cost share larger water conveyance and conservation infrastructure.**
- **Find ways to improve coordination of WaterSMART and other water management programs at Reclamation with existing conservation programs at the U.S. Department of Agriculture's Natural Resources Conservation Service (NRCS).** This would lead to more effective federal investments in on- and off-farm water management improvements.
- **Advance H.R. 519, the *Water and Agriculture Tax Reform Act of 2017 (WATER Act)*, introduced by Congressman Ken Buck (R-COLORADO), and S. 1090, the *Water and Agriculture Tax Reform Act*, introduced by Sen. Mike Crapo (R-IDAHO).** A similar bill was formally endorsed by the Alliance board of directors in the last Congress. This legislation seeks to reform section 501(c)(12) of the Internal Revenue Code to provide mutual irrigation and ditch companies with added flexibility that will promote new economic activity such as small-scale hydro power projects. The bills would reform outdated tax provisions that hinder ditch and irrigation companies' ability to raise capital to invest in infrastructure. Current law dictates that mutual ditch and irrigation companies must receive 85 percent of their income from shareholder investment to maintain its non-profit designation. The bills allow these companies to receive other sources of income for operations and maintenance and still maintain its non-profit status. The legislation requires that the extra revenue be used exclusively for operations and maintenance of the ditch and irrigation company.
- **Support new ways to encourage investments in non-federal water infrastructure that can support and enhance federally owned water projects, including the use of public-private partnerships (P3s) and other innovative arrangements.** We fully

understand that the federal funding mechanisms used in the past to build the vast majority of Reclamation's water infrastructure are not available today. We view the future of water infrastructure as one where local districts plan, design, finance, construct, operate and maintain new non-federal water facilities, sometimes on federally-owned lands, as integrated features of existing federal projects. Innovative ideas currently being explored (and potentially in need of federal legislative authorities) include long-term leases of federally owned property, and full or partial title transfers of federally owned project features to project beneficiaries (see below). We need to encourage the innovative nature embedded in private-public partnerships (P3) to build non-federal water infrastructure, while also recognizing that a P3 relationship may not work for many smaller or rural water providers. More can be done to engage the unique relationships Reclamation has with project water users who depend on Department of the Interior infrastructure.

President Donald Trump and congressional leaders in 2017 took on a massive tax reform effort. With large tax cuts on the table, attention turned to areas in the tax code where federal revenues could be raised to pay for such cuts, including the possibility of reducing or eliminating tax exemptions for interest on municipal bonds – a major source of public infrastructure financing across the Nation. Nearly two-thirds of core infrastructure investments in the United States are financed with municipal bonds. Proposals previously submitted by federal officials have limited the value of tax benefits for municipal bonds, or eliminated the tax exemption on municipal bond interest altogether. Publicly-owned irrigation districts and water agencies have also consistently depended on the preservation of the municipal bond tax exemption as a fundamental component of our nation's intergovernmental partnership. We are thankful that Congress did not restrict municipal bond financing as this legislation advanced; the tax reform package signed into law by President Trump thankfully leaves the existing municipal bond tax exemption and Private Activity Bonds intact.

b) Opportunities for Water Storage Infrastructure Development

For many reasons – political, economic, societal, environmental – the construction of traditional surface storage projects is undertaken on a much more limited basis than in decades past. The most frequent reasons center around economics or an inadequate water market associated with the given facilities. In other cases, environmental, safety or geologic challenges came to light during a project's development, rendering its construction, completion or operation unfeasible. Political opposition has often contributed to a project's demise, leaving the facilities "on the books" awaiting further action, but with external events and new priorities passing them by. Even if funding and authorization were to be secured for a new storage project, the existing procedures for developing additional water supplies can make project approval incredibly burdensome and time consuming with companion permitting and environmental review costs outstripping the ability of local water providers to accommodate.

Individual surface storage proposals must be evaluated, and the associated benefits and risks must be viewed in a net, comprehensive and efficient manner. While some critics of new storage projects focus on perceived negative impacts associated with new facility construction (e.g., loss of habitat, disruption of “natural” stream flow patterns, and potential evaporative losses), these perceived impacts must also be compared to the wide range of multi-purpose benefits that storage projects provide. Properly designed and constructed surface storage projects can provide additional water management flexibility to better meet downstream urban, industrial and agricultural water needs, improve flood control, generate clean hydropower, provide recreation opportunities, and create additional instream flows that benefit downstream habitat and water quality.

- **We were pleased to see the House pass Rep. McClintock’s “*Water Supply Permitting Coordination Act*” (H.R. 1654).** This bill – and a companion bill (S. 677) sponsored by Sen. John Barrasso (R-WYOMING) – represent the latest iterations of legislation supported by the Family Farm Alliance since 2012. The two bills propose the creation of a “one-stop-permitting-process-shop” within the Bureau of Reclamation. H.R. 1654 would establish Reclamation as the lead agency for coordinating environmental reviews and permitting new or expanded non-federal surface storage facilities. The bill also would allow the Secretary of the Interior to accept funds from non-federal public entities and to use those funds to expedite the permitting process for designated projects.

As you are aware, developing new water storage projects is much easier said than done. For many reasons, existing procedures for permitting the development of additional water supplies can make project approval incredibly burdensome. In fact, on one project in Wyoming, a 20,000 acre-foot water storage reservoir took 17 years to build – 2 years to construct and 15 years to permit! The “*Water Supply Permitting Coordination Act*” provides a critical first step towards addressing current regulatory and bureaucratic challenges that many times will delay or even halt the development of new water supply enhancement projects in the Western United States.

- **We also support Rep. Newhouse’s H.R. 4419, *The Bureau of Reclamation Project Streamlining Act of 2017*.** Alliance President Patrick O’Toole testified before your Subcommittee in support of this legislation last year. In February 2017, the Alliance formally supported the original bill, which would streamline the Bureau of Reclamation’s environmental planning and study process for new water projects. H.R. 4419 requires Reclamation to accelerate studies and provide more accountability in the agency’s process to study the feasibility of new and or expanded surface water storage. The legislation would provide the same streamlined water project development process for Reclamation surface water storage projects that the “*Water Resources Reform and Development Act of 2014*” gave to the U.S. Army Corps of Engineers. The goal of the

legislation is to reform the current cumbersome, lengthy process so that there is a mechanism to build new surface water storage projects in the West.

- **The Corps of Engineers, working with Reclamation where appropriate, should identify and study** (at the request of a non-federal water contractor or reservoir owner/operator) **flood control rule curves** at Corps-regulated reservoirs where additional water supplies could be stored and used in dry years without risking flood damages downstream of the facility.

Bureau of Reclamation Title Transfers

The Alliance believes that in the water arena, a “one size fits all approach” dictated from Washington is counterproductive and ineffective. Federal laws and regulations should be drawn to recognize that facts and circumstances can vary significantly from region to region. Given the federal ownership and liability for each Reclamation-owned water project, bureaucratic inefficiencies sometimes overlay the process of managing and operating this important water infrastructure, even though operations and maintenance are typically performed by non-federal state-based local entities, such as irrigation or water districts. Such facilities, known as “transferred works”, where project operation, maintenance and replacement responsibilities (other than title) are contracted to the non-federal entity, are still owned by the federal government and many of these projects are ripe for title transfer. Yet, there remain many barriers to an efficient transfer of title out of federal ownership to these local operating entities.

Our members include irrigation districts and water agencies across the West that are responsible for the operation and maintenance of most of the Bureau of Reclamation’s water supply and distribution facilities. Several of our members have worked with the federal government over the past two decades to transfer all or parts of Reclamation projects to these local operating entities. In fact, one of the first title transfers of a Reclamation district that was approved by 105th Congress to the Burley Irrigation District (IDAHO) in 1998 was facilitated by the Alliance.

The Alliance believes title transfers are one of several positive means of strengthening control of water resources at the local level. In addition, title transfers can help reduce federal costs and liability, and allow for a better allocation of federal resources. Operational decisions are timelier and many times are more cost effective when made at the local level. Further, maintenance and rehabilitation of our aging federally owned facilities is more effectively financed and constructed by the local agencies currently responsible for these activities anyway. Title transfer would allow for a broader portfolio of financing alternatives for cost effective reinvestment in these facilities to be made available at the local level.

Despite the potential benefits, local water agencies are many times discouraged from pursuing title transfer because the process is expensive and slow. Environmental analyses can be time-

consuming, even for uncomplicated projects that will continue to be operated in the same manner as they always have been. Complying with the National Environmental Policy Act (NEPA), the procedures required to address the transfer of real property, and cultural and historic preservation issues are often very inefficient, time consuming and expensive. Moreover, every title transfer currently requires an act of Congress to authorize, regardless of whether the project covers 10 acres or 100,000 acres.

We are pleased to see the action taken by your committee to advance the “Reclamation Title Transfer Act”, H.R. 3281, which would authorize the Secretary of the Interior to facilitate the transfer to non-federal ownership of appropriate Reclamation projects or facilities, and for other purposes. It is encouraging to see that the Senate also recently conducted an oversight hearing on this matter; Senate Energy and Natural Resources Water and Power Subcommittee Chairman Jeff Flake entered our written testimony into the hearing record in his opening statement. We support Reclamation efforts to work with Congress to develop this legislative concept for a programmatic approach intended to simplify transfer of “non-complicated” facilities. This would greatly reduce the hurdles and expense that can impede title transfers beneficial to local interests and to the federal government.

Forest Health Threats to Water Supply and Infrastructure

The most expensive and destructive wildfire year on record continued into Autumn 2017 in California as end-of-the-month temperatures climbed into the triple-digits. In the world of Western water, a massive wildfire in the headwaters of a watershed can devastate the water supply – both quantity and quality – that is so important to the many beneficial uses in that river basin, including the irrigation of farms and ranches that produce some of our Nation’s high-quality food and fiber. According to the U.S. Forest Service website (“Cost of Fire Operations”), national wildfire suppression costs in 2017 surpassed \$2.4 billion – the highest on record – and burned more than 10 million acres, just 100,000 acres short of the 2015 record.

There are a series of complex factors that are to blame for what has become an annual exercise in many parts of the Western U.S. More large, complex fires are occurring simultaneously, often on landscapes with heavy fuels and steep terrain. The fire season is now a year-round occurrence, and the expansion of construction into the urban-wildland interface now puts 44 million homes at risk. According to the U.S. Forest Service, conditions on the ground are worsening and that agency is now projecting the fire budget to consume two thirds of the overall budget four years sooner than originally calculated.

As fire suppression activities continue to rise as a percentage of the U.S. Forest Service’s budget, resources to responsibly manage forests are impacted. Funding for federal wildfire management—particularly for suppression operations on federal lands — is the issue targeted by several bills introduced in Congress this year. However, a fire funding fix is seen as only a partial solution by

many, who believe that such a fix should also be paired with management tools. Altogether, a dozen stand-alone wildfire bills have been introduced in Congress. Notably, the House passed on November 1 the Resilient Federal Forests Act of 2017 (H.R. 2936), which seeks to address wildfires by changing the way fire suppression and forest management on federal lands is paid for. The bill also establishes five new categories of categorical exclusions (CE) under the National Environmental Policy Act (NEPA) that could result in timber harvesting with limited environmental review or public comment.

The Family Farm Alliance in 2017 formally supported legislation proposed by Senator John Barrasso (R-WYOMING) in the Wildfire Prevention and Mitigation Act, which would expand categorical exclusions from certain environmental reviews and overturn a federal court decision from 2015 that forced more consultation between the Forest Service and the Fish and Wildlife Service on forest management projects. The bill is intended to discourage litigation against the Forest Service and the Bureau of Land Management relating to land management projects, require the Secretary of the Interior to develop a categorical exclusion under NEPA for covered vegetative management activities carried out to establish or improve habitat for greater sage-grouse and mule deer, address the forest health crisis on National Forest System land, and expedite and prioritize forest management activities to achieve ecosystem restoration objectives, among other purposes.

We believe it is critical that both forest management reforms and resolution of the “fire borrowing” issue are addressed in comprehensive legislation focused on improving the health and resiliency of our federal forests. Only by addressing both issues together can we ensure that on-the-ground forest management and restoration activities will proceed at the pace and scale equal to the problem and begin to improve the forest conditions that led to the recent devastating and costly fire seasons.

Water Rights Protection

The Alliance has long advocated that solutions to conflicts over the allocation and use of Western water resources must begin with recognition of the traditional deference to state water allocation systems. The Alliance supports S. 1230, the “Water Rights Protection Act” (WRPA). This important legislation would prohibit the conditioning of any federal permit, lease, or other use agreement on the transfer, relinquishment, or other impairment of any water right to the United States by the Secretaries of the Interior and Agriculture. The WRPA would protect communities, businesses, recreation opportunities, farmers and ranchers as well as other individuals that rely on privately held state-based water rights for their livelihood from federal takings. It would do so by prohibiting federal agencies from extorting water rights through the use of permits, leases, and other land management arrangements, for which it would otherwise have to pay just compensation under the 5th Amendment of the Constitution.

Our farmers and ranchers rely on their vested water rights to secure operating loans in order to irrigate and produce crops and water livestock. Federal agencies should not be able to leverage those private water rights against farming and ranching families who have long depended upon federal permits and leases to support actions like grazing.

The Need to Modernize Aging Federal Natural Resources Laws

We are hearing with increasing frequency reports of how agency implementation of aging federal laws like the National Historic Preservation Act (NHPA) can impede efforts to repair and modernize water infrastructure projects. The Family Farm Alliance last year gathered input from its members on specific examples of where and when the NHPA and the State Historic Preservation Office (SHPO) directives have impacted past operations, including title transfers or infrastructure rehabilitation. Over the past decade, we have heard numerous anecdotal accounts of the challenges facing Western water managers who run up against cultural and historic resources issues, particularly in title transfer and infrastructure modernization processes. We look forward to continuing to work with Congress in the hope that these examples can be used to advance potential changes to the law that could help alleviate similar reoccurrences in the future.

2018 Farm Bill Opportunities to Address Agricultural Infrastructure Challenges

While the Farm Bill is outside the purview of this Subcommittee, this legislative vehicle nonetheless provides opportunities for Congress to provide programs that improve water management in the Western United States. The Family Farm Alliance is involved with many Farm Bill efforts underway to make it easier for irrigation districts to play a part in administering conservation title programs that provide a bigger “bang for the buck” in terms of water quantity and quality benefits. The Alliance is also working provide continued support for permanently authorizing and funding P.L. 83-566 Watershed Act provisions. The FY18 USDA appropriations bill – like the FY 2017 bill – includes \$150 million for the *Watershed Protection and Flood Prevention Act*, which provides for cooperation between the Federal Government and the states and their political subdivisions in a program to prevent erosion, floodwater, and sediment damages to further water and land conservation. In addition to discussing these ideas, it will be necessary to coordinate with Farm Bureau and other groups to reach agreement on the role of irrigation districts administering Farm Bill conservation title programs. It will be necessary to find balance between programs that can continue to benefit individual producers, but which perhaps can be implemented more efficiently with umbrella entities like irrigation districts.

The Alliance’s Farm Bill priorities include continued support for the RCPP and EQIP which are particularly important to achieving conservation and rural economic and social goals in the West. We want to ensure that EQIP remains available for use across all land ownerships and we would like to see the new Farm Bill remove contracting barriers and streamline implementation of RCPP.

The Alliance also wants to allow more flexible utilization of the Watershed Protection and Flood Prevention Act, (P.L. 83-566) for watershed enhancements.

Hydropower Infrastructure Concerns and Recommendations

Hydroelectric projects have tremendous potential for producing significant amounts of renewable energy with virtually no negative environmental impacts. Streamlining the permitting process associated with these types of projects will make it easier for Western agricultural water users to pursue practical hydropower generation projects. Historic irrigation structures can be retained while the system is updated with modern clean-energy producing technologies. Increased revenues from the sale of this renewable energy can result in a new source of funding for operating, maintaining, and rehabilitating our aging water delivery infrastructure at lower costs to farmers. And, importantly, irrigation water delivery services can continue while utilizing flows for clean, emissions-free energy production.

The Family Farm Alliance last year supported H.R. 3043, “the Hydropower Policy Modernization Act”, which passed the House last year by a vote of 257-166. The bill would designate the Federal Energy Regulatory Commission (FERC) as the lead agency for the purposes of coordinating all applicable federal authorizations and establishes coordinated procedures for the licensing of hydropower projects. The legislation also establishes procedures for trial-type hearings conducted by an Administrative Law Judge to resolve disputes relating to conditions and fish-way prescriptions under Part I of the Federal Power Act. In addition, the legislation facilitates the timely and efficient completion of license proceedings by minimizing duplication of studies and establishing a program to compile a comprehensive collection of studies and data on a regional or basin-wide scale.

Conclusion

Even though we experienced a very wet winter and spring last year, this year’s dry winter will attest that there are no guarantees that the West will not experience even more intense multiple drought years in the future. In order to avoid disaster and to ensure that all reasonable water demands are met in the future, the West must begin to manage water as if every year was going to be a drought year. This will require everyone in the West to adopt a new paradigm, one that promotes wise management of this limited and valuable resource and protects carryover storage for future use in dry periods. This new paradigm will also mean additional investment in technology, conservation and new water storage and management infrastructure in order to deal with the uncertainties that lay before us. A strong commitment to water infrastructure must be made in any infrastructure package that Congress and the Administration considers.

The public infrastructure challenges our Nation is currently facing are daunting, and they will require innovative solutions. The infrastructure investments made by prior generations have benefited this country for over a hundred of years. Now it is this generation's responsibility to invest in infrastructure and invest for future generations.

Thank you again for the opportunity to testify and for your attention to the many infrastructure challenges facing our nation. The Family Farm Alliance and our members stand ready to assist you in your efforts and will answer any questions you may have.