Testimony of
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U.S. Senate Committee on Energy and Natural Resources
Subcommittee on Water and Power
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Chair McSally, Ranking Member Cortez Masto, members of the Water and Power Subcommittee,

Thank you for the opportunity to testify on the *Water Supply Infrastructure Rehabilitation and Utilization Act* (S. 2044). This legislation is important to Western irrigated agriculture and our nation as a whole.

My name is Wade Noble; I am a fifth generation Arizonan and I represent numerous organizations with interests in our nation's irrigation water infrastructure. I offer this testimony on behalf of Wellton-Mohawk Irrigation & Drainage District (Wellton-Mohawk), Yuma County Agriculture Water Coalition (Coalition), Agribusiness & Water Council of Arizona, Family Farm Alliance (Alliance), and National Water Resources Association (NWRA).

Yuma County, Arizona agriculture provides winter vegetables to 85% of the United States and Canada during the winter season. Wellton-Mohawk is one of five irrigation districts located in Yuma County and it is the largest district in the county. The district delivers nearly 385,000 acre feet of Colorado River water each year to irrigate 62,744 acres. Wellton-Mohawk owns, operates and maintains 378 miles of main canals, laterals, and return flow channels, 3 major pumping plants, 4 minor pump stations, 10 re-lift pumps, 90 drainage wells, and about 300 observation wells.

The Coalition was created by Yuma, Arizona area irrigation districts and the Yuma County Water Users' Association (Association) to address shared issues and concerns and to support and protect Yuma, Arizona area agriculture and its use of Colorado River water. The Agribusiness & Water Council of Arizona broadly represents the Arizona agriculture community and its membership includes growers, ranchers, electrical districts, irrigation and drainage districts, equipment, seed, and chemical suppliers, attorneys, agricultural processors, agribusiness financiers, commodity groups, trade associations, Arizona State University and the University of Arizona.

The Alliance advocates for family farmers, ranchers, irrigation districts, and allied industries in seventeen Western states and is focused on one mission – to ensure the availability of reliable, affordable irrigation water supplies to Western farmers and ranchers. NWRA represents state water associations, irrigation districts, municipal water providers, end water users and their collective interests in the management of irrigation and municipal water supplies throughout the western United States and portions of the South. The members of these organizations help

provide water to more than 50 million Americans and irrigate millions of acres of farmland across the United States.

America is blessed to have one of the most comprehensive water infrastructure systems the world has ever seen. This infrastructure was built thanks to the foresight and sacrifice of prior generations. Today, these systems need re-investment – in existing infrastructure and in new infrastructure – and it is our turn to ensure that future generations have access to affordable, safe and reliable water.

While I am not testifying on the *Drought Resiliency and Water Supply Infrastructure Act* (S. 1932), we fully support it and believe it will be instrumental in the development of new, additional, much needed water infrastructure. It is an integral part of addressing the country's water infrastructure needs and we ask for your support of S. 1932 as well.

S. 2044, the *Water Supply Infrastructure Rehabilitation and Utilization Act*, the bill I have been asked to testify on – specifically Section Two – addresses our country's existing, aging infrastructure and is greatly needed.

Water Infrastructure in the West

Water challenges in the West are significant and daunting. These challenges are not unique to any one state; rather they impact every state west of the 100th Meridian. Across the West, Bureau of Reclamation (Reclamation) facilities and existing infrastructure are on average fifty (50) years old, with some facilities one hundred (100) years old. These water resource facilities are dispersed throughout 17 western states and have an original development cost of more than $21 billion. Aging infrastructure, as we all well know, presents a challenge because it requires ever increasing maintenance and replacement investments. The majority of these facilities are in dire need of rehabilitation.

Almost ten (10) years ago, Reclamation reported to this Committee an infrastructure and maintenance backlog of approximately $3 billion for both Reserved and Transferred Works. That backlog can only be higher today. As of 2013, the replacement value of Reclamation's infrastructure assets was $94.5 billion. We must recognize this infrastructure is, for all intents and purposes, irreplaceable and its true value is much higher.

The need is self-evident and well stated. Diverse stakeholders have reached out to Congress this year to convey their support for water infrastructure. Letters sent in January and March of this year highlight this support. In January, nearly 100 groups ranging from the Sierra Club to NWRA sent a letter to Congress encouraging investment in water infrastructure. In March, the Family Farm Alliance – working with the California Farm Bureau Federation and Western Growers Association – transmitted letters signed by over 100 national and Western agriculture and water organizations, calling upon Members of Congress to develop an infrastructure package that addresses water infrastructure needs. The support for water infrastructure investment is shared throughout our nation from agricultural groups to environmental and industry groups.

Irrigation Districts Role in Operation and Maintenance of Reclamation Facilities

In general, irrigation districts are operating and maintaining Reclamation-owned facilities. These are Transferred Works – Reclamation retained ownership but transferred by contract the

responsibility for routine operation and maintenance of irrigation systems and for the extraordinary maintenance and/or capital improvements of facilities and infrastructure.

In some instances, there is an additional layer. Reclamation contracts with one district, the Responsible Party, for the routine operation, maintenance and extraordinary maintenance/capital improvements of a Transferred Work. Where the Transferred Work is shared by other districts, the other districts become Funding Parties, and while they are not directly responsible for completing routine and extraordinary maintenance/capital improvements, they are financially responsible for the work.

Imperial Dam as an Example

The Imperial Dam is an example of a shared Reclamation Transferred Work and the financial impacts to irrigation districts as a result of the extraordinary maintenance/capital improvements needed on aging infrastructure.

Imperial Dam, built in 1938, is now 81 years old. The dam is a concrete slab and buttress, ogee weir structure across the Colorado River on the California/Arizona border 18 miles northeast of Yuma, Arizona. It retains the waters of the Colorado River for diversion into California (Imperial and Coachella valleys), Arizona (Yuma County) and Mexico. The facility consists of the dam itself, the main diversion headworks (All American Canal for California and Mexico), the Gila Gravity Diversion headworks (Arizona) and settling basins. Nearly six (6) million acre-feet of water is diverted through the dam annually – about 90% of the volume of the Colorado River. Diversions can top 40,000 cubic feet per second, more than 50 times the flow of the Rio Grande River.

Water is diverted for Arizona at the dam using the Gila Gravity Headworks to five (5) Yuma area irrigation districts (Wellton-Mohawk Irrigation & Drainage District*, Yuma Mesa Irrigation and Drainage District, Yuma Irrigation District*, North Gila Valley Irrigation and Drainage District*, and Unit B Irrigation and Drainage District* – *I am General Counsel). Water is diverted at the dam into the All American Canal on the California side to the Yuma County Water Users' Association and the City of Yuma, Arizona.

For California, the dam diverts water to three (3) irrigation districts (Imperial Irrigation District, Coachella Valley Water District, and Bard Water District* – *Meghan Scott, Noble Law Office is General Counsel), and the cities of El Centro, Brawley, Calexico, Imperial and Indio. The dam is the diversion facility for water to several Native American tribes in both states and, as previously mentioned, delivers Mexico's entitlement of Colorado River water pursuant to the 1944 Mexican Water Treaty.

Imperial Dam is a critical asset to the economy of the region and the livelihood of hundreds of thousands of regional residents, to the nation's food supply and other agriculturally related industries, and to national security.

Imperial Irrigation District is contractually obligated to perform all routine and extraordinary maintenance at Imperial Dam. However, the Arizona and other California irrigation districts listed above are contractually obligated to pay their portion of the cost of that routine and extraordinary maintenance. In the next ten (10) years, the districts will spend over $50 million on extraordinary maintenance and capital improvements alone at Imperial Dam. That number does not include their routine maintenance obligations at the Dam, nor does it include the routine and

extraordinary maintenance costs within their own districts. It is also important to note that these repairs are not optional – they are required by Reclamation.

As the Responsible Party, and given its size and power revenues, Imperial Irrigation District has a number of options for its own financial obligations at Imperial Dam, including grants, bonds, assessment increases, use of other revenue, and/or loans. The other Funding Parties do not have those options. It is the lack of these options being available which brought us to Section 2 of S. 2044.

Financial Impacts on Irrigation Districts and Past Hurdles

Where the Funding Parties are not the Responsible Party, they have less funding and/or finance options. There is a difficulty in obtaining grant monies or seeking traditional financing. Bonding is especially difficult for non-Responsible Parties and for smaller districts. This leaves most districts with only two options – increasing their assessments and/or burning through reserves (if any). Use of reserves and increasing assessments does not leave these Funding Party districts in better condition.

Increasing assessments and burning through reserves for major capital improvement work either within their own systems or on those shared facilities leaves districts less stable. It makes it harder for districts to keep up with their regular operation and maintenance and there is less of a chance that these districts are able to keep a reserve for emergencies or new infrastructure.

With smaller districts, increasing their per-acre assessment may not raise the funds needed fast enough. It is difficult to raise funds over a short period of time, especially where the cost of repairs is significant. Exponential increases are also not easily absorbed by landowners and/or growers. In the Yuma area in particular, many landowners/growers do business in every district and the Association. A small number of individuals bear the brunt of the costs of these major capital improvements, and the impact to their business is substantial.

These districts have been seeking assistance with infrastructure funding for some time with no success. While past legislation has helped other districts and entities, the districts and entities I represent have not been able to benefit from those programs. This is because: 1) their infrastructure is Reclamation owned; 2) the infrastructure is pre-existing; 3) the projects are not storage facilities; and/or 4) helpful programs have been left unfunded. S. 2044 gets us past those hurdles and specifically addresses our needs.

Water Supply Infrastructure Rehabilitation and Utilization Act (S. 2044)

Section 2 of S. 2044 – the Aging Infrastructure Account – addresses extraordinary maintenance challenges and creates a general fund for operating entities and project beneficiaries responsible for repayment to seek funds for the completion of extraordinary operation and maintenance work for transferred works. This Account makes it possible for all parties, responsible and/or funding, to request funds for extraordinary maintenance and repay those funds on an extended schedule.

This Section is specifically designed to amend the aging infrastructure section of P.L. 111-11, which contains provisions many Western water interests pushed for following the Truckee Canal failure near Fernley, Nevada in 2008. P.L. 111-11 authorized Reclamation to finance extraordinary maintenance on reserved and transferred works for up to 50-years with Treasury rate interest rates.

Funds for P.L. 111-11 were never appropriated. The program existed without appropriated funding and was, therefore, of no value. Reclamation rarely budgets for these non-federal obligations, leaving the program dysfunctional and untapped.

S. 2044 requires Reclamation to take requests from water users who require federal funding and long-term financing to make these extraordinary improvements possible and to report those requests to Congress for their consideration in the appropriations process.

Creating a helpful and functional program that makes it easier for Reclamation to ask for much needed appropriations is only the first step. We will also need your support in the appropriations process. Still, this bill is a significant step in the right direction.

If created and funded, the Aging Infrastructure Account will relieve the pressure on districts to exponentially increase assessments and will provide funding flexibility to districts – both as responsible and funding parties. Work will move more quickly and be completed on shorter timelines and Reclamation's infrastructure will be repaired in great working order.

At Imperial Dam, Funding Parties will be able to fund the costs of routine and extraordinary maintenance with the flexibility of long-term repayment. Reclamation and its contract holders (the districts) can continue to deliver water to Arizona and California water users and Mexico without risk of system failures, and our Nation can continue to enjoy the food security provided by Yuma's winter vegetable and leafy green production.

S. 2044 is much needed, and if made functioning, it is an essential part to solving our country's aging infrastructure problem.

<u>Sections 3 and 4 of S. 2044</u>
While my testimony has focused mostly on Section 2 of S. 2044, it is not meant to ignore the importance of the other two substantive sections.

Section 3 – Authorization of Appropriations for the Reclamation Safety of Dams Act – is also significant to and important for addressing the needs of water infrastructure in the West and this Nation. The appropriation of an additional $550 million to the Safety of Dams Act will ensure that Reclamation can financially address the infrastructure woes facing our dams and ensure the safety of those structures and the public throughout the West and across the country.

Section 4 – Review of Flood Control Rule Curves Pilot Project – is important to water managers, not only in the West but throughout the country, providing additional tools and flexibility to flood control and/or reservoir projects and facilities, and allowing managing entities to react to ever-changing climatic conditions. In Arizona, in particular our friends and colleagues at the Salt River Project would benefit in the operations of Roosevelt Dam. If these pilot projects are successful, it would help change the way we manage these systems and create programs that are resilient to the environment and its variants.

Considered as a whole, S. 2044 will have a significant positive impact nationwide on the needs of water infrastructure and the management of water resources.

Conclusion – The Value of Water Delivered through Reclamation Facilities and Sound Fiscal Policy
Every year Reclamation projects provide a, direct economic benefit to the nation of more than $20 billion and a total economic contribution of more than $48 billion.

An investment in water infrastructure is an investment in our nation, its future, and its economy. Funding devoted to water infrastructure is a powerful economic driver and provides a significant return on investment. Every dollar invested in water and wastewater infrastructure increases long-term GDP by more than six dollars. This multiplier clearly shows that investing in water infrastructure is sound fiscal policy. Investing in our existing, yet aging infrastructure on the front end will save taxpayers money in the long run and allow us to preserve our current facilities and infrastructure and the many benefits they provide for future generations. As Bureau of Reclamation Commissioner Brenda Burman said in June of 2018: "We need to think ahead 20, 40, 50 years and enhance water infrastructure for reliable water supplies in the future."

Investing in water is not just about economic return. It is also about health and safety. Reliable water infrastructure is essential to the health and well-being of all Americans; your efforts to ensure adequate investment in this critical sector of our nation's infrastructure are greatly appreciated, and I, the Family Farm Alliance and NWRA stand ready to assist you in this work.

Thank you for the opportunity to testify and thank you for the work you have already done on water infrastructure in the 116th Congress. Title VIII of S. 47 included numerous provisions that will benefit the Bureau of Reclamation and water users, and we also appreciate all of on work on the Colorado River Drought Contingency Plan (DCP). We look forward to moving S. 2044 and S.1932 forward.