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BUREAU OF RECLAMATION'S PROPOSED FISCAL YEAR 2004 BUDGET

OVERSIGHT HEARING

BEFORE THE

SUBCOMMITTEE ON WATER AND POWER

OF THE

COMMITTEE ON RESOURCES
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED EIGHTH CONGRESS

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OVERSIGHT HEARING ON THE BUREAU OF RECLAMATION'S PROPOSED FISCAL YEAR 2004 BUDGET

Wednesday, March 5, 2003
U.S. House of Representatives
Subcommittee on Water and Power
Committee on Resources
Washington, DC

The Subcommittee met, pursuant to notice, at 2:20 p.m., in room 1324, Longworth House Office Building, Hon. Ken Calvert, [Chairman of the Subcommittee] presiding.

Present: Representatives Calvert, Walden, Renzi, Nunes, Napolitano, Inslee, and Cardoza.

Mr. CALVERT. The hearing will come to order.

The Subcommittee is meeting today to hear testimony on the Bureau of Reclamation's proposed Fiscal Year 2004 budget. Since this is a new session of Congress, let me take this opportunity to welcome our new Ranking Member, Mrs. Grace Napolitano. Not only is Grace a good friend, as you know, she is a distinguished member from the great State of California, and we are happy to see her in the position she is in.

I would also like to welcome all the members, both old and new, and hopefully some of our older members will come on by here pretty soon to our first Subcommittee meeting.

Let me say that I am certainly looking forward to working with Mrs. Napolitano on several issues in the past Congress and certainly some issues that are a priority for this Subcommittee as well as new issues to our members that are important.

So at this point, I would like to have the members in 1 minute or less explain what issues are of interest to them. This is not an opening statement, so please keep your comments to a minimum. And I will start with the Republican members of the Subcommittee, and afterwards Mrs. Napolitano will introduce her members, who, I am sure, will also express their interests and what is important to them.

So, with that, Rick Renzi, you are recognized for 1 minute.

Mr. RENZI. Thank you. Rick Renzi from Arizona. Thank you for coming over today and I look forward to your testimony.

I wanted to mention just a few things that I am particularly interested in. In rural Arizona, in the highlands, as you know, water in Arizona, very scarce. Typically the headwaters of most of the

rivers and streams in Arizona exist up in the mountains of rural Arizona. And what we are finding is that the water management policies of the past, particularly with our forests and the overgrowth of our forests, are now draining that downstream capability.

So I would ask, please, as you move forward through the next year, that you focus in on the need for there to be a coherent water policy as it relates to forest health and water. The more we thin the forests, the more water matriculates down into the soil and then eventually comes out downstream and allows our downstream users, our ranchers and our farmers in Arizona. But without your input and without your kind of using your bully pulpit to really fight for water supply downstream as it relates to forest health, then we are going to go without a real champion. And we need that champion to be used here.

So I just wanted to share that new aspect of how we can develop more water by thinning our forests and ask you to please consider that in the future.

Thank you, Mr. Chairman.

Mr. CALVERT. I thank the gentleman, Mr. Renzi. I apologize.

Mr. Nunes, another Californian.

Mr. NUNES. Thank you, Mr. Chairman.

Mr. Commissioner, it is good to see you here, and Mr. Raley, who is also here, thank you for coming in a few weeks ago and meeting with me. I just want to reiterate my priority for the State of California—there has basically been no new water storage projects built in nearly a generation. And if this continues to go on, even though I am one of the youngest Members of Congress, the State of California is going to run out of water. So if you are going to continue to meet the needs of urban, environment, and agriculture, we are going to have to have something done soon. So I have grave concerns about the CALFED process, and then, of course, you are familiar with, in my district, the local project on the San Joaquin River, which I was very glad to see in the omnibus bill. I look forward to hopefully ensuring that that is fully funded and we can get past the feasibility study phase—which we haven't been able to do in 35 years.

So, with that, thank you very much, Mr. Chairman.

Mr. CALVERT. I thank the gentleman.

Mrs. Napolitano?

Mrs. NAPOLITANO. Thank you, Mr. Chair. I would defer my speech at this stage—

Mr. CALVERT. Turn on your microphone.

Mrs. NAPOLITANO. But I would like to introduce the newest member of our Committee hailing from the great State of California, Mr. Dennis Cardoza, a good friend.

Mr. CARDOZA. Thank you, Mrs. Napolitano. It is a pleasure to be serving with you again. We served in the legislature together in California, and it is a pleasure to be serving on this Committee.

As I look around the room and notice that we have seven members from California, we have several from Arizona and New Mexico, we have a majority, vast majority, from the West. You can certainly see that water and resources management issues are important to our part of the world.

I am very concerned with achieving balance, making sure that while we protect endangered species that we don't make people endangered species. I am very concerned about adding new water resources to California. We are also a thirsty State that needs more opportunity with regard to water, and I look forward to working with the Chairman and the Ranking Member on these issues.

STATEMENT OF THE HON. KEN CALVERT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. CALVERT. Thank you.

We will now begin this hearing, and I want to thank people for attending, and certainly I see Bennett Raley here today. Thank you for attending also, and certainly the Commissioner, and we will begin this hearing at this time.

Growing populations and changing values continue to place increasing demands on water supplies and river systems, resulting in water use and management conflicts throughout the country. These conditions continue to be particularly evident in the West. Over time, new laws and regulations were put in place to protect threatened and endangered species, to reduce or eliminate pollution, and to enhance recreational and scenic values. These and other factors, including record-setting droughts and scarce Federal dollars, significantly complicate water management in the West.

There is greater interest in how to balance resources to meet these new stresses on existing fully appropriated water supply. There is great debate on the how the Bureau of Reclamation will plan for and manage the use of this renewable, yet sometimes scarce and increasingly sought after, water resource. Questions over how Reclamation will coordinate water policy with State and other Federal agencies, whether it is spending money on the right program, how it meets its "core mission" or what the "core mission" is or can be are important ones which need to be answered.

Water users throughout the West need operational flexibility, new water storage and expansion of older ones, and capabilities for reclaiming and reusing water. With its vast expanse of water resource infrastructure and water management experience throughout the West, Reclamation will continue to be a principal player in providing reliable and safe water supplies for future generations.

There is no single solution that works best for all water problems. As Reclamation enters the 21st century, it must adapt to changing circumstances that require a collaborative approach to resolving water resource management issues. Meanwhile, non-traditional water supply sources are being demonstrated and implemented to a greater extent than ever before in response to an integrated approach to water resources management taking into account State water rights and institutions.

Our Subcommittee is taking great interest in how Reclamation meets the goal of finding balanced and integrated approaches for water resource management. Today's hearing is one step toward helping the Bureau meet that goal. Throughout this year, the Subcommittee will continue to examine how Federal resources can best be spent and coordinated and where the Federal Government can help protect the environment while developing new water supplies.

I look forward to working with the distinguished Ranking Member, Mrs. Napolitano, all Subcommittee members, the Bureau of Reclamation, and water stakeholders in this endeavor. Today we have the privilege of hearing from Reclamation's Commissioner, John Keys, III, who has dedicated his career to resolving how we can find a balanced water management approach. I certainly thank the Commissioner of the Bureau of Reclamation for being with us today and look forward to hearing from him on how his agency has prepared to meet these complex and awful—and often controversial water resource challenges.

And, with that—that wasn't a Freudian slip, I am sure.

[Laughter.]

Mr. CALVERT. With that, I will recognize Mrs. Napolitano.

[The prepared statement of Mr. Calvert follows:]

Statement of The Honorable Ken Calvert, Chairman, Subcommittee on Water and Power

Growing populations and changing values continue to place increasing demands on water supplies and river systems, resulting in water use and management conflicts throughout the country. These conditions continue to be particularly evident in the West. Over time, new laws and regulations were put into place to protect threatened and endangered species, to reduce or eliminate pollution, and enhance recreational and scenic values. These and other factors, including record setting drought and scarce Federal dollars, significantly complicate water management in the West.

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STATEMENT OF THE HON. GRACE NAPOLITANO, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mrs. NAPOLITANO. Thank you, Mr. Chairman, and I might add that I agree with your comments. Our members, I am sure, will be coming in. Most of them are in Committees, and they should be drifting in, and I would like the opportunity to be able to introduce them as they come in, as you probably would yours, too.

Mr. CALVERT. Without objection.

Mrs. NAPOLITANO. Mr. Chairman, your comments are so welcome to my ears, and I congratulate you again once more and again and again for serving your second term on this Committee. You have done a very, very credible job in bringing us to where we are at in many of the issues that are facing our Western States, not just California. And I look forward to the opportunity to work with you to help address and hopefully resolve some of the more critical water and power issues facing our Western States.

The members, you have heard we have a great working relationship with Mr. Calvert and his staff, and I do encourage all our members to be active participants on the Subcommittee. And that means attending the hearings also. I am being facetious, but I think we need to drive the point home that if they are not at the meetings, they are going to miss out on information that will help them make decisions.

Mr. Keys and Secretary Raley, we appreciate your appearance before the Committee this afternoon and welcome your testimony. I am, however, deeply concerned about the Bureau of Reclamation's budget proposal, and it is apparent to me resistance to use new and proven technologies to help improve the quantity and the quality of reliable water supplies through the West, and quite possibly eventually to the rest of the Nation. The Bureau was given clear authority from Congress over 12 years ago through Public Law 102–575, enacted in 1992, 11 years ago, to provide technical and financial assistance for communities that wish to consider water recycling projects as part of their overall water supply and management programs.

In reviewing the Bureau's proposed budget numbers, it seems and we can conclude that the administration is openly opposed or even hostile to water recycling, and that is my view. The Bureau of Reclamation budget seeks $12.6 million to support the Federal cost share of Title XVI reuse projects, a very significant decrease from the congressional appropriation of $36 million for the 2003 spending bill.

The Bureau proposes also a pot of new money of $11 million for four new initiatives cited on page 545 of the 2004 budget appendix book. One of these four initiatives is to expand the use of science to find a way to reduce the cost of water desalination and waste disposal, very credible, very commendable. I think we are still missing the boat in making sure that we continue recycling water to help States like California that have to meet Federal mandates.

That said, for the Fiscal Year 2004 the budget documents have gone so far as to declare that water recycling "is not one of Reclamation's core functions." This is on page 173 of the Performance and Management Assessment Book. It just doesn't make sense. Not

only does it go against the 1993 public law mandated authority given, but also it does not adequately explain how or why desalination became a core mission over water recycling or when the decision was made or by whom.

The proposal comes at a time when California is mandated to live on less water. Texas farmers along the U.S. border are suffering from severe drought to the water diversion in Mexico, and farmers are losing literally the farm.

The Bureau of Reclamation has a responsibility and limited opportunities to use this engineering and water management expertise to help us solve water problems throughout the Western States through water recycling, amongst other things. Why would the agency reject an entire class of projects that can create new water supplies with minimal environmental impact and minimal Federal cost sharing? I believe that is 25 percent, if I remember correctly.

The Bureau budget presents many hard challenges and is somewhat shocking to the many of us who had hoped that this administration would at least maintain the status quo in funding for recycling and desalination. It is unfortunate that it has chosen not to maintain support for the recycling projects but, in fact, makes a conscious decision to slash funding for overall recycling, desalination, conservation, and other critical rural projects.

Turning their back on water recycling will not only complicate water management issues throughout the West, but it will also deliver negative economic and political impacts on neighboring States. We should all look closely at the budget priorities and question the intent, and we must have an honest approach to important budget matters that mean so much to the millions of the constituency we all serve in the West.

I trust that we will take a more proactive and realistic approach and that we must have that full funding up front, no games, for the projects such as we have mentioned before. And I look forward to working not only with my Chairman but with both sides and also with the agencies to see where we can come together to make sure that we best serve all our constituents.

Thank you, Mr. Chair.

Mr. CALVERT. I thank the gentlelady.

I would like to recognize our witness for today. The Chairman now recognizes Commissioner John Keys to testify. Commissioner Keys, your full statement will be submitted for the record.

STATEMENT OF HON. JOHN W. KEYS, III, COMMISSIONER, U.S. BUREAU OF RECLAMATION

Mr. KEYS. Mr. Chairman, thank you very much.

Mr. Chairman, Mrs. Napolitano, and members of the Subcommittee, it is my absolute pleasure to be here with you today, and I do appreciate this opportunity to sit and talk with you about our 2004 budget. We think that our budget is a good one, and I will certainly go into some details with you. I have with me today Bob Wolf, who is our chief financial manager for the Bureau of Reclamation, and he is here to help me answer questions that you may have.

Mr. Chairman, we appreciate the support of the Subcommittee that you have shown over the past years to work with, and we look

forward to continually working with you and the Subcommittee to further Reclamation's mission. Your staffs are first-class, and we have appreciated very much working with them.

Mr. Chairman, we are in our centennial year. Reclamation was formed on July 17, 1902, when President Roosevelt signed the Reclamation Act. We started our centennial year with a nice celebration at Hoover Dam, and certainly we are trying to show that we are an agency that will go the next 100 years, at least, in meeting the water requirements of the Western United States.

Currently, we are the largest wholesaler of water in the United States. We are the seventh largest power utility, operating 348 major dams and 58 power plants. Daily we serve water to 31 million people and 10 million acres of irrigated agriculture in the Western United States.

The overall Bureau of Reclamation request for 2004 totals $878 million in current authority, and from our perspective, this budget is good news for the West. The request is citizen-centered and founded on our President's principle of results rather than procedures. An example is the Western Water Initiative request for $11 million that I will discuss in more detail shortly.

Our budget is a fiscally responsible request which will continue to provide funding to deliver water, provide a stable source of power for our growing population, keep our dams and facilities safe, and support sound environmental stewardship efforts. The Fiscal Year 2004 request for water and related resources account is $771 million. This will allow us to continue Reclamation's emphasis on delivering and managing water and power, two valuable public resources for which we are responsible.

In cooperation and consultation with the States, tribal and local governments, along with other stakeholders and the public at large, Reclamation offers workable solutions regarding water and power resource issues that are consistent with the demands for power and water. With the need to pursue cost-effective, environmentally sound approaches to meeting these demands, the request continues to emphasize the operation and maintenance of Reclamation facilities in a safe, efficient, economic, and reliable manner.

Mr. Chairman, in my prepared statement, there is not a reference to the Sumner Peck Settlement that I would like to read into the record that we just received early this morning, and certainly this affects some of the appropriations that we had talked with you folks about earlier. The Department of Justice has concluded that the judgment fund is available for the payment of the $5 million and $34 million installments due upon the consent judgment in Fiscal Year 2003. It will make such a recommendation to the Department of the Treasury.

The Department of Justice has not made a determination as to the availability or source of funds for future-year installments. That takes a big cloud off of our 2003 appropriations and how we get our work done for this year.

Mr. Chairman, some highlights of our 2004 program. These are not in any specific order, but they are the highlights of our 2004 budget proposal.

The Animas-La Plata Project in Colorado and New Mexico request is for $58 million for the project and will fund the construc-

tion contracts awarded in 2003 that are associated with critical path activities for that project. The principal facilities being worked on and started in 2004 will be the Ridge Basin Dam and the Durango pumping plant on the Animas River close to Durango, Colorado. This level of funding is crucial to complete the construction of this project within the timeframes required by the Colorado Ute Settlement Act Amendments of 2000. In December 2000, Congress enacted legislation to resolve the Colorado Ute Indian Tribes' water right claims and allowed construction of a smaller Animas-La Plata Project to proceed.

The Columbia-Snake River Salmon Recovery in Idaho, Oregon, Montana, and Washington addresses the implementation of reasonable and prudent alternatives included in two biological opinions issued in December 2000. We have $19 million in our budget for that activity.

The Klamath Project in California and Oregon provides funding for scientific studies and initiatives as a result of the 2002–2012 biological opinions and for the establishment of a water bank as required under those same opinions. Funding is about $21 million, and it will also be used to provide water to meet the Endangered Species Act compliance.

That water bank is certainly a unique feature of what we are trying to do in the Klamath Basin. It actually sets up an amount of water to meet the Endangered Species Act and relives the rest of the water there of that burden while it tries to meet the requirements for irrigation of the farmland in the basin.

The Drought program includes those activities related to administering the Reclamation States Emergency Drought Relief Act of 1991, as amended, to undertake activities that will minimize losses and damages resulting from drought conditions. The primary focus there for us is on drought contingency plans. We don't try to solve a drought while we are in it. We try to plan ahead of time with these contingency plans so that we are ready for them when they get there.

The California Bay-Delta Restoration Fund Fiscal Year 2004 budget request is $15 million. The funds will be used consistent with our commitment to find long-term solutions in improving water quality, habitat and ecological functions, and water supply reliability, while reducing the risk of catastrophic breaching of Delta levees. The Fiscal Year 2004 budget contains funds for Bay-Delta activities including feasibility studies for Shasta Dam raze, for sites reservoir investigations, for Los Vaqueros reservoir investigations, and investigations in the San Joaquin Basin. These will be undertaken within existing statutory authorities for implementation of Stage 1 activities. These activities are included in the preferred program alternative recommended by CALFED and approved by the Secretary of the Interior. The majority of these funds will specifically address the environmental water account, storage, and program administration.

Safety of Reclamation's Dams is one of the Bureau's highest priorities. About 50 percent of our Reclamation dams were built between 1900 and 1950. Ninety percent of these dams were built before the advent of current state-of-the-art technology and foundation treatment and before filter techniques were incorporated in

embankment dams. We have $71 million in our program to support that program.

Site security activities are ongoing and funding program improvements identified in Fiscal Year 2002 and 2003. Since September 11, 2001, Reclamation has maintained heightened security at its facilities to protect the public, its employees, and our infrastructure. The Fiscal Year 2004 request continues funding for those critical activities under the categories of critical infrastructure protection and continuity of operations.

The Western Water Initiative will position the Bureau of Reclamation to continue its leading role in developing viable, economical, and sound solutions to the increased demands for water resources in the West. The budget proposes $11 million for the activity in Fiscal Year 2004. It will benefit Western communities that are struggling with increased water demands, drought, and compliance with the Endangered Species Act. The four components of the Western Water Initiative are:

No. 1, enhanced water management and conservation activities. Here we are trying to look at activities that will stretch existing water supplies by looking at canal linings, new control facilities and technology, measurement facilities to help us get a handle on how our waters are being used.

The second element is preventing water management crisis. That is giving us the opportunity to look 25 years into the future at where the hot spots might be, and they are tied to continued growth in our cities. They are tied to requirements by the Endangered Species Act and other things that are cropping up that require water and put extra demands on our facilities. What we are trying to do is look 25 years into the future, and those demands and requirements that would not be met with existing facilities.

The third part of the initiative is the expanded science and technology program. There is the one where we are trying to take further looks and more focused looks at desalination. We are also trying to look at adaptive management programs where we are trying to adapt our facilities and their operations with the environment to take care of endangered species. A good example is the Colorado River flow from Glen Canyon through Grand Canyon.

The third part of that initiative is peer review of science, taking a hard look at those sciences that we are developing to be sure that they are consistent with the project and the environment and what we are trying to do to deliver water.

The fourth part of the initiative is strengthening the Endangered Species Act and our ability to work with that act, working with our own people so that they can get the best out of the facilities and still meet the Endangered Species Act.

Mr. Chairman, to be successful in dealing with today's complex water issues, we know that collaboration is the key. We all must work together to forge workable solutions to find new ways to meet existing water supplies and make them go further. This means involved water conservation, improved investments in science and technology, and modernization of existing infrastructures. I would be more than happy to provide more detail to each of these projects and proposals for the record. In the meantime, I would be more than happy to answer any questions you might have today.

[The prepared statement of Mr. Keys follows:]

Statement of John W. Keys, III, Commissioner, Bureau of Reclamation, U.S. Department of the Interior

Thank you, Mr. Chairman, and members of the Subcommittee, Thank you again for the opportunity to appear before you today to support the President's Fiscal Year 2004 budget request for the Bureau of Reclamation. With me today is Robert Wolf, Director of the Program and Budget Group.

Our Fiscal Year 2004 request has been designed to support Reclamation's core mission, as stated in DOI's Strategic Plan:

"Deliver Water and Hydropower, Consistent with Applicable State and Federal Law, in an Environmentally Responsible and Cost Efficient Manner."

Funding is proposed for key emerging projects which are important to the Department and in line with Administration objectives. The budget request also supports Reclamation's participation in efforts to meet emerging water supply needs, to resolve water shortage issues in the West, and to promote water conservation and improved water management.

The Fiscal Year 2004 request for Reclamation totals $878.0 million in gross budget authority, an increase of $23.1 million from the Fiscal Year 2003 President's Amended Request of January 7, 2003, and a decrease of $33.3 million from Fiscal Year 2003 Enacted Level. The request is partially offset by discretionary receipts in the Central Valley Project Restoration Fund, resulting in net discretionary budget authority of $847.2 million, a decrease of $24.5 million over the Fiscal Year 2003 Enacted Level.

Center to this is $11.0 million to launch a Western Water Initiative that uses collaboration, conservation, and innovation to make sure every drop of water counts. This initiative will provide a comprehensive forward-looking water resource management program that will respond to growing water demands. To be successful in dealing with today's complex water issues, we know collaboration is the key. We all must work together to forge workable solutions. We are looking for new ways to make existing water supplies go further. We must continue to develop strategies where water can be used more than once in order to satisfy multiple users and stretch existing water supplies even more. This means improved water conservation, investments in science and technology, and modernization of existing infrastructures.

The four major components of the initiative are Enhancing Water Management and Conservation; Expanding Science and Technology Program; Preventing Water Management Crisis; and Strengthening Endangered Species Act (ESA) Expertise.

This budget is good news for the West. Each year Reclamation is focused on customer value as well as increased accountability and modernization. This request is citizen-centered and founded on the Administration's principle of results rather than procedures. It is also a fiscally responsible request, which will provide funding to keep our dams and facilities safe, deliver water, provide a stable source of power for our growing population, and support environmental efforts.

Demonstrated Commitment and Accomplishments

While performing its core mission, Reclamation delivered 10 trillion gallons of water to over 31 million people in the 17 western states for municipal, rural, and industrial uses. Reclamation facilities stored over 245 million acre-feet of water, serving one of every five western farmers to irrigate about 10 million acres of land. Those irrigated lands produced 60 percent of the nation's vegetables and 25 percent of its fruits and nuts. As the largest water resources management agency in the West, Reclamation continues to administer and/or operate 348 reservoirs, 56,000 miles of water conveyance systems, and 58 hydroelectric facilities, which generate 42 billion kilowatt-hours annually.

Reclamation also continues to manage approximately 8.6 million acres of Federal land, plus another 600,000 acres of land under easements. In addition, our facilities provide substantial flood control, recreation, and fish and wildlife benefits. Reclamation and its employees take very seriously their mission of managing, developing, and protecting water and related resources in an environmentally and economically sound manner in the interest of the American public.

The Fiscal Year 2004 budget request demonstrates Reclamation's commitment in meeting the water and power needs of the West in a fiscally responsible manner. This budget continues Reclamation's emphasis on delivering and managing those valuable public resources. In cooperation and consultation with the state, tribal, and local governments, along with other stakeholders and the public at large, Reclamation offers workable solutions regarding water and power resource issues that are

consistent with the demands for power and water. With the need to pursue cost effective and environmentally sound approaches, Reclamation's strategy is to continue to use the Secretary's four "C's:" "Consultation, Cooperation and Communication all in the service of Conservation...." These principles provide Reclamation an opportunity, in consultation with our stakeholders, to use decision support tools, including risk analyses, in order to develop the most efficient and cost-effective solutions to the complex challenges that we face.

During the second session of the 107th Congress, both the Committee and Reclamation's stakeholders accentuated their concerns over the availability of water two decades from now. Our Fiscal Year 2004 request includes measures that will be utilized to help assure that water will be available for a growing population when needed. Through our Western Water Initiative, Reclamation plans to develop a forward looking water resource management program that will respond to growing water demand.

Furthermore, funding is proposed for key emerging projects that are important to the Department and the Administration's objectives. The budget proposal also supports Reclamation's participation in efforts of meeting emerging water supply needs, resolving water issues in the West, promoting water efficiencies, and improving water management.

Moreover, Reclamation's request reflects the need to address an aging infrastructure and the rising costs and management challenges associated with scarce water resources. As our infrastructure ages, we must direct increasing resources toward technological upgrades, new science and technologies; and preventative maintenance to ensure reliability; which will increase output, and improve safety.

More and more everyday we see how important water resource needs are to our state, local and tribal partners. Many states are developing statewide water plans or drought contingency plans to address resource utilization and stewardship against the backdrop of large population increases with the growing concern for sustainable development. Reclamation, in partnership with other Federal, state, local, tribal, and private entities, has consistently proven its ability to work with others to optimize water use. This technical capability is one of our most valuable resources.

Water and Related Resources

The Fiscal Year 2004 request for the Water and Related Resources account is $771.2 million. The request provides funding for five major program activities: Water and Energy Management and Development ($331.3 million); Land Management and Development ($41.3 million); Fish and Wildlife Management and Development ($90.4 million); Facility Operations ($176.8 million); and Facility Maintenance and Rehabilitation ($171.5 million). The request is partially offset by an undistributed reduction of $40.0 million, in anticipation of delays in construction schedules and other planned activities.

The request continues to emphasize the operation and maintenance of Reclamation facilities in a safe, efficient, economic, and reliable manner, while sustaining the health and integrity of ecosystems that addresses the water needs of a growing population. It will also assist the states, tribes, and local entities in solving contemporary water resource issues.

Highlights of the Fiscal Year 2004 request include:

Animas–La Plata in Colorado and New Mexico ($58.0 million). The Fiscal Year 2004 request includes $58 million for the project and will fund the construction contracts awarded in Fiscal Year 2003 that are associated with critical path activities. This level of funding is crucial to complete the construction of this project within the time frames required by the Colorado Ute Settlement Act Amendments of 2000. In December 2000, Congress enacted legislation to resolve the Colorado Ute Indian Tribes' water right claims and allowed construction of a smaller Animas–La Plata Project to proceed.

Columbia–Snake River Salmon Recovery in Idaho, Oregon, Montana, and Washington ($19.0 million). This program addresses the implementation of Reasonable and Prudent Alternatives (RPAs) included in two Biological Opinions issued in December 2000. The first opinion was issued by the National Marine Fisheries Service (NMFS) entitled "Operation of the Federal Columbia River Power System (FCRPS), Including the Juvenile Fish Transportation Program, and 19 Bureau of Reclamation Projects in the Columbia Basin," and the second opinion was issued by the U.S. Fish and Wildlife Service (FWS) entitled "Effects to Listed Species from Operations of the Federal Columbia River Power System."

Those Biological Opinions superseded all previous FCRPS Biological Opinions and all actions will now be focused toward the new "reasonable and prudent alternatives

(RPA)." Section 7(a)(2) of the Endangered Species Act (ESA) requires Federal agencies to consult with NMFS and the FWS to ensure that agency actions will not likely jeopardize the continued existence of endangered or threatened species, or will not adversely modify or destroy their designated critical habitats.

The FWS Biological Opinion is coordinated with the NMFS Biological Opinion, and calls for operational changes to the FCRPS, by way of additional research measures. A substantial majority of the action items resulted from the NMFS Biological Opinion, while the FWS action items included significantly increased regional coordination with the Federal regulatory agencies; aggressive actions to modify the daily, weekly, and seasonal operation of Federal dams; and the "off-site mitigation" of hydro system impacts.

Klamath Project in California and Oregon ($20.8 million). The funding will provide for scientific studies and initiatives as a result of the 2002–2012 biological opinions and for the establishment of a water bank as required under those same opinions, as well as to provide water to meet ESA compliance.

The request will also continue funding for studies and initiatives related to improving water supply and quality to meet agriculture, tribal, wildlife refuge, and environmental needs in the Klamath River Basin and to improve fish passage and habitat.

Safety of Dams ($71.0 million). The safety and reliability of Reclamation dams is one of Reclamation's highest priorities. Approximately 50 percent of Reclamation's dams were built between 1900 and 1950, and 90 percent of those dams were built before the advent of current state-of-the-art foundation treatment, and before filter techniques were incorporated in embankment dams to control seepage. Safe performance of Reclamation's dams continues to be of great concern and requires a greater emphasis on the risk management activities provided by the program.

The Fiscal Year 2004 request of $71.0 million for the Safety of Dams Program is being made to provide for the reducing of public safety risks at Reclamation dams, particularly those identified as having deficiencies. The request provides for risk management activities throughout Reclamation's Safety of Dams inventory of 362 dams and dikes, which would likely cause loss of life if they were to fail. Preconstruction and construction activities for up to 19 of these dams are identified for funding through the Safety of Dams Program. The Fiscal Year 2004 request includes $1.7 million for the Department of the Interior Dam Safety Program.

Site Security ($28.6 million). Since September 11, 2001, Reclamation has maintained heighten security at is facilities to protect the public, its employees, and infrastructures. The supplemental funding in Fiscal Year 2002 was necessary to cover the costs of site security activities in three principle areas. The first area was for guards and law enforcement, the second area included reviews, studies, and analyses, and the third area was for equipment. The Fiscal Year 2004 request continues funding for those critical activities under the categories of Critical Infrastructure Protection and Continuity of Operations.

Drought ($1.1 million). The program includes those activities related to administering the Reclamation States Emergency Drought Relief Act of 1991, as amended, to undertake activities that will minimize losses and damages resulting from drought conditions. The major component of the program relates to response activities taken during an actual drought to minimize losses or mitigate damages. The program also provides for assistance in the preparation of drought contingency plans.

Desalination of Seawater and Groundwater ($775,000). This program provides a promising opportunity to expand water supplies for both coastal and inland areas. The 2004 budget contains increased funding for desalination research activities aimed at decreasing the cost and facilitating local implementation of desalination.

Our research activities are carefully chosen to align with the Department's draft Strategic Plan and are developed in collaboration with stakeholders. We believe that cost shared research conducted at existing institutions is the quickest and most economical means to achieve our ambitious long-term goal of decreasing desalination costs by 50 percent by 2020.

Sumner Peck Settlement ($34.0 million). The budget request provides payment to the plaintiffs towards the settlement of Sumner Peck Ranch Inc v. Bureau of Reclamation.

Western Water Initiative

The new Western Water Initiative will position the bureau in playing a leading role in developing solutions that will help meet the increased demands for limited water resources in the West. The budget proposes $11.0 million, which will benefit western communities that are struggling with increased water demands, drought,

and compliance with the Endangered Species Act. The Western Water Initiative involves:

Enhanced Water Management and Conservation ($6.9 million). Funding will be used for the modernization of irrigation delivery structures such as diversion structures and canals. This will also allow Reclamation to use existing intrastate water banks where they are available, and to promote intrastate water banking as a concept to help resolve future water supply conflicts.

Reclamation will develop alternative ways to balance the existing demands for water for agricultural, municipal, tribal, and environmental purposes. Examples include water management tools; inexpensive and accurate water measuring devices; and computer technologies that will allow remote sensing and automation. Moreover, new canal lining material, data collection and analysis systems should make predicting, managing, and delivering water much more effective.

Preventing Water Management Crisis ($917,000). Funding will enable us to provide effective environmental and ecosystem enhancements in support of Reclamation's project operations through proactive and innovative activities. For example, we are exploring ways of addressing issues at projects by identifying and integrating long-term river system ecological needs within the context of regulated river management.

Pilot projects will be selected from a list of critical areas based on the potential for cost savings resulting from the development of a program in advance of the occurrence of a crisis. Pilot projects are anticipated to include environmental enhancements that provide support for project operations or optimization of project operations for both water supply and environmental benefits. For example, in some cases, water release patterns can be modified to address environmental needs without impairing the delivery of water for authorized project purposes.

Expanded Science and Technology Program ($2.7 million). Reclamation's Desalination Research and Development Program will be expanded to research cost reduction of water desalinization and waste disposal. Reclamation has developed much of the current desalinization technology used around the world today, and will continue to work with partners in the industry to accomplish this goal.

Funding will also expand the effective use of science in adaptive management of watersheds. This cooperative effort with the USGS will assist Reclamation in reaching decisions that are driven by sound science and research, are cost effective, and are based on performance criteria.

Funding will also provide for peer review of the science used in ESA consultations and other environmental documents issued by Reclamation. The National Academy of Science, USGS, and other Federal and state entities with science expertise will peer-review the science used by Reclamation in preparing Biological assessments. This initiative will improve Reclamation's use of science and technology to address critical water resource management issues.

Strengthening Endangered Species Act (ESA) Expertise ($458,000). Funding will be used to strengthen ESA expertise and will produce identifiable mechanisms in order to achieve continuity in evaluating biological assessments and/or biological opinions. This initiative will enable managers to acquire a greater understanding of the purpose, process and requirements of the ESA as it relates to Federal actions that are important to carrying out Reclamation's water resources management mission.

Central Valley Project Restoration Fund

The Fiscal Year 2004 Reclamation budget includes a request for $39.6 million and is expected to be offset by discretionary receipts totaling $30.8 million, which can be collected from project beneficiaries under provisions of Section 3407(d) of the Act. These funds will be used for habitat restoration, improvement and acquisition, and other fish and wildlife restoration activities in the Central Valley Project area of California. This fund was established by the Central Valley Project Improvement Act, Title XXXIV of P.L. 102–575, October 30, 1992.

The funds will be used to achieve a reasonable balance among competing demands for the use of Central Valley Project water, including the requirements of fish and wildlife, agricultural, municipal and industrial and power contractors. Reclamation is seeking appropriations for the full amount of funds of the estimated collections for Fiscal Year 2004.

California Bay–Delta Restoration

The Fiscal Year 2004 Reclamation budget includes a request for $15.0 million. The funds will be used consistent with commitment to find long-term solutions in improving water quality; habitat and ecological functions; and water supply reliability; while reducing the risk of catastrophic breaching of Delta levees. Fiscal

Year 2004 budget contains funds for Bay–Delta activities that can be undertaken within existing statutory authorities for implementation of Stage 1 activities. Those activities are included in the preferred program alternative recommended by CALFED and approved by the Secretary of the Interior. The majority of these funds will specifically address the environmental water account, storage, and program administration.

Policy and Administration

The request for Policy and Administration (P&A) is $56.5 million. P&A funds are used to develop and implement Reclamation-wide policy, rules and regulations (including actions under the Government Performance and Results Act) and to perform functions which cannot be charged to specific project or program activities covered by separate funding authority. These funds support general administrative and management functions.

Loan Program

No funding is requested for any direct loans. Funding of $200,000 is requested for program administration.

Performance Assessment Rating Tool (PART)

During Fiscal Year 2002, all cabinet level agencies reviewed at least 20 percent of their programs in concert with the Office of Management and Budget. The Administration conducted these reviews using PART, a standardized format for program evaluation and management. Results from the PART process were one of many criteria used in making budget decisions. The three Reclamation programs that were reviewed were Hydropower, Water Reuse and Recycling Program (Title XVI), and Rural Water. Reclamation is currently addressing all deficiencies identified with respect to each program.

Hydropower was rated "moderately effective" and Reclamation has begun developing long-term goals that will address the identified issues, such as aging facilities and the need for better performance measures. The Title XVI program review indicated that the program was "moderately well managed." However, Reclamation's oversight of individual projects is limited by strong local control, and the PART findings indicated that there is no clear linkage between Federal funding and progress towards outcomes.

The Rural Water Supply Projects were rated "results not demonstrated." Fiscal Year 2004 funding requests for this program has been reduced due to systemic program weaknesses, such as non-existent guidelines for eligibility; local cost share and program planning; and overlaps with other Federal agencies. The Administration intends to submit legislation this spring, establishing a Reclamation Rural Water Program with adequate cost controls and clear guidelines for project development.

President's Management Agenda

Reclamation is engaged in a variety of activities designed to meet the Department's "Getting to Green" Scorecard requirements related to the President's Management Agenda (PMA). These activities are concentrated in five major components of the PMA: Expanding E–Government, Financial Management Improvement, Human Capital, Performance and Budget Integration, and Competitive Sourcing.

E–Government: Reclamation participates in a one-stop Internet access that provides citizens information about recreational opportunities on public lands and participates in the Volunteer.gov website which provides information on volunteer activities. We also recently completed an internal review of our web program and are in the process of implementing the recommendations from the review, including the development of a common website.

Financial Management Improvement: Reclamation continues to make progress to ensure that our financial systems are compliant with the Joint Financial Management Improvement Program core requirements. To ensure that accurate and timely financial information is provided, our financial management program uses the Federal Financial System, the Program and Budget System, and its corporate data base system to report summary and transactions data on a 24-hour basis.

Human Capital: Reclamation effectively deploys the appropriate workforce mix to accomplish mission requirements. The use of existing human resources flexibilities, tools, and technology is in a strategic, efficient, and effective manner. Our workforce plan addresses E–Government and Competitive Sourcing and a plan is in place for recruitment, retention, and development of current and future leaders, in addition supervisors are encouraged to work individually with employees to develop Individual Development Plans.

Competitive Sourcing: Reclamation's A–76 Inventory Consistency Team was established to ensure consistency in inventory reporting. The team established guide-

lines for commercial, commercial core, and inherently governmental functions that are specific to Reclamation's workforce. Two streamlined studies have been completed for 124 FTE and a tentative decision has been announced, moreover two additional streamlined studies are with the Independent Review Official and a preliminary planning is underway for the Express Review studies scheduled in early 2003.

Performance and Budget Integration: Reclamation continues to issue joint planning guidance through the Budget Review Committee process to provide budget targets, priorities, objectives, and goals. A Government Performance and Results Act (GPRA) planning calendar, including budget process and major milestones, has been developed. In addition, budget accounts, staff, and programs/activities are aligned with program targets.

FY 2002 Accomplishments Highlights and Future Planned Activities

In Fiscal Year 2002, we delivered the contracted amount of water to our water users, thereby meeting our contractual obligations. However, severe drought conditions increased demand for water, and in some cases, the water delivered to the water users was not enough to meet the increased requirement. If snow pack runoff continues at or below normal levels and if the drought continues, there will be far less water to release to our water users during Fiscal Year 2003 and Fiscal Year 2004.

Reclamation renewed 100 percent of the water service contracts expiring in Fiscal Year 2002, helping to ensure continued reliable service. An additional contract that was not planned for was also renewed for a total accomplishment of 114 percent.

Reclamation also completed Safety of Dams modifications on four facilities in Fiscal Year 2002, the Caballo, Avalon, Clear Lake and Red Willow dams. Also, in Fiscal Year 2003, Reclamation anticipates completing Safety of Dams modifications at Deadwood Dam in Idaho and Salmon Lake Dam in Washington.

Completion of these modifications improves overall facility condition by reducing risk and improving safety. In some cases, completion of the modifications increased Reclamation's ability to deliver water by removing restricted capacity requirements, and allowing the reservoir to be filled to full operational capacity, if needed.

Reclamation's draft cost of power production per megawatt capacity for Fiscal Year 2002 was $6,855. This amount puts Reclamation within the upper 25th percent of the lowest cost hydropower facilities. Reclamation also achieved a 1.3 percent forced outage rate, which measures the amount of unplanned time out of service. This performance level is 56 percent better than the industry average forced outage rate of 3 percent.

By the end of Fiscal Year 2002, Reclamation conducted over 130 reviews of its recreational facilities to determine the state of its facilities, identify corrective actions, and determine needed improvements. Also in Fiscal Year 2002, Reclamation's partnerships and cost-sharing practices allowed Reclamation to complete additional corrective actions to improve more facilities than originally planned. This resulted in performance greater than 100 percent completion of the planned corrective actions.

Reclamation completed 130 percent of its planned site security improvements. Moreover, funding was used to implement additional high-priority security improvements at its high-priority facilities, which was well above the target originally established.

FY 2004 Planned Activities

In Fiscal Year 2004, Reclamation plans to deliver 27.0 million acre-feet of water for authorized project purposes. In addition, we will complete the Safety of Dams projects at Wickiup Dam, Keechelus Dam, Pineview Dam, and Horsetooth Dam. This will reduce total reservoir restrictions and increase the available storage capacity by 127,300 acre-feet. Reclamation will also complete projects or parts of projects that have the potential to deliver an additional 42,030 acre-feet of water, which will naturally be dependent upon water availability and operations.

Reclamation plans to complete the Escondido and San Elijo Water Reclamation Program; the Olivenhain Recycled Water Project; the Yuma Area Water Resource Management Group bifurcation structure; portions of the El Paso Waste Water Reuse Project; canal linings; and other salinity reduction projects that increase water availability.

Reclamation also plans to continue ranking within the upper 25th percentile of low cost hydropower producers, by comparing power production costs per megawatt capacity, Reclamation plans to achieve a forced outage rate 50 percent better than the industry average, which is currently 3 percent. While Reclamation anticipates completing the baseline condition assessments for 80 percent of the recreation facili-

ties it manages, it plans to continue to maintain the overall facility condition rating assessed at the Fiscal Year 2003 baseline level.

Reclamation intends to ensure that 14 percent of recreation facilities meet universal accessibility standards, thereby increasing access to recreation areas to the disabled from 8 percent in Fiscal Year 2003, in addition to maintaining the annual level of on-the-job employee fatalities and serious accidents at zero.

Conclusion

This completes my statement. Please allow me to express my sincere appreciation for the continued support that this Committee has provided Reclamation. I would be happy to answer any questions you may have at this time.

Mr. CALVERT. I thank the gentleman.

Certainly I am sure you were pleased, as well as the entire Department of Interior, to hear that the Sumner Peck Settlement will be done through the judgment fund, as it should be, rather than out of the Interior budget. And so hopefully that will allow more flexibility for you this year, and hopefully we can work out in future years in potentially reallocating some of those resources.

Mr. KEYS. Mr. Chairman, it is a great relief for 2003, and it allows us to go ahead with those activities that we had already identified with you and our constituents.

Mr. CALVERT. And I would hope that as we take a look at those funds that are, in essence, freed up in your budget this year, you will take another look at—we will work together looking at Reclamation Title XVI and some other projects that are certainly important to all of us here in the West.

Mr. KEYS. Yes, sir.

Mr. CALVERT. I want to talk a little about regulatory streamlining. Too often, a government or a private entity will go through a process with one Federal agency and then get sidetracked by another Federal agency when construction activities are required. The end result is needless and costly delays. We see this time and time again.

How difficult has it been for the Bureau to coordinate with other agencies on construction projects?

Mr. KEYS. Mr. Chairman, we have had excellent cooperation from the other agencies in the construction projects that we have underway currently. Currently under construction is the Animas-La Plata Project in Colorado after years and years of court debate. We have had good cooperation from both State of Colorado people and the Fish and Wildlife Service that works with us in that construction.

The other activities that we have underway in construction are Safety of Dams Programs, and I will tell you that it takes work, and we take that work with the other agencies very seriously. But we have been able to work with them very closely.

Mr. CALVERT. I come from that background, the construction business, and many communities get involved in, as you are well aware of, the so-called one-stop shopping where we try to bring in everyone around the table and work through the process. And hopefully you do the same as far as all the various Federal agencies as you begin a project and attempt to get into a memorandum of understanding with these various organizations where everyone knows where their priorities are at and that it does not stop a project once it has been approved.

Mr. KEYS. Mr. Chairman, there are a number of efforts underway currently that we work with to make that happen. The Endangered Species Program for the Upper Colorado River Basin is one that is working very well now, where we have had all of those agencies together working on the endangered species and at the same time going ahead with construction on the Animas.

We have the Adaptive Management Program in the river below Glen Canyon that we are working very closely with.

There is an effort underway in the Lower Colorado River called the Multi-Species Conservation Program, where we have all of those agencies pulling together to give us coverage in all of those activities for the next 50 years. And that is the kind of activity I think that you are interested in, and we think that it is the only way to go.

Now, at times, it doesn't happen that way and things get splintered, but for the time being, we are trying to pull all those together. We have similar efforts going on in the Snake-Columbia system in Oregon, Washington, Idaho, and certainly we are trying to do some of those in California.

Mr. CALVERT. One other question, and then I will let the ranking Democrat ask some questions. But one thing on dam security—and I know that is extremely important, and certainly homeland security is something we all take very seriously. However, in a small community in northern California, as you are well aware, a roadway has been closed on the Folsom Dam. As you are also aware, I was able to move a bill in the last Congress which allowed for dam security that would allow the Department to pay back communities that had to use their funds for dam security and the rest.

This has put that community certainly in a difficult situation, but at the same time, we understand we have to do what is necessary for our own security. But is there any way that we can work together—and maybe we should meet about this—in working out some interim solution until we have a permanent solution, which, of course, I would like you to become involved in, and that is to find a way that we can put a bridge structure in to replace that dam transportation system which has become integral to that community.

Mr. KEYS. Mr. Chairman, there is a vulnerability at Folsom Dam that if I lived below that dam—and I have a number of people that I work with that do—I would not be comfortable with traffic across that facility because of that vulnerability. And that is why we have closed the traffic across there.

We are certainly more than happy to work with you and the other agencies involved to look at alternate routes of transportation there and work with you on a bridge. I would say that there are a number of entities that should be involved in that, and we would certainly look forward to working with you to get that done.

Mr. CALVERT. Thank you.

Mrs. Napolitano?

Mrs. NAPOLITANO. Commissioner, since I worked in Sacramento, I knew a little bit about Folsom. We dealt with it when we were in the State House. And at the time, it was one of those issues that kept coming up and up, and recently I met with a group of folks from Folsom, including the police chief and others, the city folks,

the county folks. And it seems that—you are right, I would be a little hesitant living downstream of that particular area. But, nevertheless, it is there, it has been there. That road has been used by the commuters—for how many decades? And it has been allowed, and I even told them you have poacher's rights, for that matter, because you have been utilizing it for so long. I guess the point being is that we now all of a sudden are closing it and making it hard for thousands of individuals who come from the northern area beyond Folsom and are impacting the quality of life of many of the people in that small community. Somehow we are saying, well, too bad, tough.

If we had the vision years ago, we probably would have done something about it then. Apparently nothing was done at the time, or if it was considered, nothing came to fruition. My point being is that they have an issue that we need to follow through, and I did suggest to them that it would have to be a cooperative work in progress, if you will, of not only the Federal Government but State government and some of the local officials to come up with the answer. It isn't just in the Federal Government's hands, although the decision ultimately will have to be because it is a dam.

And so I, along with the Chair, look forward to sitting and trying to figure out how we can come to some kind of a conclusion that will help both sides.

Mr. CALVERT. And potentially we can come up with an interim solution, maybe providing for additional security along the dam while we move forward with the long-term solution, which would be a bridge to replace that. But we don't have to discuss that at this time. Mrs. Napolitano, your time continues.

Mrs. NAPOLITANO. Thank you. I yield to Mr. Cardoza.

Mr. CARDOZA. Thank you, Mrs. Napolitano. And welcome, Commissioner Keys. I would like to discuss the process or lack of process in determining the annual California allocation for South of Delta water users. As you know, the CALFED Record of Decision states that in the first 4 years of Stage 1 of the CALFED program, anticipated allocations will be 65 to 70 percent of existing contract totals in normal years. However, this year, for example, and in many years in the past, which was released in January, this year's initial forecast predicted that an allocation would be 55 percent for that South of Delta area.

Then in February, when a drier forecast was predicted, the Bureau released a second allocation forecast which actually increased the allocation to 60 percent.

My question—and while I am glad my folks are getting more water, how do you explain that in dry conditions that you can actually have a result of increased supplies for South of Delta contractors? And what actions is the Bureau taking to reach the allocation level set forth in the ROD?

Mr. KEYS. Mr. Chairman, Mr. Cardoza, the prediction of water supplies in California is one of the most complicated computations that you will ever see in your life. The allocation of Central Valley and the State water supplies for a given year are based primarily on four variables.

First is the forecast of hydrologic conditions, in other words, the snowpack combined with how much of that we expect to run off.

The second part of it is the amount of water that is already in storage as we start the season in the upstream reservoirs and in St. Louis.

The third part of it is projected targets for the end-of-year carryover, in other words, how much water do we have to have there to be sure that we are not digging ourselves a deeper hole for next year.

And the fourth thing we have to consider are those end-stream and delta regulatory requirements.

Take all of that and put it together, we start in December of each year for the State water project and then in February for the Central Valley project with those initial allocations. And we pull it all together and make the best guess that we can, and we correct it as we go along.

I would say that in that dry period last year, some of the requirements that we had put into the original estimates did not come true. Maybe we got a better runoff. Even though it appeared drier, sometimes we can get a runoff that comes quickly and we will get more water out of it than we do from the same snowpack when it comes off more gradually. Those kinds of things enter into an increase in a year like last year.

Certainly, if you would like, I could provide for you for the record or for you individually a lot better and more detailed explanation of how we make those forecasts.

Mr. CARDOZA. I would appreciate that, Mr. Commissioner, both for the record and to me personally. I would also like to know—you know, the Record of Decision was pretty explicit. It said 70 percent was the goal, and we have not met that in most years. And so I would like to see what progress you are making along trying to get to where we can reach the goal in normal years.

Mr. KEYS. Mr. Chairman, Mr. Cardoza, we would certainly include that in the thing and show you the progression as we have come through the years.

Mr. CARDOZA. Thank you. My second issue I would like to explore is as it relates to wildlife refuge issues under CVPIA. As you know, the Secretary of the Interior is required to supply water to specified refuges. The act also states that the Secretary will diversify sources of water supply to refuges to minimize the possible adverse effects upon Central Valley project contractors. Further, the California Record of Decision requires that a plan be developed to identify alternative refuge supplies and conveyance.

The reality, however, is that the water for the refuges has been made available primarily by reallocating it from South of Delta CVP Ag Service contractors, and efforts to develop the required plan do not appear to be in place.

My question to you is: Can you describe the Bureau's intentions for developing such a plan as prescribed by the act?

Mr. KEYS. Mr. Chairman, Mr. Cardoza, the CVPIA and the act and how it works with us on supplying that water is based on one good principle, and that is willing sellers of water. Certainly there is the base level of supply and the level two supplies to the refuges, and we have contracted with those refuges to supply the amounts of water ahead of time.

It also directs us to look for additional water to meet the remaining portions of the full supply or the level four supplies. And, again, we look to willing sellers to help us provide that water supply.

Water users are not giving up water for it. We are purchasing that water for those level four supplies. Again, it is much more complicated than I have laid it out for you, and I would be more than happy to give you a detailed writeup to show you the different levels of supply and where those are provided from and how we have—the experience we have had in obtaining that water from willing sellers. So far, so good. But I know there are some entities that don't think we have had enough, but I would certainly supply that sort of detail for the record.

Mr. CARDOZA. Thank you. I appreciate it.

Mr. CALVERT. I thank the gentleman.

Mr. Walden?

Mr. WALDEN. Thank you very much, Mr. Chairman.

Mr. Keys, welcome. We are delighted to have you here, and I appreciate all the work that you are doing. If you could only make it rain and snow at the appropriate times and the appropriate places, your job would be a lot easier and so would mine.

I wanted to thank you for your efforts in the Umatilla Basin and certainly in the Klamath Basin. Yours and this administration's have been extraordinary in that respect. As you know, the Water Bank is coming together this week, and I understand that there is considerable interest among the farmers and ranchers in participating in that if yesterday's activities are any indication. Apparently 500 showed up, and the office ran out of their 300 application forms.

Obviously, with a 40-percent water supply projected coming into Upper Klamath Lake, we face another very, very critical year in the basin. I again appreciate all that this administration is doing to help. The President has been very forthright about that.

My question concerns funding. I guess I am encouraged, this new judgment issue working out favorably for you. Do you believe that you have the funding necessary within your budget to continue the very important long-term work while funding certainly this year's obligation for a Water Bank?

Mr. KEYS. Mr. Chairman, Mr. Walden, in Fiscal Year 2003 we are stretched, and we are working very diligently to pull that money together. So far we have most of it together, and we are actually doing some shifting around to get us through this year. Our 2004 proposal does provide adequate money.

The one thing that we are—in 2003, we are finishing up the construction of the A Canal fish screen, and that certainly helps us, first off, protect those little fish coming out of Upper Klamath Lake. And the second thing is we get that big funding past us, so that helps us out. But we think we have enough in our 2004 budget to cover us.

Mr. WALDEN. And that is, what, $10 or $12 million for the A Canal?

Mr. KEYS. Yes, sir.

Mr. WALDEN. That is an extraordinary construction project. I don't think most people realize, when you hear about a fish screen,

the size and the complexity of screening the A Canal is enormous, and your folks have done a great job.

Mr. KEYS. Mr. Chairman, Mr. Walden, there is one other aspect of that thing that is absolutely amazing, and that is that our folks are getting it constructed during this winter with no loss of service to the irrigation district there. They are doing a yeoman's job in getting it done.

There is good news and there is bad news. The good news is we had a great construction season. The bad news is a great construction season produces 45 percent water supply.

Mr. WALDEN. Mr. Keys, as you know, last session of Congress we were successful in passing legislation to provide for refunds, authorized refunds in the Klamath project. It has been my belief that people shouldn't have to pay for something they really didn't get and they had to maintain a system that didn't deliver water in 2001. Does the Bureau have a way to fund this year? And if not, is that in your 2004 request or is that something we need to work on differently?

Mr. KEYS. Mr. Chairman, Mr. Walden, we did get the authorization, but at the time we got it we had no funding to implement with. We do believe in what that authorization does for us and are certainly trying to find the funding to get that done.

For the rest of the panel, the refund there is for operation and maintenance monies that folks paid ahead of time and then received no water. And like I said, we believe in that, and when we can find the funds, we will certainly implement that authorization.

Mr. WALDEN. So the extent to which we could be helpful in finding those funds from some source, you would be appreciative even though you are going to stick with the President's budget because that is what you are paid to do. So I won't ask you to comment beyond that.

I have another question, Mr. Chairman, if I could. This regards the whole TMDL issue as it relates up on the Snake River and Columbia River systems. Are you engaged in that discussion and its potential impacts?

Mr. KEYS. Yes, sir. Myself and my Assistant Secretary, Mr. Raley, are both deeply involved in that. It has the potential of great harm to the power system.

Mr. WALDEN. I would like to explore that a little further. I don't know how much—do I have another minute or so, Mr. Chairman?

Mr. CALVERT. If it is a minute, we can do it. How is that?

Mr. WALDEN. I will make my part short. Could you just inform this Committee the extent to which this new TMDL requirement by the EPA, if enforced, the effect that would have on power production which my friends to the south should be keenly interested in because if we have any surplus, we would like to send it your way even though sometimes we don't get paid for it, mind you. But that is a different issue. Could you talk about that? This is a critical issue that is just coming to light.

Mr. KEYS. Mr. Chairman, Mr. Walden, the TMDL requirement that Mr. Walden is referring to is the temperature requirement under TMDL, total maximum daily load. We are still evaluating the impact on the system. We are working very closely with the Corps of Engineers. It resulted because the State of Oregon did not

have a system to implement TMDL, so EPA did it for them. And they have established a—

Mr. WALDEN. Haven't they established a temperature gradient that calls for colder water?

Mr. KEYS. They have established a quality requirement at the mouth of the river that is more stringent than at the top of the river, and rivers normally get warmer as they go down the river and come through the storage facilities. And that is the difficulty that we are trying to deal with.

Mr. WALDEN. Let me cut to the chase, if I could. My understanding is the potential is there that we could see no power production out of the Snake River dams if this is in force fully.

Mr. KEYS. Mr. Chairman, Mr. Walden, that is worst-case scenario.

Mr. WALDEN. Thank you.

Mr. CALVERT. Before I move to the next questions, is there a way, if necessary, to do an emergency declaration to allow for a change in how you operate those dams based upon this initial order?

Mr. KEYS. Mr. Chairman, I don't know the answer to that, but we could certainly consider that.

Mr. CALVERT. I appreciate that.

Mr. Inslee?

Mr. INSLEE. Thank you, Mr. Chair.

I wanted to ask you about the Bureau's—this is kind of a broader topic, but the Bureau's thinking on global warming and its implications for snowpack and, therefore, irrigation and power production. We are just very, very concerned in the Northwest that the computer models seem to suggest a significant reduction in snowpack due to global warming in the next several decades. And inasmuch as it is our electric battery and our irrigation supply, that could potentially cause us great grief.

I wonder if you can relate to us what efforts the Bureau has made to assess the nature of that threat and, two, talk about either mitigation or, if mitigation doesn't work, what we ought to be doing about that problem, because it really is of growing interest in the Northwest.

Mr. KEYS. Mr. Chairman, Mr. Inslee, we don't have an effort underway in Reclamation to do that. We do have people that are working closely with the U.S. Geological Survey, who are participating in a number of studies on behalf of the Government to look at global warming. We also have some folks that are working on studies that are being coordinated with the National Academy of Science on global warming. But in Reclamation, we don't have the capability of doing those kinds of studies.

We are supportive of our sister agencies and certainly encourage them to do that and would look to the results that come out of their studies.

Mr. INSLEE. Do you think that is a role that you ought to play? And let me suggest in some nature you should, and let me tell you why it makes sense to me. You are sort of a service provider to a lot of folks for both irrigation and power, and if there is a threat to that supply, I would think that the Bureau would want to be in some fashion associated with dealing with that.

Do you think that makes sense if you had the money, or is it just something that ought to be left to another agency?

Mr. KEYS. Mr. Chairman, Mr. Inslee, we don't have that kind of capability in Reclamation. That is why we depend on the Geological Survey, and we are working very closely with them. In other words, they represent us. They have the right kinds of people to deal with those issues. We just don't have that kind of expertise. We can't afford to keep that kind of expertise on staff.

Mr. INSLEE. Have they given you information about what is probably going to be happening with snowpack in regard to this phenomena?

Mr. KEYS. Mr. Chairman, Mr. Inslee, it is not that precise yet, and it has not come down to being able to say that this year's snowpack is less because of global warming and so forth. Our Department is watching it very closely. They are working with the USGS and other scientific agencies. We are watching it closely. It is just not that precise that we can say this year's snowpack is—

Mr. INSLEE. Right. Let me suggest we are never, ever going to have that degree of precision where you can say any particular year's snowpack is related to any particular year's global warming. But I am concerned that if you have not asked the other Federal agencies to give you predictions of long-term trends in snowpack that is going to have huge, I believe, impacts in the Northwest, it would seem that the Bureau would at least ask these other agencies to advise you so that you can become prepared with additional storage, if that works, or other ways of dealing with that on a long-term basis.

So I would encourage you to think in those terms because you are sort of the service provider to a lot of our constituents. And if 15 years from now all of a sudden the snowpack is 30 percent less, which the computer models suggest it will be—maybe not 15 but 20 to 25 years from now—and the Bureau hasn't thought about how to deal with that issue, I think we are really going to be behind the eight ball. So I would encourage you to at least explore avenues for the Bureau to try to get those other agencies to help you in your mission, and I would like to work with you in any regard in that.

Mr. KEYS. Mr. Chairman, Mr. Inslee, we would certainly do that. I don't think the other agencies have the ability to predict. Every time I see the people from the GS, we talk about it, and we say, "What is the snowpack going to be?" And they say, "That is your job to predict," because we are still—it is just not that far out there. It is not precise. And I don't know of any agency that has the ability to predict long term.

Mr. INSLEE. Well, I agree with you that there is no way we can predict in a particular year what the snowpack is going to be. But I guess what I am getting at, if the long-term trends are for significant reductions in snowpack, average years, is that something the Bureau you think should be doing something about right now to think about, or what do you think?

Mr. KEYS. Mr. Chairman, Mr. Inslee, we don't know that the long-term trends are to reduce snowpacks. That is what I am telling you. We don't know of an agency that has the ability to predict that.

There are studies underway to see if that is a trend, but we have not seen those kind of predictions yet.

Mr. INSLEE. We will send you some.

Thank you very much.

Mr. CALVERT. If I heard the gentleman correctly you might look into some additional storage, I would be happy to work with you on that.

Mr. INSLEE. Well, you know, that is the problem, because we don't have that many opportunities.

Mr. CALVERT. I will predict we need additional storage. How is that?

[Laughter.]

Mr. CALVERT. With that, I will recognize Mr. Nunes.

Mr. NUNES. Thank you, Mr. Chairman.

Mr. Keys, since the last time we spoke, we have authorized a feasibility study on Upper San Joaquin River. In your proposed Fiscal Year 2004 budget, you have budgeted $1 million, yet there are other records that show that you are going to need $4 million in Fiscal Year 2004. Can you comment on that and on additional funding that you may need on this specific project?

Mr. KEYS. Mr. Chairman, Mr. Nunes, the studies that you are referring to will be started in Fiscal Year 2003 because of the CALFED authorization and the funding that came along with that for authorized studies. The 2004 monies keep that going.

Currently, that is our capability, and certainly if there are other requirements out there, we would certainly be willing to work with you. But right now it appears that is what we need.

Mr. NUNES. OK. It just appears to me that there could be a possible discrepancy from your proposed Fiscal Year 2004 budget and what has been budgeted previously to complete the project. So, as you know, I am very concerned to make sure we have enough funding to finish the project on time, the feasibility study.

Another question. I don't know if this is the right time, but could you comment on the status of CALFED and what your thoughts are on where the process should go?

Mr. KEYS. Mr. Chairman, Mr. Nunes, CALFED is a process that started a number of years ago. We are doing everything that we can in Reclamation to accomplish work under the authorizations that we got this year on those storage facilities. Our Department is still working very closely with other entities to see if there is support for the CALFED program. And I think at the proper time our Department will make that decision.

Mr. NUNES. So at this point, you have no decision on whether or not we should proceed with involvement in the CALFED process?

Mr. KEYS. Mr. Chairman, Mr. Nunes, it means that we have to work very closely with the State of California and all of the other entities there to be sure that all of us have a bill that we are all comfortable with. And certainly we have worked with Members of both the House and the Senate over the years on different proposals. I think once a proposal is together that all of us can look at and get behind, I think there are good possibilities there.

We are fully supportive of the CALFED process. It is just not—there has not been that vehicle yet that we can all support. We are

supportive of the process, but we would be more than happy to work with the people from the House or the Senate on a proposal.

Mr. NUNES. Well, I am supportive of the process also, except when—the bottom line is—I think, Mr. Chairman, you know this, you mentioned it—we need new water storage, and this process has been going on for a decade. I have grave concerns that we are just barely in the feasibility study stage, which is, as you know, not even close to the stage of actually building any new water storage facilities.

Thank you.

Mr. CALVERT. Well, we are going to be working on a CALFED bill, Mr. Nunes, together, all of us, and, by golly, we are going to—and I am sure your Department is going to love it, Mr. Keys. And Bennett is going to love it, too.

Mr. KEYS. Mr. Chairman, we will certainly look forward to working with you on that.

Mr. CALVERT. Mrs. Napolitano?

Mrs. NAPOLITANO. Thank you, Mr. Chairman.

Commissioner Keys, could you give me a clarification of the thinking of the Bureau of Reclamation on recycling?

Mr. KEYS. Mr. Chairman, Mrs. Napolitano, recycling is a good program. The Title XVI program that was authorized 12 years ago certainly is one that the Bureau of Reclamation will continue to work to construct those projects that you have authorized and funded and certainly to finish the construction on those projects that are underway.

The Bureau of Reclamation currently is operating under a flat budget. In other words, we are looking at no substantial increases in our overall request, and with all of the other requirements on the Federal treasury, that is kind of the way of life for us right now.

There was a little—I know it doesn't seem significant, but from the official Fiscal Year 2003 to 2004, there was a small increase in our wastewater reuse and recycling budget. So what I am saying is that Title XVI is a valid part of our program. It is doing its job to help stretch water supplies in some of our States.

It has been part of our program for over 10 years. It was meant at first to be a pilot and demonstration project to let us look at new methods for recycling, let us look at new uses of water, reuses of water. It was not meant to be a grant program, and certainly that is part of the problem that we get into.

What we are trying to do is say that we have been at that 10 years, and it is time to look at a—not a total refocus, but a shift in gears there to look at other technology, the other technology being desalination, which there seems to be great demands for our there.

We are working with the local people in California who are trying to desalt ocean water. We are working with people in the Plains that are trying to desalt brackish groundwater. One of the problems in our rural water program is that the current solution is to drop a pumping plant into the Missouri River, put a treatment plant on it, and then run pipelines 120 miles out. And we are trying to find a smaller, more efficient desalting process that we can

put on the ground out there instead of running these pipelines that far.

In California, we also think that desalting can be a help in our work with the Colorado River. In other words, if the State of Nevada, for example, wanted to go to Long Beach and put some money into their desalting plant and the California people use water from desalted ocean water and then Nevada divert a like amount from the Colorado River, that sort of possibility is out there, and there is interest in that.

So we are trying to find, I would say, the best use of our scarce funds to do the most good with, in other words, to be as efficient as we can. And we are trying to improve that technology for desalination.

Mrs. NAPOLITANO. But, Mr. Commissioner—and I don't want to seem like I am interrupting, but hasn't recycling proved to be a win-win in California and other States? It has provided other States the ability to see that it can work and how it can work. The fact that a lot of States are going to have a tough time trying to find a way to get rid of the brine if they go to desalting or when they go to desalting—which may—I am sure you are right. We need to find other alternatives, but not totally wipe out the assistance in recycling. And we have gone through great lengthy meetings in California over the 4.4 plan, the Colorado. And it is just something that if we are not able to continue putting the emphasis on recycling the water, by the time we get going on desalination in the areas, we will have already been at the deadline of 4.4 which is now there, unless Interior and Sacramento get together and are able to work something out. The point being is that this has been proven, it works. Yes, you weren't meant to be the total funder. If there is an issue of matching funds, what is then the adequate—because in some of the reading information I had, it said the agency felt that the matching portion of it was inadequate. What would be adequate? We can't just throw the baby out with the bath water and say now we are moving to another new technology. It has been proven, but we have the desalter down at the bottom of the Colorado River that hasn't been used for years. I believe there is another one that—and I can't remember the other one, but there is another one. Why are we not putting those back on line in areas where we feel maybe we need to work on the water for the Colorado River water from Mexico and the U.S. at the mouth of the Colorado.

There are all kinds of scenarios that we can argue about what is the workable plan. How did the agency get there? Who made the decision? Did you have input from the communities that we serve, both you and I, the Bureau and I, and the rest of us? Because it seems to me that these people are floundering for answers, and they are coming to us because they can't seem to understand where the Bureau is going with this new plan.

The other one is the PART, the program assessment rating. There are questions about how you came up with some of the ratings and how it is going to help some of the institutions be able to deliver quality of water. And in terms of drought, you are correct. We need to—Jay Inslee pointed out we need to look at it before we get to the point of drought.

Texas, for instance, the ability of the farmers, we should have had a plan there for them a long time ago. They are really literally losing the farm. If we have to go and negotiate with Mexico, then, by all means, let's go to the DOJ.

I am just trying to find answers. How do we get to all these things? And how do we understand where the Bureau is heading without us understanding what drove you to that based on what we are experiencing in our backyard with our constituencies? Do I make myself clear, or am I muddled enough for you?

Mr. KEYS. Mr. Chairman, Mrs. Napolitano, I understand very well what you are saying. We are an old agency that has a very narrow mission in dealing with water and power in the Western United States. The Title XVI program was something that was entirely new to us, and what we worked with cities and entities to do is to try to prove the wastewater reclamation and reuse technology. And I think we have done a pretty good job of that.

Mrs. NAPOLITANO. You have done a great job. I am looking at your website, a copy of your website taken off of it the 4th. And it reads—and I will read this into the record.

Mrs. NAPOLITANO. Let's see. "Our evolving mission places greater emphasis on water conservation, recycling, and reuse; developing partnerships with our customers, states, and tribes; finding ways to bring competing"—and then it goes on. It is still on your website. It is still part of your mission, and it is still part of the largest portion of your mission. And that is why I can't understand why that mission is evolving into something else. It says water reuse and conservation is another—"water quality works hand-in-hand with our most important goal of water reuse and conservation."

And so it is hard for me to understand as an individual who works with the communities why this is happening without any input from the locals or from this Committee or information for us to understand where you are headed and why. And I understand your budget constraints. We all are facing them, unfortunately, and I agree with you, we need to work a little closer together.

I just need you to understand that there are a lot of issues that we have that I am bringing to the table because they are issues that are being brought to me not only from my constituents but from other members' constituents not even here in this Committee.

Mr. KEYS. Mr. Chairman, Mrs. Napolitano, we are certainly willing to work with you in the future on this. I would tell you that that is in our website because we are proud of what we have accomplished with those entities out there.

Mrs. NAPOLITANO. And I agree.

Mr. CALVERT. I thank the gentlelady.

While we are on the subject of Title XVI, I might as well carry it on a little bit. Obviously, the wonderful thing about the Government we all serve is that we have three branches, and so we can all have our disagreements. I suspect that the House and the Senate may have agreed that Title XVI is part of the law today, and we may be able to help you out as far as finding additional funds to continue Title XVI. I think it is very popular, especially in my home State, but certainly I think as you know, we have looked into expanding Title XVI just beyond California at some point in the fu-

ture. And it is a point that I want to make because my question is going to be about the quantification settlement agreement.

As you know, we are under a lot of stress right now to meet our obligation to use the 4.4 million acre feet that has been allocated on the Colorado River. And in order to meet that, it is going to take more than just CALFED, though that is certainly an important part of the solution. It is going to take Reclamation. It is going to take desalinization. It is going to take conservation in a number of ways in order for us to meet our needs, not just in California but in many States throughout the West.

And so I don't believe that from my perspective, and I think the perspective of many folks on both sides of the aisle, that Title XVI is going to go away. So I think we need to work together in the future to see if we can work it in a way that meets the Department's needs and at the same time we can make some headway.

On the quantification settlement agreement, it seems from the reports that I have been reading and in talking to various folks that the four affected agencies may come to an agreement very soon, hopefully. As you know, in this process it has been a very complex and complicated deal. And I want to ask the question: Will the Bureau and the Department commit to work positively to—I guess in my old real estate vernacular—"close the deal"? You know, I used to have this saying, "Don't let the perfect be the enemy of the good." And at this point, this is extremely important not just to the economy of California—and certainly it is—but to the economy of the entire Western United States if California doesn't have adequate water to meet its future obligations.

And so hopefully if, in fact, these agencies do come to an agreement, the Department, the Bureau acts proactively to positively close this transaction. Any comment about that?

Mr. KEYS. Mr. Chairman, the Department of the Interior and the Bureau of Reclamation are still interested in settling—in working with the California parties regarding the efforts of work that we did up until December 31st. The Department is still willing to meet with California parties at the appropriate time to consider any proposal. We have actually offered to meet with all of the States and the parties the 12th and 13th of this month.

But we have to do those meetings and efforts now in consultation with the Department of Justice. Many of the issues involved in the QSA now are subject—are a part of Federal litigation. But certainly we remain interested and are willing to meet and try to settle this thing.

Mr. CALVERT. Now, I understand—is there any legal impediment from dealing with anyone—you know, in my old life I used to get sued all the time and I would meet with those folks on a regular basis, nevertheless. Is there any legal impediment for you to meet or talk to or communicate with someone who is in a lawsuit? For instance, if the Sierra Club is suing you or some environmental agency is suing you, does that mean you don't meet with them anymore?

Mr. KEYS. Mr. Chairman, no. We are willing to meet with any of them at almost any time.

Mr. CALVERT. Well, that is important because, you know, we have got to move this process forward. And I understand that any-

time we deal with water, there is a lot of emotion and hard feelings and so forth and so on. And I hope there are none in this case because we must move this deal forward.

Mr. KEYS. Mr. Chairman, we are willing to meet with them. I think what I was trying to say is we are willing to meet with them, we just have to take the right people with us now.

Mr. CALVERT. Yes. Well, you guys have more lawyers than most, I suspect. All right. I will leave it at that.

Mr. Cardoza?

Mr. CARDOZA. Nothing further.

Mr. CALVERT. Mrs. Napolitano?

Mrs. NAPOLITANO. If I may, I would like to go for another couple of questions. I certainly would ask the Chair to reserve the right for us to submit questions.

Mr. CALVERT. Without objection.

Mrs. NAPOLITANO. From not only our members but from myself.

There have been two studies that have been hanging fire for a long time. One of them has been the Hardy Phase 2 study. That is regarding the Klamath River. And the other one has been the Southern California Comprehensive Water Reclamation and Reuse, Public Law 102–575 and the comparable study for the San Francisco Bay area. And this has been not delivered, and I would like to ask if that could be accomplished as soon as possible.

Mr. KEYS. Mr. Chairman, Mrs. Napolitano, the study that you just mentioned on the wastewater reuse in Southern California is undergoing a revision at this time and should be available in the near future.

The Hardy Phase 2 study is one that we are still waiting on. When we get that, it will be submitted to the National Academy of Science as part of their review of all of the science in the Klamath Basin on the proposals that have been made for the Endangered Species Act and the salmon there.

Mrs. NAPOLITANO. I certainly would like to know what the changes are, because we were privy to some of the information on the Southern California Comprehensive Water Reclamation and Reuse, and I would like to know what some of the changes are because apparently it did indicate a strong view on water recycling.

Mr. KEYS. Mr. Chairman, Mrs. Napolitano, I will be very candid with you. When we got the report, there was a lot of extraneous material there, and we are trying to be sure that it is concise so that we can all understand what is there.

Mrs. NAPOLITANO. Excellent, and I hope that it is clear to all of us.

And the other question, one of the ones that has been in the back of my area has been the San Gabriel Basin restoration fund. The Bureau has proposed $1.3 million for clean-up activities. We were allocated $10 million in 2003 and $12 million in 2002. And now the Bureau consistently wipes that amount out, and David Dreier, Chairman of Rules, consistently puts it back in. Is this a game we are playing?

Mr. KEYS. Mr. Chairman, Mrs. Napolitano, we are not playing a game. It is just trying to find the right conditions to get the work done and trying to use our monies most expeditiously.

Mrs. NAPOLITANO. It gets put back in. Why don't we just put it back in up front?

Mr. KEYS. Mrs. Napolitano, it was a new program last year, and we are certainly trying to get it back in the train.

Mrs. NAPOLITANO. It was—OK, you say new, but it has been around for a long time.

I will then submit some other questions in writing that I certainly would like to have information to disseminate to all of my colleagues.

Thank you, Mr. Chair.

Mr. CALVERT. Thank you.

With that, I would have some additional questions I will submit in writing also so we can move on.

[The Bureau of Reclamation's response to questions follows:]

CHAIRMAN CALVERT

THE BUREAU AND THE PART PROCESS

1) Question: OMB has implemented its Program Assessment Rating Tool (PART) to evaluate a program's purpose, management and results to determine its overall effectiveness. Discuss the relative importance of the new PART process in setting agency budget priorities, and the role of the Bureau of Reclamation in conducting PART analyses. Does the Bureau consult with the OMB in defining its core mission, particularly during the budget process?

Answer: The PART process plays a significant role in setting agency budget priorities, as agencies work to implement the results of the PART ratings. Under the PART program, each agency self-assesses its programs using a standard tool, and OMB reviews and consults with the agency in setting a final rating. Reclamation is taking PART ratings into account in developing budgets for programs that have been rated. Also, Reclamation develops its overall budget, priorities, and mission statement in close consultation with the Department and OMB. The PART tool does not determine budget priorities and requests, but does inform the budget process.

TITLE XVI FUNDING

2) Question: The Bureau's "core mission" states that it is "to manage, develop, and protect water and related resources." Water reclamation and reuse are important methods to developing water, yet the Bureau maintains that these programs are not part of the "core mission." How does the Bureau define the "core mission?

Answer: The Bureau's Core Mission, as stated in DOI's Strategic Plan, is "to deliver water and hydropower, consistent with applicable State and Federal law, in an environmentally responsible and cost efficient manner." Although we recognize the importance of funding a variety of activities within our Water and Related Resources appropriation, including water reclamation and reuse, Reclamation feels that we must place a priority on those activities that are central to our mission.

2b) Question: The fiscal year 04 Title XVI request amounts to $11.5 million, representing a significant reduction over the last two years. Explain how the Bureau arrived at this funding level given the importance of providing assistance to projects that are proceeding to construction that depend on meaningful federal assistance.

Answer: When developing Reclamation's budget we must consider our entire program and identify priority activities. Because the Title XVI program supports projects that promise to help alleviate potential water shortages, our fiscal year 2004 request for Title XVI work is actually about $1 million above that shown in the fiscal year 2003 amended request. Reclamation is unable to fund all programs within the existing budget constraints.

WESTERN WATER INITIATIVE

3) Question: What is the genesis of the Western Water Initiative? What stakeholder involvement did the Bureau seek in formulating the Western Water Initiative?

Answer: Many parts of the Nation are struggling to deal with a drought of historic proportions while working with aging facilities that are of 19th century technology in a 21st century level demand for water. Recent crises in the Klamath River basin in Oregon and Middle Rio Grande basin in New Mexico—where farmers, Native Americans, fish and wildlife all were impacted by the water shortages—vividly dem-

onstrate the consequences of failing to resolve the problem of demands for water by people and the environment that exceed the available supply.

In the Klamath Basin, damaging social and economic impacts in the community, a decline in fish and wildlife habitat conditions, loss of traditional practices, and negative impacts to commercial and sport fishing industries all have been by-products of drought and the related conflicts over the use of water for farming, tribes, and the environment,

In the Middle Rio Grande Basin, endangered minnows and drought have caused conflict over the use of storage water, earmarked for cities and farms, to improve minnow habitat. The result has been controversial court decisions that have undermined the water supplies for future municipal economic and population growth, and future farming and the environment in the Basin. There is a significant risk that additional water shortage crises will occur in the short term, mostly in the more arid parts of the United States, where population growth is the greatest.

The Western Water Initiative is a strategic approach to predicting, preventing, and alleviating water conflicts such as these, and will assist in investing in water supplies that will support the people and economy in the coming decades. The focus of the Western Water Initiative is not just on increasing water supplies, but on better managing the water we have. The Initiative will do this by helping to develop long-term plans for water management, targeting areas that are most likely to have water conflicts, working to improve the use of science and the adoption of adaptive management plans for watersheds, and helping people Reclamation staff better understand what they must do to help Reclamation projects meet the requirements of the Endangered Species Act.

We have heard from many of the water users on Reclamation projects in the West that they need assistance in improving their ability to manage water more efficiently. Some water delivery facilities are more than 60 years old and the modernization of existing infrastructure could add significant efficiencies to water delivery systems, providing the flexibility needed to help meet unmet water demands. Many Reclamation water districts cannot afford to make the improvements on their own. We have received many requests for state and local entities to use our science and technology to reduce the cost of desalination. This Western Water Initiative is responding to these pleas for assistance, financial and technical, to improving their ability to stretch water supplies in the West.

SALTON SEA RESTORATION PROJECT

4) Question: The Department of Interior has indicated that it has carried out its responsibility under the Salton Sea Reclamation Act. Many others disagree and say that the Department could be doing more to resolve issues on Salton Sea remediation. Is the Bureau's proposed $1 million for Salton Sea part of a long-term plan to issue a Preferred Alternative? If not, what are the Department's next steps?

Answer: The Department fulfilled all reporting requirements, as related to P.L. 105–372 in January of 2000, when former Secretary Babbitt forwarded to Congress a draft Environmental Impact Statement/Environmental Impact Report, a Strategic Science Plan, a Draft Alternatives Appraisal Report, and an Overview and Summary Report. Since that transmission in January of 2000, we have been continually refining and analyzing various alternatives to restore the Sea with particular emphasis on engineering feasibility and cost estimates. During this time we have also been encouraged by Members of Congress and others to assess partial restoration alternatives. In January of 2003, we released a Salton Sea Study—Status Report, which further assesses various past and "newer" concepts. The Department will continue to work closely with the Salton Sea Authority, other federal, state, and tribal entities to further analyze and refine alternatives for restoring the Sea.

BUREAU POWER PRODUCTION

5) Question: OMB's PART process rated the Bureau's power program as "moderately effective." Explain this analysis and whether the Bureau participated in this process.

If you agree with OMB's assessment, what will the Bureau do to improve how it produces power?

Answer: OMB and Reclamation collaborated on the evaluation of Reclamation's hydropower program, ultimately resulting in the "Moderately Effective" rating. This collaborative effort involved Reclamation providing to OMB its own, internal assessment of its program, as well as a large amount of programmatic information. As perusal of the PART worksheet and summary sheet indicates, OMB found Reclamation's hydropower program to be generally well-run. However, it determined that Reclamation's long-term goals and measures were inadequate. OMB and Reclamation are working together to come up with a better way of defining Reclamation's

long-term vision for its hydropower program, and of better tracking its progress toward reaching that vision.

DAM SECURITY AND SAFETY

6) Question: September 11 understandably changed the way Bureau looks at securing its facilities from terrorist attacks. How is the Bureau spending site security funds appropriated by Congress?

Answer: Reclamation is using site security funds to maintain a heightened level of security at facilities by using guards, law enforcement officers, surveillance, and security patrols, and implementing physical security improvements and upgrades.

6b) Question: Will it need more funding for site security improvements, and, if so, will the Bureau continue its policy of not passing added security costs to its customers?

Answer: Reclamation has prioritized and initiated identified security upgrades for the 55 most critical facilities where vulnerability risk analyses have been completed. Many of the initial security improvements are already in place, and work will continue in fiscal year 2003 on the remaining programmed improvements. As additional security risk analyses are completed in fiscal year 2003 and fiscal year 2004 we will program funds for further identified upgrades. At this time, we will continue our policy of not passing these added security costs on to our project beneficiaries.

6c) Question: Does the Bureau have a plan to assist localities impacted by these security enhancements?

Answer: Our efforts are aimed at protecting the public, our employees, and our facilities from adverse impacts of terrorist actions. We do meet with local officials and advise and educate the public on matters that may impact them.

6d) Question: The Bureau is proposing that Congress raise the authorization ceiling for the Dam Safety Program. Because of this, the Bureau maintains that it will not be able to identify fiscal year 05 actions since it does not have an appropriate spending ceiling. Explain why the Bureau cannot simply identify out year dam safety fixes without a raise in the Dam safety ceiling.

Answer: Preparing the modifications reports that identify the out year dam safety fixes requires a commitment by the beneficiaries to repay their share of the cost of the modifications in accordance with the Reclamation Safety of Dams Act. The project beneficiaries are unable to commit to repayment if there is not sufficient authorization to indicate what the repayment terms will be.

RURAL WATER SUPPLY

7) Question: The Administration argues there is significant overlap with other Federal rural water program. Where is the Bureau on establishing guidelines for a rural water supply program such as eligibility, local cost share and program planning?

Answer: The Department is in the process of drafting legislation for review by OMB to establish a structured rural water program within the Bureau of Reclamation. While Reclamation has been directed by Congress to plan, develop and construct 13 specific and individual rural water projects since 1980, we have been extremely limited in our ability to work with the communities that are in need of assistance prior to the passage of the specific project authority. This has resulted in inefficiencies and increased costs. The proposed legislation will address the programmatic shortcomings identified in the fiscal year 2004 PART analysis of Reclamation's rural water projects. At this time several different options are being considered as a means of addressing those weaknesses, and it is premature to identify any specific actions.

CALIFORNIA WATER DEMANDS

8) Question: California has used more than its share of the allotted 4.4 million acre feet per year of Colorado River water. Efforts are underway to reduce southern California's share of Colorado River water by utilizing Title XVI funding programs. Do you agree that these programs can help relieve southern California of its water needs?

Answer: Yes. The water produced from Title XVI projects has been used to eliminate the use of potable water supplies, including Colorado River water, from activities such as landscaping and heavy industrial uses and replace those potable supplies with waste water.

8b) Question: If so, why are Title XVI programs not part of the "core mission?

Answer: When Title XVI passed in 1992, the Act directed the Secretary of the Interior (Secretary), acting pursuant to the Reclamation Act of 1902, as amended, to undertake a program to investigate and identify opportunities for water reclamation and reuse of municipal, industrial, domestic, and agricultural wastewater, and naturally impaired ground and surface waters, by the design and construction of dem-

onstration and permanent facilities to reclaim and reuse wastewater, and to conduct research, including desalting of the reclamation of wastewater and naturally impaired ground and surface waters. The Bureau believes the initial goals of the Act have been met and we have helped prove that reclaimed water is a viable source of future water supplies.

Although the Title XVI program does support water recycling projects that promise to help alleviate potential water shortages, Reclamation is not the only potential source of such funding and Reclamation has many important programs that must be funded. Reclamation is unable to fund all programs within the existing budget constraints.

OUTSOURCING

9) Question: Section 208 of the fiscal year 03 Omnibus appropriations bill for the Bureau of Reclamation States: "The Commissioner of the Bureau of Reclamation is directed to increase the use of private sector in performing planning, engineering and design work for the Bureau of Reclamation projects to 10 percent in fiscal year 03, and in subsequent years until the level of work is at least 40 percent for planning, engineering and design work conducted by the Bureau of Reclamation." How does the Bureau of Reclamation plan to outsource?

Answer: While the Bureau of Reclamation fully supports Congress and the Administration's effort to increase efficiency by increasing contracting opportunities, this is an area that will require additional review by the Bureau. We find overly prescriptive language of this sort may have an adverse effect in actual application. The Bureau currently contracts out a significant amount of our designing and engineering work. Increasing beyond these existing levels may not benefit project beneficiaries and/or the taxpayer.

UNDERFINANCING

10) Question: In the fiscal year 03 Budget, $37.9 million was included for underfinancing. In the fiscal year 04 Request, $40 million was included for underfinancing. This figure is based on historical experience with contract problems, construction issues, weather problems and environmental compliance issues with projects. Can you explain what the consequences are to a district that might have been expecting their full appropriation from Congress and may end up with a 9–15% reduction?

Answer: You are correct that the amount of underfinancing requested by Reclamation is based on historical experience. The approximately $40 million reduction in the request represents about 4.9% of the total scheduled program, which could reasonably be expected to be absorbed during a normal year due to non-budgetary delays. However, the $80 million reduction for underfinancing in the Congress" fiscal year 2003 Omnibus Appropriations act is in excess of a 9% reduction and will have negative impacts on work planned. This was the highest level of underfinancing ever imposed upon the Water and Related Resources appropriation. Some water users and other Reclamation beneficiaries may experience delays in work accomplishment due to lack of funding in fiscal year 2003.

10b) Question: How do they make up for this funding in their contracts for work?

Answer: Some water users have the ability to borrow funds needed, or have non-federal funding sources to draw upon. Others may have to reschedule work or otherwise control the rate of expenditures.

10c) Question: How long does it take for a district to get their money that Congress has appropriated while the Bureau assesses the underfinancing ramifications?

Answer: In a normal fiscal year, Reclamation has an appropriation available from Congress at the start of October, and has completed the process of identifying likely slippages in accomplishment by the end of November or December. In fiscal year 2003, however, Reclamation had to operate under continuing resolutions for nearly five months. Matters were made even more difficult due to the fact that the underfinancing approved by Congress was more than double the amount recommended in the President's Request. Therefore, it will probably not be until April that the underfinancing can be distributed to the various projects and programs. We are hopeful that in fiscal year 2004, an appropriation will be available in a timely fashion, and with an appropriate amount of underfinancing that can be distributed without causing disruption.

10d) Question: Is this figure spread evenly across the board to every line in the Bureau's Budget?

Answer: No, underfinancing will first be applied to projects and programs that are experiencing slippages due to the factors you mentioned, such as construction issues, weather problems and environmental compliance issues. A good example is the large reduction in construction cost achieved by Reclamation's Safety of Dams

effort on Horsetooth Dam in Colorado, where a refined plan to repair the dams there has saved money. However, the large amount of underfinancing approved by Congress in the fiscal year 2003 budget will have some negative impacts on project accomplishment. We recommend that the 4.9% underfinancing requested in fiscal year 2004 be approved as is, because that is an amount that we estimate can be absorbed as part of the normal process.

CENTRAL VALLEY PROJECT RESTORATION FUND

11) Question: How does the Bureau plan to determine when any particular CVPIA mandate or objective is achieved for purposes of that Act, particularly new long-term contracting and changes to Restoration Fund payment requirements?

Answer: Our contracting process is on-going. We are in the process of negotiating new long-term contracts, which will implement the provisions mandated by the Central Valley Project Improvement Act (CVPIA). These contracts are for a term of 25 years, and in the case of irrigation contracts, are renewable for an additional 25-year term, with continued renewals after each 25-year period, and for an additional term of 40 years to the extent they are for municipal and irrigation water. When a renewal contract is signed by both parties that stage of the process may be viewed as complete.

Reclamation, in coordination with the U.S. Fish and Wildlife Service (USFWS), annually reviews the progress made in achieving the overarching goals set forth under the CVPIA. Based upon the progress made in achieving both the annual and long-term fish, wildlife and habitat goals of the program, USFWS and Reclamation determine budget priorities for executing efforts in the upcoming year. Ultimately, USFWS will make the determinations as to whether the fish, wildlife, and habitat mitigation and restoration actions enumerated under the CVPIA have been accomplished; e.g., USFWS would make the determination that the fish doubling goals have been achieved as outlined in the CVPIA.

Payments required under CVPIA are a continuing mandate. In P.L. 102–575, Title XXXIV, CVPIA, Section 3407 requires the Secretary to assess and collect annual mitigation and restoration payments during each fiscal year in an amount that can reasonably be expected to equal the amount appropriated each year to carry out the purposes identified in the CVPIA. In addition, Section 3407 states that upon the completion of the fish, wildlife, and habitat mitigation and restoration actions mandated under Section 3406, the Secretary shall reduce the sums from $50,000,000 to $35,000,000 per year and shall reduce the annual mitigation and restoration payment ceiling established under this subsection to $15,000,000 on a three-year rolling average basis.

Based on the language in Section 3407(d)(2)(A), funding for activities authorized under CVPIA will continue for the foreseeable future.

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REPRESENTATIVE GRACE NAPOLITANO

WATER RECYCLING

12) Question: Isn't the low Federal cost-share for water recycling projects (25%) a cost-effective way for the Federal government to participate in projects that can produce hundreds of thousands of acre-feet of water every year?

Answer: By limiting the Federal share to 25 percent of planning, design, and construction costs and prohibiting funds for operation and maintenance, Federal participation is a relatively small part of the total cost of water recycling projects. While Federal participation for individual Title XVI projects may be limited to 25%, the large number of these projects, if fully funded, could balloon to a substantial portion of Reclamation's budget.

13) Question: What is the status of the "Southern California Comprehensive Water Reclamation and Reuse" study required under Title XVI of P.L. 102–575, and comparable study for the San Francisco Bay Area Water Recycling Program (BAWRP)? Why won't the Administration release these reports, which were partially paid for by local water agencies?

Answer: The Administration is completing its review of the BARWRP Master Plan. The Southern California report is currently undergoing final processing through the Department of the Interior for transmittal to OMB. If approved, the reports will be transmitted to Congress.

14) Question: If by the Administration's own analysis (in the Program Assessment Rating Tool, or "PART" process) water recycling is "important to meeting the West's future water needs," why does the fiscal year 04 budget request reflect a significant decrease in funding for these programs? How are the cuts consistent with the con-

clusion (from the PART analysis) that these projects "are especially important in helping to shift California from its dependence on Colorado River water?

Answer: The PART process for Title XVI generated extensive information on program effectiveness and accountability, including the need for additional performance measures. The principal PART findings for Reclamation's Title XVI Water Reuse and Recycling program (PART rating: Moderately Effective) indicate the program is moderately well-managed, although Reclamation's oversight of individual projects is limited by the strong degree of local control. Improved performance measures are currently being developed that should facilitate better long-term planning and provide a clear linkage between Federal funding and progress towards outcomes. fiscal year 2004 funds will be directed to the completion of projects already under construction.

We note that the Administration's fiscal year 2004 Budget requests $12.68 million for the Title XVI program, an increase of $1.13 million over the fiscal year 2003 request.

15) Question: How was the new PART process used within the Administration to set or determine budget priorities for fiscal year 04? Who selected agency programs for the analysis? Why was the Title XVI water recycling program, hydropower, and the rural water program selected over all the other Bureau functions?

Answer: During formulation of the fiscal year 2004 budget, the Administration began using the Program Assessment Rating Tool (PART) to identify strengths and weaknesses of programs and to inform budget, management, and policy recommendations. Under the PART analysis conducted in 2002, the selected agency programs were considered to be well-defined functions that covered at least 20 percent of Reclamation's budget. Reclamation's PARTs for 2002 were also selected to coincide with analyses of similar programs in other agencies. They were selected with input from Bureau staff.

16) Question: Was Bureau staff directed to review each Bureau program and project in accordance with the PART process? Or were these analyses performed by OMB without agency input?

Answer: OMB worked in consultation with Bureau staff in developing the projects/programs selected for review, and in carrying out the analysis. The PART process is collaborative, driven by OMB's implementation of the President's Management Agenda, but done in close consultation and coordination with the Bureau. Ultimately, it is intended to be a useful management tool to all program managers, both at OMB and in the agency, that will ultimately result in better accountability to the taxpayer, better program management, and programs that focus on achieving results.

17) Question: The PART analysis and the Bureau's budget documents state that the water recycling programs are not part of the Bureau's "core function." Has Congress defined the Bureau's "core function" in law? How can you justify the Administration's conclusions about the "core function" of the Bureau of Reclamation when water recycling is clearly stated as an important part of the bureau's mission in at least three separate locations on the Bureau of Reclamation's current website?

Answer: Although the Bureau's "core function" has not been defined by law, the Administration's use of the term generally refers to those programs that focus on water delivery and/or power generation. The purpose of the water recycling program is to identify and investigate opportunities for reclaiming and reusing wastewater and naturally impaired ground and surface water, and to provide financial and technical assistance to local water agencies for planning and development of water recycling projects. While in this regard, it is an important part of the bureau's mission, it does not focus on Reclamation's core function of delivering water and generating power. Budget constraints prevented the Bureau from funding this program at a higher level.

18) Question: Under the PART analysis for Title 16 programs, Section IV: Program Results, Question 3, the question states: Does the program demonstrate improved efficiencies and cost effectiveness in achieving program goals each year? The analysis responds, No. The program is being administered at a 97% success rate and has little margin for demonstrating improved efficiencies and cost effectiveness. Therefore, the PART analysis did not add points towards the total Title 16 score. Are water recycling projects being punished for meeting or exceeding efficiency criteria under PART process? How do other programs fare under this criterion?

Answer: No, Title XVI programs are not being punished for meeting or exceeding these efficiency criteria. Titles XVI, as well as all of the other programs evaluated, were rated based on all of the criteria outlined and scored accordingly. One answer or the effect of one answer would be factored into the overall program evaluation but would not adversely affect the program's overall score. It is also important to note that the 97% score refers to the program's "execution of necessary cooperative

agreements and obligation of appropriated funds". The PART found that this is a poor performance measure that does not focus on outcomes, and does not track program effectiveness or benefits to the taxpayer and water user.

The Bureau of Reclamation is currently reviewing the PART evaluation of the Title XVI program in the context of making the necessary changes to improve the overall program efficiency. New, outcome-oriented performance measures are under development.

WESTERN WATER INITIATIVE

19) Question: The $11 million request for the Western Water Initiative includes $458,000 for "Endangered Species Act Training." Isn't this something the Bureau should have been doing all along, since the ESA was enacted in 1973?

Answer: Reclamation has, of course, been training its employees with regard to the requirements of the ESA for many years. However, continuing litigation, new case law regarding the interpretation of the ESA, new listings and designations of critical habitat, and increasingly complex section 7 consultations required for the continued operation and maintenance of Reclamation projects (e.g., the Klamath and Middle Rio Grande Projects and the Federal Columbia River Power System) require a much higher degree of training for a larger number of employees than has been the case in the past. This component of the Initiative will enable Reclamation to expand ESA training throughout the Bureau so that it has sufficient expertise to fulfill its ESA obligations.

20) Question: The new Western Water Initiative contemplates the use of Federal and state entities with science experience as well as the National Academy of Sciences to review Reclamation documents, such as biological assessments for endangered species, before they are submitted to the Fish and Wildlife Service. Won't this insert a new layer of outside review, possibly interfering with consultation with the wildlife agencies? How will the experts be chosen? Will there be guidelines to ensure that these "experts" are truly independent?

Answer: The Western Water Initiative contemplates providing funding for peer review of science used in Endangered Species consultations and other environmental documentation. Peer review of science in advance of preparation of biological assessments can provide us with added assurance that the right questions were asked, that the right methodology was used, and that data were appropriately subjected to quality assurance and quality control procedures. As such, peer review does not add a new layer to nor interfere with ESA consultation, rather we believe it helps reduce scientific disagreements that can occur during consultation and which can bog consultation down. The Department of the Interior is in the process of developing peer review guidelines; however, until those are in place we would use generally accepted practices applied across the scientific community to insure impartiality. How experts will be chosen will depend on the type and scope of the issue to be peer reviewed.

KLAMATH

21) Question: Why has the release of the Hardy Phase II report been delayed?

Answer: The Hardy flow studies were activities directed by the Bureau of Indian Affairs and the Department of Justice. They would be the agencies to address this question.

21b) Question: What is the current status of the report?

Answer: The Bureau of Indian Affairs and the Department of Justice can provide answers regarding the status of the report.

21c) Question: Does the DOI intend to continue Dr. Hardy's contract and issue the study?

Answer: The Bureau of Indian Affairs and the Department of Justice can provide answers regarding the continuation of Dr. Hardy's contract and whether a study will be issued.

21d) Question: When will the report be released and will the BOR re-consult based on the recommendations?

Answer: Reclamation cannot provide a decision on re-consulting until completion of the report.

22) Question: Does the budget request for the Klamath Project include any funding to investigate opportunities for land retirement in the project service area?

Answer: No funding was requested by the Bureau of Reclamation for land retirement investigations.

23) Question: Irrigation districts in the Klamath Project, the Klamath Water Users Association, and the government agencies in the Klamath Basin are operating under an arrangement that limits the amount of farmland allowed to be fallowed through government programs that pay irrigators to fallow land to help conserve

water during this drought. This limit is 20,000 acres, or about 8% of the 230,000 acre Klamath Project. This fallowing for water conservation seems to be a good short-term method to help all interests in the Klamath—irrigators, fishermen, and tribes—manage scarce water supplies during the drought, but is it appropriate to set a limit of 8%, when it is expected the project will have only 50% of normal water supplies this year?

Answer: The water bank is not intended to make up for water shortages resulting from the drought conditions. Rather, it is designed to meet the specific requirements of the Biological Opinions (BO) issued by the Fish and Wildlife Service and the NMFS for operation of the Klamath Project by the Bureau of Reclamation. The 20,000 acre limitation for land idling was a suggested requirement advanced by the Klamath Water Users Association in their proposal for a 2003 water bank. The proposal by the water users was not agreed to as the basis for the 2003 water bank because of the short time frame for implementation. Reclamation has not limited itself to a particular cap, rather it has determined that an appropriate mix of land idling and ground water makes more sense. Reclamation made an initial determination that 12,000 acres of land idling would provide approximately 30,000 acre-feet of water and that an additional 25,000 acre-feet of ground water should be acquired to meet the water bank requirement of 50,000 acre-feet. Reclamation received offers for approximately 24,000 acres of land for the land idling program. Working in conjunction with the Oregon State University agricultural extension office, Reclamation has used a sophisticated modeling program to evaluate the lands offered and select properties that, if irrigated, have the greatest water requirements. In this way, lands selected for idling will provide the greatest benefit for meeting the BO obligations.

23b) Question: Who proposed this cap?

Answer: The Klamath Water Users Association in their water bank proposal suggested limiting the water bank land idling component to 20,000 acre-feet. They also suggested the use of storage and ground water for meeting the water bank requirements.

23c) Question: Were the economic interests—the fishing interests—of the Lower Basin considered in this arrangement?

Answer: The water bank is specifically for meeting the BO requirements of the endangered sucker fish and the threatened Coho salmon.

DRAINAGE SETTLEMENTS, CENTRAL VALLEY PROJECT, CALIFORNIA

24) Question: How does the Bureau propose to fund the $34 million for the Sumner Peck settlement in fiscal year 2004?

Answer: The $34 million is included in the President's fiscal year 2004 budget.

24b) Question: The Budget Documents indicate that funding to the Mid–Pacific Region has been increased from $158,776,000 to $178,876,000, but it is not clear where this money comes from. Given the recent language included in the fiscal year 2003 appropriations act, what authorities are now available to the Administration to fund this settlement?

Answer: Reclamation has been advised that the Department of Justice has concluded that the Judgment Fund is available for the payment of the $5 million and $34 million installments due under the consent judgment, only for Fiscal Year 2003.

25) Question: The Bureau made a payment last fall in partial settlement of the Britz drainage case. Under what authority was that payment made?

Answer: The payment was made with the authority of 43 U.S.C. 377b.

25b) Question: Where did the money for this initial Britz payment come from?

Answer: Reclamation Trust Funds were used for the initial Britz payment.

SAN GABRIEL BASIN PROJECT

26) Question: The Bureau's budget justification indicates the completion date for this project is delayed. Were affected Members of Congress consulted regarding this schedule change? Were funds for this project used to help finance the Sumner Peck settlement?

Answer: The completion date for the San Gabriel Basin Project was delayed to 2006 based on a projection of construction schedules for the Rio Hondo Water Recycling Program and for the San Gabriel Basin Demonstration Project. The projection represents Reclamation's best estimate of when the construction work planned by the Central Basin Municipal Water District and the San Gabriel Basin Water Quality Authority will actually be completed, based on a comparison of project schedules and actual accomplishment to date. Due to the nature of the authorizing legislation, Reclamation has no control over the construction schedules for these projects, and is only providing the date that construction is likely be completed. No funds from this project were used to help fund the Sumner Peck settlement.

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REPRESENTATIVE TOM TANCREDO

FRYINGPAN–ARKANSAS PROJECT

27) Question: I want to ask you a question about legislation that my colleague Representative Hefley introduced last year, and plans to introduce again this year concerning reoperation and enlargement of the Fryingpan–Arkansas project in Colorado. That legislation contained—among other provisions—an explicit statutory authorization for the Bureau to enter into longer term "if and when" storage contracts with the City of Aurora to use excess capacity in Pueblo Reservoir. I am hopeful that the affected parties can reach consensus and move forward on the bill this session.

Answer: Last summer Reclamation, the District, and Aurora worked in a collaborative effort to develop language addressing concerns with the introduced legislation. The resulting substitute bill was forwarded to the Committee before the end of the last legislative session. We believe this substitute bill represents a solid compromise, addresses the concerns of the City of Aurora and promises to be very effective in helping a number of southern front range entities meet their water supply demands in upcoming years. The Bureau has expressed its support for this substitute bill to the proponents and has urged them to resolve their remaining differences.

28) Question: Moreover, you indicated to me in a response to a letter I sent to Secretary Norton that the Bureau was examining existing law to ascertain more precisely the Bureau's authority to enter longer term storage contracts. Have you and your staff made any preliminary findings in that regard? My understanding is that the Department is working on a solicitor's opinion on the matter, and that the opinion is to be completed in April.

Answer: The Office of the Solicitor is performing a detailed review of existing Reclamation laws to determine the range of flexibility that exists that would provide authority to Reclamation to store and convey non-project water in its facilities. This review will address Reclamation's authority to enter into storage contracts. We remain on schedule to complete the review.

We have provided SECWCD and Aurora with letters confirming that Reclamation does have authority to enter into a long term contract with Aurora.

29) Question: Finally, in that same vein, the drought has brought more attention to the water challenges faced by many municipalities—like the City of Aurora—struggling with the issue of storage. Specifically, the issue of where these growing cities are going to store the new water supplies they are fortunate enough to acquire. Are you looking at the possibility of utilizing the excess storage capacity in other Bureau facilities across the county?

Answer: Under Title 1 Public Law 102–250, the Reclamation States Emergency Drought Act, the Secretary of the Interior has the authority to enter into temporary contracts for the storage and conveyance of non-project water. However, such contracts have a 2-year maximum term, and the Governor of the State must request temporary drought assistance. So far this year, Colorado has been the only state that has requested a contract under Title 1, for the City of Aurora and City of Colorado Springs.

Reclamation has broad authority under Title III of the Drought Act to store and convey non-project water at specific projects: Central Valley, Cachuma, Ventura River, Truckee Storage, and Washoe Projects. In addition, Congress has passed some project specific legislation allowing the storage and conveyance of non-project water at certain other project facilities: Weber Basin, City of Loveland, and Mancos Project.

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REPRESENTATIVE STEVE PEARCE

Operational Plans

30) Question: What flexibility, or changes, will you make to the operational plans and flow regimes for the San Juan, Rio Grande, Gila, and Pecos Rivers due to extended drought?

For the San Juan:

Answer: In response to the current drought conditions, and the less than average snowpack forecast, Reclamation initiated discussions in September 2002, with water users on the San Juan River, the Fish and Wildlife Service and the New Mexico State Engineer's Office to develop a cooperative solution for ensuring an equitable

water supply for all users on the San Juan in 2003. As a result, recommendations have been developed and endorsed by all major water users on the system. The recommendations contain a provision for all water users to share equally in shortages, if it is determined that a shortage will occur. The Service supports the shortage-sharing recommendations, and, along with the San Juan River Basin Recovery Implementation Program, was involved in developing the language in the recommendations, specifically as it relates to the endangered fish, the Colorado pikeminnow and razorback sucker, share in the shortages.

Currently, the most probable inflow forecast anticipates a full supply will be available to all users. Reclamation plans to operate Navajo Reservoir in a very efficient manner, and diverters have committed to operate their systems in a similar efficient manner for 2003.

For the Middle Rio Grande:

Answer: Reclamation will work within its authority to conserve water when possible. However, the operation of Reclamation facilities is often constrained by the legal framework of the Rio Grande Compact, project authorizations, and court orders related to endangered species issues and water rights. New Mexico is currently operating under Article VII restrictions of the Rio Grande Compact, which severely restrict the ability to capture and store native Rio Grande water in reservoirs upstream of Elephant Butte Reservoir. Endangered species issues and associated court orders related to the Rio Grande silvery minnow and the southwestern willow flycatcher require that minimum flows be maintained through various reaches of the Rio Grande. This often requires the release of water that otherwise would have remained stored in upstream reservoirs. To sustain the required flows, water must often be released during periods of the year when conveyance losses within the Rio Grande are greatest. Pending legal decisions may further define the scope of Reclamation's discretion to control the operation of various diversion and storage facilities within the Rio Grande Basin.

Operational flexibilities that are being investigated by Reclamation include: minimizing conveyance losses of waters released from storage by timing releases to occur during the cooler months of the year when evapotranspiration losses are at a minimum; reducing evaporative losses charged to stored water by holding water in the topographically higher reservoirs; promoting conservation through technical assistance and training programs provided to agricultural, municipal, and industrial water users; investigating the concept of shortage sharing between the Navajo Reservoir and the San Juan–Chama Project. The San Juan–Chama Project now diverts a portion of water into the Rio Grand Basin that would otherwise flow into Navajo Reservoir and the San Juan River.

For the Lower Rio Grande:

Answer: The Bureau of Reclamation has issued a series of allocations monthly for the 2003 irrigation season. The allocations are based on the amount of available water in Project storage. The latest allocation is 14 percent of full allocation for the two irrigation districts and Mexico. Several meeting have been held to advise the water users on the allocation and to coordinate releases for efficient use of the available water supply. The next meeting with Mexico is scheduled for April 14, 2003.

Projections based on the runoff forecast estimate that we will be able to allocate between 40 and 50 percent of a full allocation by August. Water is not allocated until it actually reaches project storage and Rio Grande Compact Credit waters are accounted for.

For the Pecos River:

Answer: Reclamation is considering modifying the method by which the Carlsbad Irrigation District moves water from the upper reservoirs on the Pecos River. Historically, the Carlsbad Irrigation District would make block releases to move water from Santa Rosa and Sumner Dam to Brantley Reservoir. Reclamation is considering reducing the duration of the block releases while maintaining minimum delivery efficiency of 55 percent. No other changes are expected for the Carlsbad Irrigation District or the Fort Sumner Irrigation District.

For the Gila River:

Answer: In Arizona, the Bureau of Indian Affairs administers the Gila River in accordance with a strict body of law. Reclamation has no operational responsibilities associated with the Gila River.

31) Question: How are you going to provide water for the Silvery Minnow, Gila Trout and other endangered species if there isn't any water in the rivers? Because there may be no water in New Mexico's rivers this summer, what kind of alternative means, for example using our hatcheries to ensure their survival, are you going to use to keep these fish alive, and allow human uses of the limited water supply?

Answer: Reclamation is currently exploring the option of leasing water from the Fort Sumner Irrigation District to provide refugia for the use of the threatened

Pecos bluntnose shiner. Reclamation is also exploring the possibility of leasing water from groundwater pumpers near Fort Sumner Irrigation District. We currently have approximately $80,000 available for such agreements. The total need is approximately $400,000. Reclamation is exploring other funding options.

Reclamation has begun to release supplemental water it has acquired from willing San Juan- Chama Project contractors through lease agreements. This water is anticipated to last at least several weeks. Discussions are ongoing to determine if there are stakeholders interested in providing water willingly, and in accordance with state law, to yield additional supplemental water. Given current forecasts, Reclamation expects that inflow during spring runoff should meet the needs of both Indian and non–Indian irrigation along with March 17, 2003 Biological Opinion flow requirements. Additional supplemental water is necessary to remain in compliance with the Endangered Species Act for the remainder of the year. Reclamation will store water at El Vado Reservoir to meet prior and paramount needs of Pueblos.

During the course of discussions amongst Federal and non–Federal parties over the Service's final BO released March 17, 2003, strategies were developed to share in the responsibilities of ESA requirements. Absent a ruling from the 10th Circuit Court, Reclamation plans on using available supplies of supplemental water and exercising its discretion, as determined under a Federal District Court order, in curtailing Middle Rio Grande Project diversions to the level needed to remain in compliance with the BO requirements.

Salvage efforts have transferred over 3500 silvery minnow to upstream areas and several hundred thousand eggs to rearing facilities. The Service released 100,000 silvery minnows December 1, 2002, for augmentation near Albuquerque, New Mexico, which is located higher in the basin. The Service expects to release another 30,000 fish near Albuquerque in April. The Collaborative Program continues to develop a Habitat Restoration Plan that takes into account the greater availability of water higher in the basin while being sensitive to the significance of the existing population of silvery minnow in the lower reaches. The Service's final 2003 BO places an emphasis on habitat restoration in the upstream reaches. Propagation and augmentation efforts continue with a goal of expanding silvery minnow populations throughout the Rio Grande corridor to reduce dependence on downstream populations of minnows.

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REPRESENTATIVE DEVIN NUNES

CENTRAL VALLEY PROJECT RESTORATION FUND

32) Question: How much money is currently deposited in the CVPIA Restoration Fund (fiscal year 03)?

Answer: As of January 31, 2003, $13,365,149 has been deposited into the Restoration Fund, during Fiscal Year 2003.

33) Question: How much money, in total, has been deposited into the CVPIA Restoration Fund since the act was signed into law (from enactment to fiscal year 03)?

Answer: Since P.L. 102–575, Title XXXIV, the Central Valley Project Improvement Act, (CVPIA) was enacted, $354,998,786 has been deposited into the CVPIA Restoration Fund.

34) Question: Is there a detailed list of projects that have benefitted from the CVPIA Restoration Fund?

Answer: Yes, there is a detailed list of projects and programs that have benefitted from the CVPIA Restoration Fund.

34b) Question: Can you provide that list to myself and the Committee?

Answer: The list is enclosed.

CALIFORNIA BAY–DELTA

Considering that the Bureau of Reclamation has budgeted $1 million for the feasibility study on the upper San Joaquin River Storage Project in fiscal year 04—and considering that the CALFED Surface Storage Program Estimated Planning Costs estimates that it will cost $4 million in fiscal year 04 for the Upper San Joaquin River Storage Project.

35) Question: How is the Bureau of Reclamation going to bridge the gap to complete the study by June of 2006?

Answer: Due to delays in receiving funds in fiscal year 2003 the completion of the feasibility study has been extended (from June 2006) to December 2006. The fiscal year 2004 budget amount of $1 million will be used to continue feasibility study planning activities and environmental analysis.

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REPRESENTATIVE DENNIS CARDOZA

CALIFORNIA BAY–DELTA

As you know, the CALFED Record of Decision states that in the first four years of Stage 1 of the CALFED Program, anticipated allocation will be 65–70% of existing contract totals in normal years. However, this year's initial forecast, released in January, predicted that the allocation would be 55%. Then, in February when a dryer forecast was predicted, yet the Bureau released a second allocation forecast, which annually increased the allocation to 60%.

36) Question: How do you explain that dry conditions can result in increased supplies for south-of–Delta contractors?

Answer: The water supply for the Central Valley Project (CVP) Water Service Contractors South-of–Delta is often constrained by export capability rather than upstream storage and hydrology. Those constraints include physical capacity limitations, state permit requirements, and actions using water provided under P.L. 102–575, Title XXXIV, the Central Valley Project Improvement Act, Section 3406(b)(2)—the 800,000 acre-feet—to provide Endangered Species Act protection and other fishery benefits. Another factor in making allocations is the assumed delivery patterns for the south-of–Delta contractors between the time that CVP storage in San Luis Reservoir is full and the time at which it reaches a low point near the end-of–August. Changes to both the export constraints and the delivery pattern in the February forecast of operations resulted in the increase to the allocation. More (b)(2) water was assumed to be used for Delta outflow in February and less for export reductions later in the spring. After discussions with representatives of the agricultural contractors, we reduced the deliveries expected to occur during the San Luis Reservoir drawdown period that afforded much of the increase to allocations.

36b) Question: What actions is the Bureau taking to reach the allocation level set forth in the ROD?

Answer: Reclamation is looking at actions in cooperation with state and Federal agencies within the CALFED Bay–Delta Program to improve the allocations. Those actions may include: use of Environmental Water Account assets and use of the State's Banks Pumping Plant capacity to export CVP water supplies. However, due to continued dry conditions in February, the current March 1st forecast allocations remain at 60 percent to south-of–Delta agricultural water service contractors. Projected upstream CVP reservoir storages at the end of the water year may be very near minimum targets. Therefore, achieving the allocation level in the CALFED Record of Decision will require an improvement in hydrologic conditions as well as actions to increase exports.

CENTRAL VALLEY PROJECT RESTORATION FUND

As you know, the Secretary of the Interior is required to supply water to specified refuges. The Act also states that the Secretary will diversify sources of water supply to the refuges to minimize possible adverse effects upon Central Valley Project contractors. Further, the CALFED ROD requires that a plan be developed to identify alternative refuge supplies and conveyance. The reality, however, is that the water for the refuges has been made available primarily by reallocating it from south-of–Delta CVP agriculture service contractors and efforts to develop the required plan do not appear to be in place.

37) Question: Can you describe the Bureau's intentions for developing such a plan as prescribed in the ACT?

Answer: The Bureau of Reclamation is preparing an update to the 1995 "Least–Cost CVP Yield Increase Plan." This update, the "Water Supply Improvement Plan," identifies projects intended to reduce the impacts on south-of–Delta CVP agricultural contractors from provisions of the Central Valley Project Improvement Act, including Level 2 refuge supplies, Trinity River restoration flow requirements, and the 800,000 acre feet of yield dedicated to fish and wildlife purposes under Section 3406(b)(2).

Mr. CALVERT. I appreciate your attendance here today and answering our questions, as always, and thank you for coming. We are adjourned.

[Whereupon, at 3:35 p.m., the Subcommittee was adjourned.]