

Committee on Resources

Subcommittee on Water & Power

Witness Statement

Statement of Eluid Martinez, Commissioner
Bureau of Reclamation, U.S. Department of the Interior
before the
Subcommittee on Water and Power, Committee on Resources
U.S. House of Representatives
on H.R. 2619, to amend the Colorado River Basin Salinity Control Act

October 21, 1999

I am Eluid Martinez, Commissioner of the U.S. Bureau of Reclamation. I appreciate the opportunity to provide the Administration's views on H.R. 2619, a bill to amend the Colorado River Basin Salinity Control Act.

In 1995, Congress established a pilot program authorizing the Bureau of Reclamation (Reclamation) to award up to \$75 million in grants, on a competitive-bid basis, for salinity control projects in the Colorado River Basin. The private sector and state and local governments responded promptly; the first project awards were made in 1997. Cost savings under this pilot program have far exceeded expectations - down to an average of \$27 per ton of salt control, from the previous average of \$76 per ton. H.R. 2619 would reauthorize this program and raise the authorization ceiling to \$175 million, allowing this innovative and cost-effective program to continue for several years.

The Administration supports H.R. 2619, although we encourage Congress to consider increasing the local cost-share to reflect the significant local benefits created by this program. Reducing the salinity of the Colorado River as it moves downstream remains one of the most important challenges facing the Bureau of Reclamation. The Colorado River provides water for more than 23 million people and irrigation for more than 4 million acres of land in the United States, as well as water for about 2.3 million people and 500,000 irrigated acres in the Republic of Mexico. Yet, the upper part of the river runs through a saline-soaked landscape of badlands and saline springs. As it moves downstream, the river picks up over 9 million tons of salt. Salinity damages in the United States portion of the Colorado River Basin range between \$500 million to \$750 million per year and could exceed \$1.5 billion per year if future increases are not controlled.

Under the 1995 pilot program, new salinity control projects in the basin are built, owned, operated, and maintained by private, local, or state entities. Reclamation has now completed four rounds of public solicitations (requests for proposals), ranked the proposals based on their cost and performance risk factors, and awarded funds to the most highly ranked projects.

One of the greatest advantages of this program comes from the integration of Reclamation's program with the U.S. Department of Agriculture's (USDA) program. Water conservation within irrigation projects on saline soils is the single most effective salinity control measure found in the past 30 years of investigations. By integrating the USDA's *on-farm* irrigation improvements with Reclamation's *off-farm* improvements, extremely high efficiencies can be obtained. For example, if the landscape permits, pressure from piped delivery systems (laterals) may be used to drive sprinkler irrigation systems at efficiency rates far better than those normally obtained by flood systems. In addition, this program allows Reclamation much greater flexibility (in both timing and funding) to work with the USDA to develop these types of projects.

This program also allows Reclamation to take advantage of opportunities that are time sensitive. Cost sharing partners (states and federal agencies) often have funds available at very specific times. Under the old method of planning,

authorization, funding, and construction, it would often take decades for Reclamation to be ready to proceed with a project. None of Reclamation's past projects were able to attract cost sharing because of this. For example, the Ashley Project (a joint effort by the state of Utah, the Environmental Protection Agency (EPA), and Reclamation) will eliminate 9,000 tons per year of salt. Reclamation's salinity program is a relatively minor but important part of the Ashley Project (\$3 million in an \$18 million project.) Once Reclamation had committed to fund its part of the project, funds were included in the EPA's budget by Congress to complete its role in the partnership.

Another significant advantage of the program is that projects are "owned" by the proponent, not by Reclamation. The proponent is responsible to perform on their proposal. Costs paid by Reclamation are controlled and limited by agreement. If unforeseen cost overruns do occur, the proponent has several options: (1) the project may be terminated; (2) the proponent may choose to cover the overruns with their own funds; (3) the proponent may borrow funds from state programs; or (4) the proponent may choose to reformulate the project costs and re-compete the project through the entire award process in the next round.

As an example of the flexibility of the program, pipeline bedding and materials costs for the Ferron Project were underestimated in the proposal and subsequent construction cooperative agreement. As such, the proponent was denied permission to award materials contracts for the pipeline since the costs were beyond those contained in the agreement. After months of negotiations and analysis, the proponents chose to terminate the project, reformulate it, and re-compete against other proposals the following year. Their project was found to be competitive at the reformulated cost and was able to proceed.

In 1999, Reclamation received nearly a dozen new proposals which are working their way through the evaluation process. An increase in the authorized funding ceiling is needed to be able to continue the bid solicitation process so that future projects can be scheduled, permitted, designed, and constructed to meet the annual goals of the program over the next decade.

We would like to note that a change in cost-sharing might be warranted for this program, and urge the Committee to consider changing the cost share for the Colorado River Basin Salinity Control Program to be consistent with similar Federal programs like the EPA's Section 319. The Section 319 program, which like this program provides cost-shared grants for non-point pollution control, requires a 40% non-Federal cost share as a reflection of the substantial benefits that grant recipients receive.

Mr. Chairman, the Bureau of Reclamation is an enthusiastic participant in this excellent and innovative program. We are pleased to support H.R. 2619.

This concludes my testimony. I would be glad to answer any questions.

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