

**Testimony of Anthony Willardson, Executive Director
of the Western States Water Council**

**Submitted to the
Senate Committee on Energy and Natural Resources
Subcommittee on Water and Power**

**regarding
S. 1365 – Authorized Rural Water Projects Completion Act
Hearing on Miscellaneous Water Bills**

June 18, 2015

I. INTRODUCTION

My name is Tony Willardson and I am the Executive Director of the Western States Water Council. We would like to thank the Chair and members of the Committee for the opportunity to testify.

The Western States Water Council (WSWC), representing 18 western states from Alaska to California and Texas to North Dakota, strongly supports the Authorized Rural Water Projects Completion Act (S. 1365) as an appropriate and a timely federal investment of modest amounts that will minimize long-term federal expenditures, create jobs, and fulfill long-standing promises and trust responsibilities to rural and Tribal communities, some of which date back decades. We have supported previous legislative efforts to establish a dedicated funding source for the completion of federal rural water projects authorized by Congress for construction by the Bureau of Reclamation (see attached letter/WSWC Position #343).

By way of this testimony, we also reiterate our support for the federal policy of encouraging negotiated settlements of disputed Indian water rights claims as the best solution to a critical problem that affects almost all of the Western States, as well as a strong fiscal commitment for meaningful federal contributions to such settlements that recognize the trust obligations of the United States government. Further, the Council's position is that Congress should expand opportunities to provide funding for the Bureau of Reclamation to undertake project construction related to settlements from revenues accruing to the Reclamation Fund, while recognizing the existence of other legitimate needs that may be financed by these reserves. I would add that the Council believes Indian water rights settlements are not and should not be defined as Congressional earmarks. Lastly, once authorized by the Congress and approved by the President, the Council supports steps to ensure that any water settlements will be funded without a corresponding offset, including cuts to some other tribal or essential Interior Department program (see attached WSWC Position #376).

In addition, this testimony sets forth the WSWC's long-standing policy in support of using receipts accruing to the Reclamation Fund for authorized projects, including the types of rural water projects that would receive funding under S. 1365, through the proposed Reclamation Rural Water Construction and Settlement Implementation Fund (the Rural Water Projects "RWP" Fund). The Council believes receipts accruing to the Reclamation Fund subsequent to the Reclamation Act and other acts should be fully appropriated for their intended purpose in the

continuing conservation, development and wise use of western resources to meet western water-related needs. Further, the Council has suggested that the Administration and the Congress investigate the advantages of converting the Reclamation Fund from a special account to a true revolving trust fund with annual receipts to be appropriated for authorized purposes in the year following their deposit (similar to some other federal authorities and trust accounts). See attached WSWC Position #367.

II. THE NEED FOR RURAL WATER PROJECTS IN THE WEST

Across the West, rural communities are experiencing water supply shortages due to drought, declining streamflows and groundwater supplies, and inadequate infrastructure, with some communities hauling water over substantial distances to satisfy their potable water needs. Moreover, those water supplies that are available to these communities are often of poor quality and may be impaired by naturally occurring and man-made contaminants, including arsenic and carcinogens, which impact their ability to comply with increasingly stringent federal water quality and drinking water mandates. At the same time, many rural and tribal communities in the West are suffering from significant levels of unemployment and simply lack the financial capacity and expertise to finance and construct needed drinking water system improvements.

Since the 1980s, Congress has authorized Reclamation to address this need by designing and constructing projects to deliver potable water supplies to rural communities in the 17 western states. Furthermore, Congress established Reclamation's Rural Water Supply Program when it enacted the Rural Water Supply Act of 2006 (Pub. L. 109-451), authorizing the agency to work with rural communities in the West, including Tribes, to assess potable water supply needs and identify options to address those needs through appraisal investigations and feasibility studies.

In 2009, the WSWC worked closely with Reclamation to identify sources of information on potable water supply needs in non-Indian rural areas of the West. Reclamation released an assessment report on July 9, 2012 ("Assessment Report") that discussed the results of this effort, finding that the identified need for potable water supply systems in rural areas of the 17 western states ranged from \$5 billion to \$8 billion, not including another estimated \$1.2 billion for specific Indian water supply projects.¹

The Assessment Report noted that there were eight active rural water projects located in Montana, New Mexico, North Dakota, and South Dakota, including the Lewis and Clark Rural Water Supply Project, which is located mostly in South Dakota but encompasses parts of the non-Reclamation states of Iowa and Minnesota.² The report also noted that of the rural water projects that Congress authorized Reclamation to undertake between 1980 and 2007 (when the Rural Water Supply Act was enacted), only four had been completed.³

According to Reclamation, the total amount of Federal funding needed to complete the eight authorized projects was \$2.6 billion, which is substantially higher than the \$2 billion

¹ BUREAU OF RECLAMATION, ASSESSMENT OF RECLAMATION'S RURAL WATER ACTIVITIES AND OTHER FEDERAL PROGRAMS THAT PROVIDE SUPPORT ON POTABLE WATER SUPPLIES TO RURAL COMMUNITIES IN THE WESTERN UNITED STATES, 8 (July 9, 2012), <http://www.usbr.gov/ruralwater/docs/Rural-Water-Assessment-Report-and-Funding-Criteria.pdf>.

² *Id.* 3 – 4.

³ *Id.* at 3.

Congress originally authorized.⁴ This increase is due in part to inflation and the rising costs of materials and labor.⁵ Nevertheless, the Assessment Report estimated that these authorized projects could be completed by 2029 at a total Federal cost of around \$3 billion, so long as Federal funding reflects the estimates provided in the original final engineering reports for each of the authorized projects – about \$162 million annually.⁶ However, at current funding levels of around \$40-\$50 million annually for construction, Reclamation estimates that some projects could be delayed beyond 2063 despite the expenditure of almost \$4 billion in Federal funds by that point.⁷ Moreover, an additional \$1.1 billion in Federal expenditures would be needed to complete those projects that are not completed by 2063.⁸ Notably, Reclamation is seeking only \$36.6 million for its rural water program in fiscal year (FY) 2016, with \$18.6 million for construction of authorized rural water projects and the remaining \$18 million for tribal features of specific projects.⁹

III. FEDERAL FUNDING FOR RURAL WATER PROJECTS UNDER S. 1365

S. 1365 would provide \$80 million per year for each of fiscal years 2015 through 2035 to complete the construction of rural water projects that have already received Congressional authorization. Other projects may be eligible for funding if: (1) a feasibility study is submitted to the Secretary of the Interior by February 27, 2015; and (2) Congress authorizes the project's construction after S. 1365's enactment.

This funding represents a relatively modest Federal investment, compared to the increased costs that will likely occur due to construction delays if funding remains at current levels. We recognize that there are Federal budget constraints. Nevertheless, such constraints do not negate the Federal responsibility to complete authorized rural water projects, particularly those intended to fulfill in part a solemn Federal promise and trust responsibility to compensate States and Tribes for lost resources as a result of the construction of Federal flood control projects.

For example, the Garrison Diversion Unit, an altered version of which would receive funding under S. 1365, is intended to compensate the State of North Dakota for the loss of over 300,000 acres of prime farmland that was lost as a result of the construction of the Pick-Sloan Missouri River Basin Program,¹⁰ which also inundated over 550 square miles of Native American land and displaced more than 900 Native American families.¹¹ Additionally, the North Central/Rocky Boys rural water project will implement the tribe's water rights settlement (as codified in Pub. L. 106-163) with the United States and the State of Montana.

⁴ *Id.*

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

⁸ *Id.* at 5.

⁹ U.S. BUREAU OF RECLAMATION, RURAL WATER PROJECTS (June 15, 2015),

<http://www.usbr.gov/newsroom/presskit/factsheet/factsheetdetail.cfm?recordid=7>.

¹⁰ GARRISON DIVERSION CONSERVANCY DISTRICT, HISTORY & FEDERAL LEGISLATION: THE PICK-SLOAN MISSOURI BASIN PROGRAM, http://www.garrisondiv.org/about_us/history_federal_legislation/.

¹¹ SENATE REP. NO. 105-146, 4 (1997) (accompanying S. 156 and describing the impacts of the Pick-Sloan Missouri River Basin Program on the Lower Brule Sioux Tribe), <http://www.gpo.gov/fdsys/pkg/CRPT-105srpt146/pdf/CRPT-105srpt146.pdf>.

Authorizing the increased use of Reclamation Fund revenues to expedite completion of these projects fulfills a financial and moral obligation that some beneficiaries have waited decades to see honored.

It is also important to note that the Federal expenditures provided under S. 1365 would generate significant and actual returns on this investment, including but not limited to:

- National Economic Impacts: According to a 2008 U.S. Conference of Mayors report, one dollar invested in water and sewer infrastructure increases private output, or Gross Domestic Product, in the long-term by \$6.35. Furthermore, for each additional dollar of revenue generated by the water and sewer industry, the increase in revenue that occurs in all industries for that year is \$2.62.¹²
- Economic Impacts and Job Creation in Rural Communities: Investments in rural water projects have a direct impact on the economies of the communities serviced by those projects. For example, a 2006 study by HDR, Inc. on the economic impacts of constructing the Lewis and Clark Rural Water System, which would be eligible to receive funding under S. 1365, found that the total economic impact to South Dakota, Iowa, and Minnesota would total \$414.4 million. The report also estimates that the project's construction would directly or indirectly create 7,441 jobs. On a yearly basis, this equals the creation of 532 direct and indirect jobs with average annual salaries ranging from \$25,591 to \$33,462. Approximately 72% of the economic impacts would be realized in South Dakota, with 17% in Iowa and 11% in Minnesota.¹³
- Improved Potential for Economic Development in Rural Areas: The economy of every community, especially rural communities, requires sufficient water supplies of suitable quality. Such supplies depend upon adequate water infrastructure. Improving the water infrastructure of the rural and Tribal communities that would be affected by S. 1365 will improve their ability to attract business and develop their economies in ways that are not possible with their current water supplies.
- Improved Quality of Life: The types of water projects that would receive funding under S. 1365 would meet the same water quality standards as public systems. These projects would therefore provide a higher quality of safe drinking water and associated health benefits than the water supplies upon which these communities currently rely.
- Reduced Costs: Rural communities would no longer need to expend limited resources drilling and maintained wells, softening and treating water, or hauling water. In addition, these communities would see decreased electrical pumping costs.
- Rural Fire Protection: Rural water systems provide water storage that fire trucks can use to assist with rural fire protection.

¹² THE U.S. CONFERENCE OF MAYORS: MAYORS WATER COUNCIL, LOCAL GOVERNMENT INVESTMENT IN MUNICIPAL WATER AND SEWER INFRASTRUCTURE: ADDING VALUE TO THE NATIONAL ECONOMY, i (August 2008), available at: <http://www.usmayors.org/urbanwater/documents/LocalGovt%20InvInMunicipalWaterandSewerInfrastructure.pdf>.

¹³ HDR, INC., THE ECONOMIC AND FISCAL IMPACTS OF CONSTRUCTING THE LEWIS AND CLARK RURAL WATER SYSTEM: 2004 STUDY AND 2006 UPDATE, 2 – 3, 63 – 64 (March 2006), available at: <http://www.lcrws.org/pdf/EconomicImpactStudy/EconomicImpactStudy.pdf>. See also BUREAU OF RECLAMATION, *supra* note 1 at 4 (discussing Federal costs for currently authorized rural water projects).

- Livestock Use: Rural water projects provide a more reliable and better supply of water for livestock. They also have the potential to decrease the impacts of livestock grazing on riparian areas by allowing for the delivery of water away from these sensitive areas.
- Increased Property Values: In some areas, the resale value of property may increase with a more reliable, safe, clean and adequate water supply.

IV. THE USE OF THE RECLAMATION FUND UNDER S. 1365

Title I of S. 1365 would provide funding for eligible rural water projects by establishing a Reclamation Rural Water Construction and Settlement Implementation Fund (the “RWP” Fund) within the U.S. Treasury, and within the RWP Fund a separate Rural Water Project Account and Reclamation Infrastructure and Settlement Account, that would be financed from revenues that would otherwise be deposited in the Reclamation Fund. These monies would not be subject to further appropriation, would be in addition to other amounts appropriated for the authorized projects, and should not result in corresponding offsets to other critical Reclamation and Department of the Interior programs. The Secretary of the Interior would also invest the portion of these receipts not needed to meet current expenses, and the resulting interest and proceeds from the sale or redemption of any obligations would become part of the RWP Fund. The RWP Fund would terminate in September 2035, at which point its unexpended and unobligated balance would transfer back to the Reclamation Fund.

Congress established the Reclamation Fund when it enacted the Reclamation Act of 1902 (Pub. L. 57-161) and it was intended to be the principle means of financing Federal western water and power projects in the 17 western states. As stated in Section 1 of the Reclamation Act, the Reclamation Fund provides monies “...reserved, set aside, and appropriated as a special fund in the Treasury.”

Reclamation Fund receipts are derived from water and power sales, project repayments, and receipts from public land sales and leases in the 17 western states, as well as oil and mineral-leasing related royalties. However, the receipts that accrue to the Reclamation Fund each year are only available for expenditure pursuant to annual appropriations acts. Over the years, rising energy prices and declining Federal expenditures from the Reclamation Fund for Reclamation purposes have resulted in an increasingly large unobligated balance.

According to the Administration’s FY 2016 budget request, actual and estimated appropriations from the Reclamation Fund were \$901 million for FY 2014 and \$914 million for FY 2015. Appropriations requested for FY 2016 from the Reclamation Fund are \$856 million, a substantial decrease. This compares with actual and estimated receipts and collection to the Fund of \$1.984 billion for FY 2014, \$1.849 billion for FY 2015 and \$1.846 billion for FY 2016. As a result, the Reclamation Fund’s unobligated balance is expected to grow from an actual balance of \$13.1 billion in FY 2014 to an estimated amount of over \$15 billion by the end of FY 2016.¹⁴ Contrary to Congress’ original intent, instead of supporting western water development, much of the unobligated balance has gone instead to other Federal purposes. The WSWC has

¹⁴ THE APPENDIX, BUDGET OF THE UNITED STATES GOVERNMENT, FISCAL YEAR 2016, 650 (April 2015), <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2016/assets/int.pdf>.

long supported using the Reclamation Fund for its intended purpose of financing western water development, including the types of rural water projects that would receive funding under S. 1365.

Unlike typical Congressional authorizations that often do not specify a funding source and may require more Federal monies in addition to current authorizations, S.1365 would employ an established stream of receipts and associated interest. Furthermore, as required by Section 103(c), no amounts may be deposited in, or made available from, the RWP Fund if the transfer or availability of the amounts would increase the Federal deficit.

It is also important to note that the concept of using receipts accruing to the RWP Fund to establish a separate account to finance specific water projects is not new. Specifically, Congress established the Reclamation Water Settlements Fund (RWSF) under Title X of the Omnibus Public Lands Management Act of 2009 (Pub. L. 111-11). The RWSF consists of receipts transferred from the Reclamation Fund and provides specified levels of funding starting in FY 2020 for a period of 10 years to help finance specified water infrastructure projects that are part of Congressionally-authorized water settlements, especially Indian water rights settlements. The use of these funds furthers the construction of much needed water infrastructure in the West in accordance with the Reclamation Fund's original intent and purpose.

V. FUNDING PRIORITIZATION UNDER S. 1365

Before expenditures from the RWP Fund could be made, Section 202(b)(1) of S. 1365 would require the Secretary of the Interior to develop programmatic goals to ensure that the authorized projects are constructed as expeditiously as possible, and in a manner that reflects the goals of the Rural Water Supply Act of 2006. The bill would also require the Secretary to develop funding prioritization criteria that would consider: (1) the "urgent and compelling need" for potable water supplies in affected communities; (2) the status of the current stages of completion of a given project; (3) the financial needs of affected rural and tribal communities; (4) the potential economic benefits of the expenditures on job creation and general economic development in affected communities; (5) the ability of an authorized project to address regional and watershed level water supply needs; (6) a project's ability to minimize water and energy consumption and encourage the development of renewable energy resources, such as wind, solar, and hydropower; (7) the needs of Indian tribes and tribal members, as well as other community needs or interests; and (8) such other factors as the Secretary deems appropriate.

The WSWC stated in a June 8, 2012 letter (attached) that these programmatic goals and funding priorities "...should be developed in a transparent manner in consultation with the affected communities and States – and should consider existing state water plans and priorities." States and the affected communities have on-the-ground knowledge of the facts and circumstances associated with the authorized projects that would receive funding under S. 1365, and are therefore the most appropriate entities to assist the Secretary in developing these goals and priorities.

VI. RECLAMATION AND RURAL WATER PROJECTS

Reclamation is well suited to carry out the development and construction of the authorized rural water projects that would receive funding under S. 1365. These specific projects are already authorized and under construction by Reclamation, which has a long history of

planning, designing and constructing water infrastructure projects in the West. Most other existing federal water quality and supply programs typically provide loans, grants, or loan guarantees. However, many smaller and poorer rural communities have very limited capacity and little experience to be able to design and construct water projects with financial assistance alone. Consequently, they often need the experience and assistance that Reclamation can provide to help assess needs, design, plan, and construct large water infrastructure projects.

VII. CONCLUSION

The expedited construction of authorized rural water projects facilitated by S. 1365 will save the Treasury money in the long run, as costs continue to rise, and fulfill Federal obligations in a more timely manner, including Federal tribal trust responsibilities. Postponing spending on this obligation through inadequate or insufficient funding levels only increases Federal costs and perpetuates hardships to rural and tribal communities in the West. S. 1365 would not only fulfill solemn Federal obligations, but also provide needed economic development and job creation.

Importantly, the bill would use receipts that are already accruing to the Reclamation Fund for their intended purpose of financing the construction of western water projects.

The WSWC appreciates the opportunity to submit this testimony, and urges the Committee to approve S. 1365 and work with the States towards its effective implementation.



WESTERN STATES WATER COUNCIL

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June 8, 2012

Position No. 343

Senator Jeff Bingaman, Chairman
Energy and Natural Resources Committee
United States Senate
SD-364 Dirksen Senate Office Building
Washington, DC 20510

Senator Lisa Murkowski, Ranking Member
Energy and Natural Resources Committee
United States Senate
SD-312 Dirksen Senate Office Building
Washington, DC 20510

Dear Senators:

On behalf of the Western States Water Council, which represents eighteen states, I am writing to express our support for legislative action to establish a dedicated funding source for the completion of federal rural water projects authorized by the Congress for construction by the Bureau of Reclamation. These projects include components that benefit both Indian and non-Indian rural communities. Many of these communities, particularly smaller communities, are struggling to provide adequate water supplies to meet the needs of their citizens of a quality consistent with federal mandates.

It is essential that these projects be completed in a timely manner for the benefit of these communities in fulfillment of long-standing promises and trust responsibilities, some dating back decades. Another important consideration is the impact on the federal budget and economic growth. Accelerated construction scheduling, made possible by a more timely federal investment of modest amounts, will minimize long-term federal expenditures and create more jobs now.

With respect to programmatic goals and funding priorities established pursuant to directives in any legislation, these should be developed in a transparent manner in consultation with the affected communities and States -- and should consider existing state water plans and priorities.

We appreciate the opportunity to express our interests and look forward to working with you to address this important need.

Sincerely,

A handwritten signature in black ink, appearing to read "Phillip C. Ward". The signature is stylized and cursive.

Phillip C. Ward
Chairman
Western States Water Council

RESOLUTION
of the
WESTERN STATES WATER COUNCIL
in support of
INDIAN WATER RIGHTS SETTLEMENTS
Scottsdale, Arizona
October 10, 2014

WHEREAS, the Western States Water Council, an organization of eighteen western states and adjunct to the Western Governors' Association, has consistently supported negotiated settlement of disputed Indian water rights claims; and

WHEREAS, the public interest and sound public policy require the resolution of Indian water rights claims in a manner that is least disruptive to existing uses of water; and

WHEREAS, negotiated quantification of Indian water rights claims is a highly desirable process which can achieve quantifications fairly, efficiently, and with the least cost; and

WHEREAS, the advantages of negotiated settlements include: (i) the ability to be flexible and to tailor solutions to the unique circumstances of each situation; (ii) the ability to promote conservation and sound water management practices; and (iii) the ability to establish the basis for cooperative partnerships between Indian and non-Indian communities; and

WHEREAS, the successful resolution of certain claims may require "physical solutions," such as development of federal water projects and improved water delivery and application techniques; and

WHEREAS, the United States has developed many major water projects that compete for use of waters claimed by Indians and non-Indians, and has a responsibility to both to assist in resolving such conflicts; and

WHEREAS, the settlement of Native American water claims and land claims is one of the most important aspects of the United States' trust obligation to Native Americans and is of vital importance to the country as a whole and not just individual tribes or States; and

WHEREAS, the obligation to fund resulting settlements is analogous to, and no less serious than the obligation of the United States to pay judgments rendered against it; and

WHEREAS, Indian water rights settlements involve a waiver of both tribal water right claims and tribal breach of trust claims that otherwise could result in court-ordered judgments against the United States and increase costs for federal taxpayers; and

WHEREAS, current budgetary pressures and legislative policies make it difficult for the Administration, the states and the tribes to negotiate settlements knowing that they may not be funded because either they are considered earmarks or because funding must be offset by a corresponding reduction in some other expenditure, such as another tribal or essential Interior Department program;

NOW, THEREFORE, BE IT RESOLVED, that the Western States Water Council reiterates its support for the policy of encouraging negotiated settlements of disputed Indian water rights claims as the best solution to a critical problem that affects almost all of the Western States; and

BE IT FURTHER RESOLVED, that the Western States Water Council urges the Administration to support its stated policy in favor of Indian land and water settlements with a strong fiscal commitment for meaningful federal contributions to these settlements that recognizes the trust obligations of the United States government; and

BE IT FURTHER RESOLVED, that Congress should expand opportunities to provide funding for the Bureau of Reclamation to undertake project construction related to settlements from revenues accruing to the Reclamation Fund, recognizing the existence of other legitimate needs that may be financed by these reserves; and

BE IT FURTHER RESOLVED, that Indian water rights settlements are not and should not be defined as Congressional earmarks; and

BE IT FURTHER RESOLVED, that steps be taken to ensure that any water settlement, once authorized by the Congress and approved by the President, will be funded without a corresponding offset, including cuts to some other tribal or essential Interior Department program.

(See also Nos. 250, 275, 310, and 336)

Originally adopted March 21, 2003

Revised and reaffirmed Mar 29, 2006, October 17, 2008, and October 7, 2011

RESOLUTION
of the
WESTERN STATES WATER COUNCIL
regarding the
THE RECLAMATION FUND
Helena, Montana
July 18, 2014

WHEREAS, in the West, water is indeed our “life blood,” a vital and scarce resource the availability of which has and continues to circumscribe growth, development and our economic well being and environmental quality of life -- the wise conservation and management of which is critical to maintaining human life, health, welfare, property and environmental and natural resources; and

WHEREAS, recognizing the critical importance of water in the development of the West, the Congress passed the Reclamation Act on June 17, 1902 and provided monies “reserved, set aside, and appropriated as a special fund in the Treasury to be known as the ‘reclamation fund,’ to be used in the examination and survey for and the construction and maintenance of irrigation works for the storage, diversion, and development of water for the reclamation of arid and semiarid land...” in seventeen western states, to be continually invested and reinvested; and

WHEREAS, then President Theodore Roosevelt stated, “The work of the Reclamation Service in developing the larger opportunities of the western half of our country for irrigation is more important than almost any other movement. The constant purpose of the Government in connection with the Reclamation Service has been to use the water resources of the public lands for the ultimate greatest good of the greatest number; in other words, to put upon the land permanent homemakers, to use and develop it for themselves and for their children and children’s children...;”¹⁵ and

WHEREAS, the Secretary of the Interior was authorized and directed to “locate and construct” water resource projects to help people settle and prosper in this arid region, leading to the establishment of the Reclamation Service – today’s U.S. Bureau of Reclamation; and

WHEREAS, western states and the Bureau of Reclamation have worked in collaboration to meet the water-related needs of the citizens of the West, and protect the interests of all Americans, recognizing changing public values and the need to put scarce water resources to beneficial use for the “ultimate greatest good of the greatest number;” and

¹⁵State of the Union Address, 1907

WHEREAS, the Bureau of Reclamation has built facilities that include 348 reservoirs with the capacity to store 245 million acre-feet of water, irrigating approximately 10 million acres of farmland that produce 60 percent of the nation's vegetables and 25 percent of its fruits and nuts, as well as providing water to about 31 million people for municipal and industrial uses, while generating more than 40 billion kilowatt hours of energy each year from 53 hydroelectric power plants, enough to serve 3.5 million households, while providing 289 recreation areas with over 90 million visits annually, and further providing flood control, and fish and wildlife benefits; and

WHEREAS, project sponsors have and continue to repay the cost of these facilities, which also produce power receipts that annually return nearly one billion in gross power revenues to the federal government, prevent millions in damages due to floods each year, and generate billions of dollars in economic returns from agricultural production; and

WHEREAS, the water and power resources developed under and flood control provided by the Reclamation Act over the last century supported the development and continue to be critical to the maintenance of numerous and diverse rural communities across the West and the major metropolitan areas of Albuquerque, Amarillo, Boise, Denver, El Paso, Las Vegas, Los Angeles, Lubbock, Phoenix, Portland, Reno, Sacramento, Salt Lake City, Seattle, Tucson and numerous other smaller cities; and

WHEREAS, western States are committed to continuing to work cooperatively with the Department of Interior and Bureau of Reclamation to meet our present water needs in the West and those of future generations, within the framework of state water law, as envisioned by President Roosevelt and the Congress in 1902; and

WHEREAS, according to the Administration's FY 2015 request actual and estimated receipts and collections accruing to the Reclamation Fund are \$2.046 billion for FY 2013, \$2.002 billion for FY 2014, and \$2.037 billion for FY2015, compared to actual and estimated appropriations of \$858 million for FY 2013, \$913 million for FY 2014, and \$819 million for FY 2015 and as a result the unobligated balance at the end of each year respectively is calculated to be \$12.029 billion, \$13.118 billion and \$14.336 billion respectively; and

WHEREAS, this unobligated balance in the Reclamation Fund continues to grow at an increasing rate from an actual balance of \$5.67 billion at the end of FY 2006, to the estimated \$14.336 billion by the end of FY 2015, over a 150% increase; and

WHEREAS, under the Reclamation Act of 1902, the Reclamation Fund was envisioned as the principle means to finance federal western water and power projects with revenues from western resources and its receipts are derived from water and power sales, project repayments, certain receipts from public land sales, leases and rentals in the 17 western states, as well as certain oil and mineral-related royalties – but these receipts are only available for expenditure pursuant to annual appropriation acts; and

WHEREAS, with growing receipts in part due to high energy prices and declining federal expenditures for Reclamation purposes, the unobligated figure gets larger and larger, while the money is actually spent elsewhere for other federal purposes contrary to the Congress' original intent;

NOW THEREFORE BE IT RESOLVED, that the Western States Water Council asks the Administration and the Congress to fully appropriate the receipts and collections accruing to the Reclamation Fund subsequent to the Reclamation Act and other acts for their intended purpose in the continuing conservation, development and wise use of western resources to meet western water-related needs -- recognizing and continuing to defer to the primacy of western water laws in allocating water among uses -- and work with the States to meet the challenges of the future.

BE IT FURTHER RESOLVED, that such "needs" may include the construction of Reclamation facilities incorporated as part of a Congressionally approved Indian water right settlement.

BE IT FURTHER RESOLVED, that the Administration and the Congress investigate the advantages of converting the Reclamation Fund from a special account to a true revolving trust fund with annual receipts to be appropriated for authorized purposes in the year following their deposit (similar to some other federal authorities and trust accounts).