



MEMORANDUM

TO: SAN LUIS & DELTA-MENDOTAT WATER AUTHORITY DIRECTORS
FROM: DAN KEPPEL, EXECUTIVE DIRECTOR
SUBJECT: UPDATE REPORT
DATE: OCTOBER 2, 2022

This memo is intended to keep you apprised as to what is happening behind the scenes on policy issues the Family Farm Alliance is engaged in. In the past month, much of our efforts have focused on working with our members on short-term solutions to prop up reservoir levels on the Colorado River, planning and engaging in our 2022 Farmer Lobbyist trip, and expanding public outreach associated with global food insecurity and the importance of Western irrigated agriculture. These issues and other matters important to our members are further discussed in this memo.

BIDEN ADMINISTRATION DEVELOPMENTS

1. Reclamation Announces \$20 Million for Small Water Storage Projects

The Department of Interior's Bureau of Reclamation has announced an FY 2023 funding opportunity for \$20 million in 25% cost shared grants through the Infrastructure Investment and Jobs Act (IIJA) for small surface and groundwater storage projects between 2,000 and 30,000 acre-feet in size. The IIJA allocated \$8.3 billion for Reclamation water infrastructure projects over the next five years. The \$20 million FOA is part of \$100 million in the IIJA for small surface and groundwater storage grants located in the Western states. Applications for these small storage grants are due December 9, 2022. However, a completed feasibility study must first be submitted to Reclamation no later than October 31 to determine project eligibility under this funding opportunity, which is available on www.grants.gov by searching for funding opportunity number R23AS00019.

2. Interior Announces Assistance for Water Conservation Field Services Program

The Department of the Interior has announced the FY 2023-2024 Water Conservation Field Services Program: Financial Assistance. The purpose of this program is to provide funding for the planning, prioritizing, demonstrating technology/projects, and design of projects that conserve and use water more efficiently; mitigate conflict risk in areas at a high risk of future water conflict; and accomplish other benefits that contribute to sustainability in the Western U.S. The program aims to leverage existing funding and resources by cost-sharing water conservation planning activities with Reclamation to make more efficient use of existing water supplies. Projects should address one of the following task component areas:

- Water Management and Conservation Planning
- System Optimization Review
- Designing Water Management Improvements
- Demonstrating Conservation Project Technologies

Eligible applicants are states, Indian tribes, irrigation districts, water districts, and other organizations with water or power delivery authority located within the Lower Colorado Basin including southern California, Nevada, and Arizona, or the State of Hawaii, American Samoa, Guam, and the Northern Mariana Islands. Funding: In FY 2023, an estimated \$1,659,000 in funding is available to support approximately 6-12 awards of up to \$100,000 through this program. Funding amounts for FY 2024 will be finalized when the FY 2024 appropriations process is complete. Applicants must be capable of cost sharing 50 percent or more of the total project costs. Cost share may be made through cash, costs contributed by the applicant, or third-party in-kind contributions. The project period for this program is two years. Round 1 applications are due November 18, 2022 and round 2 applications are due October 13, 2023.

DEVELOPMENTS IN CONGRESS

The House adjourned for the midterm elections on September 30 with the Senate scheduled to be in session until October 21 if that adjournment date stays in place.

ALLIANCE INITIATIVES

3. 2022 Farmer Lobbyist Trip

Thirty farmers, ranchers, water managers and association leaders departed the dry, dusty West and descended on Washington, D.C. late last month, sharing their stories and engaging federal lawmakers and policy leaders on critical water issues. The 2022 farmer lobbyist trip marked the first return to Washington since September 2019, prior to the COVID-19 pandemic that restricted access to the nation's capital. A "virtual" lobbyist trip was conducted in 2020. The high level of the Alliance's virtual engagement with Congressional offices in 2021 leading up to the passage of the Infrastructure Investment and Jobs Act (IIJA) last November drove the decision not to conduct

a farmer lobbyist trip last year. This year’s farmer lobbyist trip once again presented a unique opportunity for Alliance members to share with Members of Congress and the Administration the important issues that impact Western irrigated agriculture. Thirty farmer lobbyists from six Western states engaged directly with high-level Biden Administration officials, Congressional Members and committee staff, and gained insight into what lawmakers and policymakers are saying about the issues impacting Western irrigated agriculture. The farmer lobbyists engaged in over twenty meetings in a 2 ½ day period across Capitol Hill and with agency leaders in downtown Washington. Our team did a tremendous job telling personal and impactful stories about producer and water manager efforts during the drought. They really underscored the importance of irrigated agriculture to our food supply chain and national security.

Key topics of discussion with Congressional agriculture and water committees included positions on current water legislation and the 2023 Farm Bill. Meetings also took place with USDA Under Secretary Robert Bonnie, Sara Gonzalez-Rothi (Director for Water Policy at the White House Council on Environmental Quality), and leaders at the Department of Interior, Bureau of Reclamation, and the U.S. Forest Service. The visit culminated with two overlapping events on the morning of September 29: an Alliance-led Western drought briefing and a Senate committee hearing on forestry legislation, where Mr. O’Toole testified on behalf of the Alliance.

a. Western Drought Briefing

The Alliance’s Western Drought Briefing for Congressional staff took place in a conference room at the Capitol Visitors Center. The drought briefing featured brief presentations by farmers and ranchers from Oregon, California, and the Upper and Lower Colorado River Basins. This in-person event allowed Congressional staff an opportunity to hear directly from the Western producers and water managers who are literally at Ground Zero dealing with the challenges of one of the worst droughts for the Western U.S. in modern history. Congressman Cliff Bentz (R-OR) kicked off the event with opening remarks. He also met earlier in the week with the farmer lobbyists in the hearing room of the House Resources Committee. Following Rep. Bentz’s welcoming comments, water managers and farmers from California, Oregon, and the Colorado River Basin described the challenges they are facing, the drivers behind those challenges, and what can be done to help. William Bourdeau outlined the regulatory constraints that farmers and ranchers served by the federal Central Valley Project. Much of California’s massive plumbing system was built in the 1930s and 1960s. However, around 1980, the implementation of federal and state environmental laws began to affect Central Valley water supplies. The 75-minute event concluded with a question-and-answer session.

b. Senate ENR Legislative Hearing

Elsewhere on Capitol Hill, Alliance President Patrick O’Toole was one of four witnesses who testified before the Senate Energy and Natural Resources (ENR) Committee, which conducted a legislative hearing on several pending bills, including the Promoting Effective Forest Management Act of 2022 (S. 4904). This bipartisan legislation – introduced by ENR Committee Chairman Joe

Manchin (D-WV) and Ranking Member John Barrasso (R-WYOMING). Mr. O’Toole’s testimony outlined the dire conditions of Western forests and explained why S.4904 is an important step towards improving their future health. Mr. O’Toole’s appearance before the Senate Energy and Natural Resources Committee was picked up by several media sources, and the one-hour drought briefing attracted nearly 20 Congressional staffers.

c. Farmer Lobbyists Share Drought Stories, Offer Solutions

Much of the Western U.S. is facing a second consecutive year of crippling drought. The current drought crisis underscored some key concerns that were advanced by this year’s farmer lobbyists. For example, the Western drought also demonstrates that areas where collaboration-driven efforts are underway fare better than regions characterized by strife and conflict. Alliance Director Marc Thalacker, who manages Three Sisters Irrigation District in Oregon, explained to multiple audiences how collaborative piping projects in his area – where 62 of 65 miles of open canal have been replaced with high-diameter, pressurize pipe - stretched water supplies while neighboring districts faced early curtailments. Urban Eberhart, the general manager of Kittitas Reclamation District in Washington’s Yakima Basin, pointed to the Integrated Plan developed for his region as a template for success in other areas of the drought-stricken West. Several of this year’s farmer lobbyists acknowledged that the only silver lining in this unprecedented drought crisis is that it is drawing public and political attention to Western agriculture’s critical role in providing a safe and reliable food supply.

d. Food Security Spotlighted

Driven by concerns with rising food prices and the Russian invasion of Ukraine, the Family Farm Alliance board at its meetings in Reno last February directed contractors to work with others in an effort to improve communications on what rising inflation and the Ukraine crisis means to American consumers. In April, the Alliance partnered with California Farm Water Coalition and Klamath Basin producers to place a full-page ad in the *Wall Street Journal* warning of the consequences if State and federal officials ignore the need for reliable water supplies and a stable, affordable, domestic food supply. Our fly-in to D.C. provided a great opportunity to advance our efforts to educate the public and policy makers, as global realization of the looming food crisis grows every day.

e. “Once in a Generation” Funding for Western Water

The Alliance – along with the Association of California Water Agencies, California Farm Bureau, National Water Resources Association and Western Growers – formed a steering committee for a 230-member Western water coalition that led the effort in 2021 to secure \$8.3 billion of Bipartisan Infrastructure Law (BIL) funding for Bureau of Reclamation infrastructure projects and hundreds of millions of dollars for USDA forest health and rural infrastructure projects. The Alliance continues to work with this coalition and the Western Agriculture and Conservation Coalition to engage with USDA and the Interior Department to ensure that BIL funds are efficiently applied

for their intended purposes. On each day of our D.C. trip, we expressed our support for the congressional action and Administration efforts to administer the \$12.3 billion in the BIL and Inflation Reduction Act. This needs to be done in an efficient manner that achieves the desired outcomes of improved water supply reliability.

The Bureau of Reclamation on September 30 conducted a listening session to seek input and feedback from stakeholders on the implementation of the IRA. Reclamation officials reported that the \$4 billion funding will be spread across four years and divided into two buckets. The first bucket will be for short term water conservation “bridging actions” such as paying users to leave water in Lake Mead each year for the next 4 years. The second bucket will fund long-term “System Efficiency” projects. This will most likely focus on infrastructure, but there are still not a lot of details. Applications for both buckets can be submitted this month.

The Family Farm Alliance in August helped lead a letter signed by 7 other regional agricultural organizations which offered support, assistance and counsel for the immediate implementation of drought funding from the IRA in a letter sent to Interior Secretary Deb Haaland and Commissioner Touton. The letter identified some key principles, including a recommendation that Reclamation should quickly release a Notice of Funding Availability with guidance to water managers currently developing drought response proposals and urgently deploy that funding to address the most critical needs. The Alliance was asked by the Commissioner’s office to provide some opening remarks at the September 30 listening session. Alliance Advisory Committee Tina Shields from California’s Imperial Irrigation District stood in for me, as I was returning home from the farmer lobby trip that day. The listening session was recorded and is available at <https://www.usbr.gov/inflation-reduction-act>.

f. Federal Water Legislation

The Alliance works closely with Congressional committees on other Western water legislation, providing recommendations, review and witnesses to testify on Capitol Hill. Many of our meetings with Members of Congress and their staff focused on current water legislation and the upcoming Farm Bill. We continue to work to influence the development of Congressional West-wide water bills consistent with Alliance priorities and policy positions. The Alliance has actively advocated for and contributed to the development of several West-wide bills that have primarily moved through the Senate Energy and Natural Resources Committee. The Committee is considering another markup, possibly in September, to tackle some bills that were left out of the July committee markup. Committee Democrats think a markup is on the table, but other Senate Democrats are not so sure. Republicans on the committee are skeptical. There is no set game plan for this, yet, but we think there will be a markup some time before the end of the year. The package could move in the lame duck and would involve a negotiation with the House, or it could be set up for reintroduction in the next Congress.

The Alliance has advocated for roughly one dozen Western water bills in the Senate, including the STREAM Act, Senator Feinstein’s bill that includes a number of storage and conveyance

provisions that could be helpful to Alliance members, if enacted. Another Alliance priority has been Oregon Senator Ron Wyden’s “Watershed Results Act” (WRA), which requires the Secretary of the Interior to work in coordination with the Secretary of Agriculture and the Administrator of the EPA to establish two to five watershed restoration pilot programs across the country. The difference from the federal status quo is that WRA would require pilot watersheds to be assessed for priority projects using advanced analytics. In this way, we can maximize every dollar invested and promote a results-oriented approach. Other bills advocated for by the farmer lobbyist included efforts to reauthorize fish recovery programs in the Upper Colorado and San Juan River Basins; repair portions of California’s massive water conveyance system; address risks of potential urban canal failure; modify the eligibility requirements for small water storage and groundwater storage projects; and address the recovery of hydropower generation costs with respect to Reclamation facilities in the Colorado River Basin, and for other purposes.

g. Improving Permitting Processes

The farmer lobbyists also addressed government red tape in their meetings. In their meetings on Capitol Hill, Alliance representatives explained the need for federal agencies to report on their environmental review activities and expedite environmental review and permitting processes. If we are serious about building infrastructure, improving forest health, and promoting American agriculture, then Congress must pass real, meaningful solutions that expedite federal permitting processes. The 2022 farmer lobbyists also explained Alliance efforts to engage with the Biden Administration on rule-making actions that impact Western irrigated agriculture, including environmental review of water development and forest management activities. For example, the Environmental Protection Agency (EPA) and the Army Corps of Engineers (Corps) last month sent to the White House Office of Management and Budget (OMB) for pre-publication review their final, interim definition of waters of the United States (WOTUS). We have been deeply engaged in the two-step WOTUS process underway with EPA and the Army Corps of Engineers. Meanwhile, as fires continued to burn in parts of the West, the farmer lobbyists discussed the need for the Forest Service to maximize its capacity and streamline ways to start healthy forest restoration projects at scale. We need to expedite forest management projects in order to reduce catastrophic wildfires and associated carbon emissions and protect wildlife habitat and watersheds.

h. 2023 Farm Bill

While in Washington, farmer lobbyists heard criticisms from Republicans about the Biden administration’s climate-focused agriculture spending. Earlier in the month, USDA pumped \$2.8 billion into “climate-smart commodities,” projects aimed at improving the environment through agriculture. Republicans like Rep. Glenn Thompson (PA) are raising concerns that this “spending spree” could become a party-line issue of contention when Congress takes up the 2023 Farm Bill next year. It could “endanger bipartisan support for this title” in next year’s farm bill negotiations, he said at an agriculture committee hearing earlier in the month. The IRA contains massive funds for climate-smart agriculture, using existing Farm Bill conservation programs. The 2022 farmer lobbyists are concerned that the carbon-centric focus of some policy makers could endanger

projects that also address broader matters. Climate mitigation should not just focus on carbon and assume that planting more carbon-sequestering trees will solve the problem. Projects that help producers and water managers adapt to the impacts of climate change must also be encouraged.

The Alliance since 2012 has engaged in Farm Bill negotiation primarily through its involvement with the Western Agriculture and Conservation Coalition (WACC). We co-founded the WACC, in an effort to support the common interests of agriculture, conservation, and other interests tied to resources on behalf of a viable and sustainable rural West. Water is the core resource concern we want the government to address more effectively. While in Washington, Alliance members involved with the WACC split off for a handful of meetings with House and Senate agriculture committee staff, where the topic of discussion was Farm Bill conservation title programs. The WACC strives for USDA prioritization of project proposals that deliver cross-sector benefits to farming, ranching, and conservation. We want to see emphasis on project proposals that deliver measurable conservation outcomes. Successful projects are ones that deliver benefits to significant portions of land in a watershed. The WACC is also striving to find ways to simplify program delivery without harming environmental interests or program integrity. Conservation program management should emphasize a stronger role for state and local decision-making. NRCS state conservationists should be viewed as ‘the CEOs’ in these matters.

i. Political Backdrop

The House on September 30th passed the Senate Amendment to the stopgap bill (a Continuing Resolution “CR”), by a vote of 230-201, funding the government’s federal agencies through Friday, December 16, 2022. The President signed the bill into law later that day. The Senate passed the CR by a vote of 72-25 the day before, sending it to the House on the day of the deadline to avert a shutdown of most government agencies. In addition to extending government operations at enacted FY22 funding levels, the CR also included other provisions, such as \$2 billion for domestic disaster relief for communities impacted by natural disasters in 2021 and 2022, and \$2.5 billion for New Mexico wildfires from the Hermit’s Peak/Calf Canyon fire. Left out of the CR was Senator Joe Manchin’s (D-WV) permitting reform bill, which was initially included and would have streamlined energy and minerals projects. Senate Majority Leader Chuck Schumer (D-NY) said on the Senate floor that he and Senator Manchin would “continue to have conversations about the best way” to move forward on the permitting effort before the end of the year. Senate Minority Leader Mitch McConnell had encouraged Senate Republicans to take down Manchin’s effort in an earlier floor speech, saying that adding Senator Manchin’s permitting plan to the bill amounted to a “poison pill” (*POLITICO*). Also, the CR did not include the Biden Administration’s request for COVID-19 and monkeypox aid. Congress will return following the November 8 midterm elections with the hopes of completing the fiscal year 2023 Omnibus by mid-December.

j. Reflections from this year’s farmer lobbyists

One of the key objectives of the 2022 Farmer Lobbyist Trip was to provide opportunities for producers and water managers to tell their stories about the impact federal policies and Mother

Nature are having on their operations and families. By all accounts, this year's D.C. fly-in was a success. Many participants were relieved to be able to resume face-to-face meetings after the pandemic and security-related concerns limited travel and engagement in Washington. The farmer lobbyist week in D.C. also highlighted how essential water security is for food security. Farmer lobbyists had nothing but words of praise for the planning and "herding" provided by Mark Limbaugh, Lane Dickson, Zach Israel and Tina Dykstra with The Ferguson Group, the Alliance's representatives in Washington, D.C. This year's farmer lobbyists did an admirable job conveying their personal experiences to some very influential officials in Washington. They provided a great service in helping lawmakers and policy makers visualize why it is important to continue to offer resources from the federal government to address these issues.

WESTERN WATER "HOT SPOTS"

NOAA's Climate Prediction Center (CPC) recently issued a La Niña Advisory, noting that it is expected to continue. During the past month, below-average sea surface temperatures (SSTs) expanded across the central and eastern equatorial Pacific Ocean. Overall, the coupled ocean-atmosphere system remained consistent with an ongoing La Niña. La Niña is a weather pattern that occurs in the Pacific Ocean. In this pattern, strong winds blow warm water at the ocean's surface from South America to Indonesia. As the warm water moves west, cold water from the deep rises to the surface near the coast of South America. Generally speaking, La Niña winters tend to be drier and warmer than normal across the southern U.S. and cooler and wetter in the northern U.S. and Canada.

ADMINISTRATIVE AND MISCELLANEOUS

- I hit the road on the speaker's circuit last month, where I spoke at the California Agricultural Irrigation Association summer meeting in Pismo Beach. I also delivered the keynote speech at the annual meeting of the Arizona Agribusiness and Water Council in Phoenix on Friday. Next week, I'll be speaking to the Upper Missouri Water Users in Deadwood (SOUTH DAKOTA), and later this fall I'm going to the Aspen Institute (COLORADO), the World Alfalfa Congress conference in San Diego (CALIFORNIA), Oregon Water Resources Congress, and North Dakota Water Users Association. Audiences so far have been very supportive of our efforts to educate the public and policy makers on the importance of Western irrigated agriculture to our national security.

This is a quick summary of just a few of the issues the Alliance has been engaged in. Please do not hesitate to contact me at dan@familyfarmalliance.org if you would like further information about what the Alliance is doing to protect water for Western irrigated agriculture.