

To: Washington State Legislators

From: Norman Whittlesey
Walter Butcher

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Subject: Yakima River Basin Integrated Water Resource Management Plan

We are unable to undertake a comprehensive review of the proposed State financial support of the projects listed in the Yakima Basin Integrated Water Resource Management Plan. The Yakima Integrated Plan is a combination of many projects and actions carried out in a complex river system. However, reviewing the key reports on the Integrated plan suggests some important points that need to be kept in mind as the Legislature considers HB 1414 (companion SB 5367) and the Capital Budget Requests to start funding of Early Actions on the major components of the Plan.

First, the Integrated Plan is presented to the Legislature for approval and beginning of funding as a set, all or nothing package. Reclamation and Ecology have evaluated the economic effects of the Integrated Plan and estimated that the total benefits will exceed the costs by a comfortable margin. However, as the report notes, this evaluation is only indicative and more complete evaluation of individual projects, following the federal Principles and Guidelines, will have to be completed before it can be known which individual projects qualify for federal funding. If the State is providing hundreds of millions, or even tens of millions of dollars to fund projects that are a part of the Plan, the State needs to have its own evaluation of benefits and costs, before committing to funding a project or action.

There is no way of knowing which component costs could be trimmed with little or no effect on the benefits of the overall plan. While more than 80 percent of the estimated benefits from the Integrated are from increased numbers of Columbia River salmon and steelhead, a majority of the costs of implementing the plan are for construction of dams, reservoirs, and other facilities long desired for obtaining an increased supply of water for irrigation. The estimated fish benefits are very large and need to be independently reviewed.

The proposed commitment of the State to an unspecified funding arrangement with federal and local partners could put the State under some obligation to fund a large share of the estimated \$4 billion total cost of the Integrated Plan. Contingency clauses could add billions more for a Columbia River pumped storage project. There is no doubt that these projects could provide benefits and are desired by Reclamation and some irrigators. However, national [policy has shifted away from the past when Reclamation led most irrigation development in Washington and arranged funding in a way such that most of the costs were absorbed by the federal taxpayers and Pacific Northwest electricity ratepayers.

Now, standards for evaluating proposed Reclamation irrigation projects have been tightened. The provisions of HB1414 (companion SB 5367) are likely to put the State in position of being asked to provide funding for what is still a Reclamation planned and owned project. The history of continued development of the Columbia Basin Project into the Odessa Subarea could easily be repeated—the Office of Columbia River spent tens of millions on aggressive pursuit of a Reclamation project which did not qualify for federal funding and so the State is beginning now to spend hundreds of millions on construction of the project.

We offer recommendations for the State to consider as a help to make efficient use of its scarce funds. More detail and discussion is contained in an accompanying document.

- **The State should not make any capital commitments to this overall plan until it is known what likely cost sharing is forthcoming from federal sources and how much the maximum funding required from the State might be.**
- **We strongly recommend that the State not make capital commitments to the YRB plan or any individual components until more information is available regarding specific benefits and costs of the individual components to the State.**
- **The water storage components of the YRB plan should not be funded nor their proposed feasibility studies funded. Wymer reservoir is already known to be economically infeasible based on the storage projects studied in 2008, and Bumping Lake enlargement should have a pre-feasibility study prior to any further State commitments for full feasibility studies or construction.**
- **With information from existing studies most project components in the YRB plan could be evaluated for benefits and costs from a State perspective at a relatively small expense. Such information could be used to guide state funding for these water projects. This should include both fish enhancement components and the agricultural components.**
- **We recommend that the State encourage expansion of water markets in the state to achieve greater productivity and value from available water resources, and to avoid unnecessary capital investment in water storage projects.**

Norman Whittlesey
whittleseyn@gmail.com
509-332-0773

Walter Butcher
Economist, Retired
walt.butcher@gmail.com
509-332-1755