



**Meeting with
Senator Cantwell
and groups
concerned with
S. 1694 and the
2012 Yakima Plan**

**August 18, 2015
Ellensburg, WA**

Environmental & Home Owner Group Participants

	Organization	Representative
Scheduled to attend today's session	Scheduled to attend today's session	
	Alliance for the Wild Rockies	Gary Macfarlane
	Alpine Lakes Protection Society	Rick McGuire, Board Member
	East Kachess Homeowner's Association	Gordon Brandt, President
	Endangered Species Coalition	David Ortman
	Federation of Western Outdoor Clubs	Raelene Gold, Past President
	Friends of Bumping Lake	Chris Maykut, President
	Friends of the Clearwater	Gary Macfarlane, Executive Director
	Friends of Lake Kachess	Jay Schwartz
	Heart of America Northwest	Rep. Gerry Pollet, JD, Executive Director
	Kachess Community Association	Bill Campbell, Board member
	Kachess Ridge Maintenance Association	Grant Learned, outside counsel
	Kittitas County Fire District #8	Jerry Watts, Commissioner
	North Cascades Conservation Council	Rick McGuire, Board Member
	Seattle Audubon	Linda Murtfeldt, Chair of Conservation Committee
	Kootenai Environmental Alliance	Adrienne Cronebaugh, Executive Director
	Western Lands Project	Janine Blaeloch, Executive Director
	Western Watersheds Project	Ken Cole, Idaho Director
	Wise Use Movement	John de Yonge, President

These groups have submitted over 100 documents to the Yakima Plan process. For online access to the primary documents regarding concerns and opposition, please see the “Yakima Document Library” at: <http://ucsierraclub.org/ucr/yakima/documents.html>

Agenda

- **Review of Objectives & Principles**

- YBIP Goals
- Key Process Principles

- **Areas of Agreement**

- **Areas of Concern**

- **S. 1694 Recommendations**

- **Next Steps**



- **Members of the various groups will contribute in the appropriate sections**

- **Emphasis will be on conversation & collaboration**

- **Will also monitor time to ensure we complete the agenda**

We all share the same goals

- ***To support the greater Yakima Basin community in planning for long-term water and drought resiliency and planning to meet tribal obligations.***
- **To achieve this goal, we also share the same principles and process priorities:**
 - All meaningful members of the community should be included in the process
 - All options should be on the table
 - Full economic, environmental, and feasibility evaluations should be materially completed before any decisions are made
 - All evaluations should be objective and analytically correct, subject to independent and objective 3rd Party technical review for all critical economic and environmental analyses
 - Self-help (water district conservation & water markets) and existing legislation should be the first priority, with State/Federal government support only targeting new options beyond the capacity of self-help or existing legislation.
 - Timing of potential actions should be aligned with the timing of projected needs: long-term fish and conservation projects need to start now, water supply construction project timing is more flexible.

Areas of Agreement

- **Water & Drought Resiliency**
- **Meeting treaty obligations to the Yakama Nation**
- **Viable & Economically Practical Fish Passage**
- **Appropriate Habitat Restoration & Preservation**
- **Water Conservation**
- **Environmentally appropriate process & outcomes**
- **Economically Appropriate Water Use & Water Markets**

Areas of Concern (Overview)

- 1. Lack of representation for opposing voices and self-interested Work Group process; FACA should be mandated**
- 2. Unacceptable lack of compliance with NEPA, SEPA, ESA and EIS requirements**
- 3. Scientifically weak and error-filled Benefit-Cost analysis; need for project level B-C review**
- 4. Irrigation Districts need to first address inefficiencies, poor conservation and water marketing issues**
- 5. Water Supply assumptions that don't work in a multi-year drought (with devastating environmental impact)**
- 6. Undefined and untested concept of "Privatization"**

1: Lack of representation for opposing voices and self-interested Work Group process; FACA should be mandated

The Work Group process has ...

- ...excluded environmental groups with major concerns (e.g., Sierra Club, ALPS)
- ... excluded citizen groups adversely affected by proposals (HOA's, Fire Districts)
- ... Systemically prevented meaningful discussion at Workgroup meetings
- ...denied requests to participate in July 7 Senate hearing
- -- violated both the letter and spirit of federal FACA requirements – *“balanced representation of diverse viewpoints including interested and directly affected parties”*
- ... pursued an operating culture which has seriously failed the Secretary and elected officials – change is needed

... and conflicts are a concern

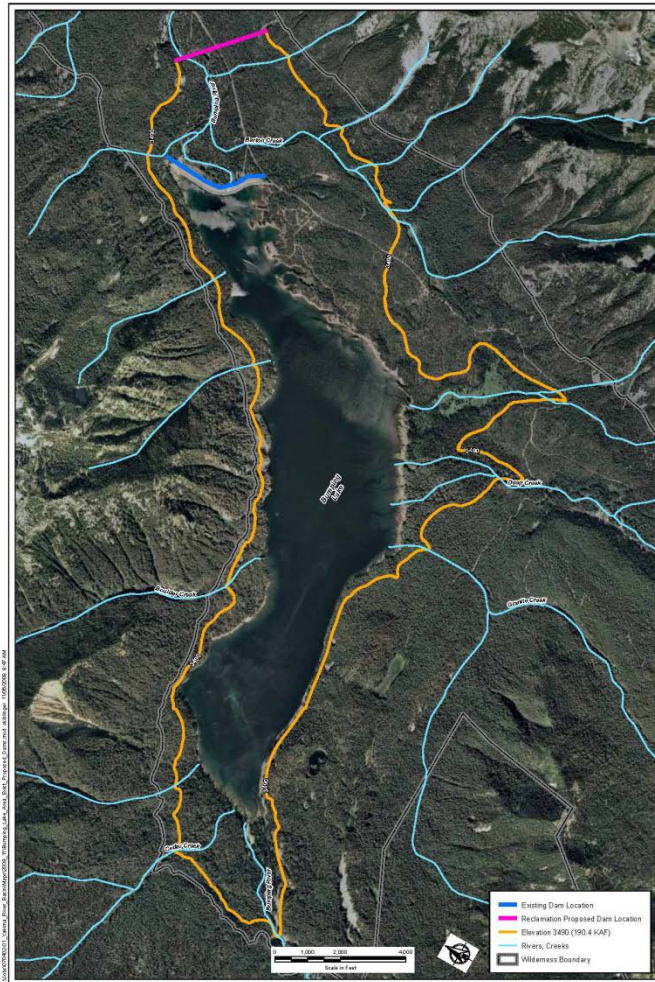
Conflict of Interest from the YBIP	Organization
Direct Economic Benefit	Benton County
Direct Economic Benefit	City of Yakima
Direct Economic Benefit	Kennewick Irrigation District
Direct Economic Benefit	Kittitas County
Direct Economic Benefit	Kittitas Reclamation District
Direct Economic Benefit	Peter Dykstra, JD. Law Practice focused on YBIP Elements
Direct Economic Benefit	Roza Irrigation District
Direct Economic Benefit	Sunnyside Valley Irrigation District
Direct Economic Benefit	Yakama Nation
Direct Economic Benefit	Yakima Basin Storage Alliance
Direct Economic Benefit	Yakima County
Direct Economic Benefit	Yakima-Tieton Irrigation District
Significant Policy Benefit	National Marine Fisheries Service
Significant Policy Benefit	USFWS - Mid-Columbia River Fishery Office
Significant Policy Benefit	Washington Department of Fish and Wildlife
Significant Policy Benefit	Washington Water Project, Trout Unlimited
Significant Policy Benefit	Yakima Basin Fish & Wildlife Recovery Board
Substantial Political Benefit	Bureau of Reclamation
Substantial Political Benefit	WA Department of Agriculture
Substantial Political Benefit	WA Department of Ecology
Substantial Political Benefit	WA Department of Natural Resources
No Conflict	U.S. Forest Service

2: Unacceptable lack of compliance with NEPA, SEPA, ESA and EIS requirements

- Unacceptable lack of compliance with NEPA, SEPA, ESA – especially for Endangered Species at Kachess (Bull Trout, Spotted Owl) in the DEIS
- Impact on recreational and property values are not addressed
- Impact on local businesses and one of the state’s busiest campgrounds and 1,000’s of citizens are not addressed
- Critical FPEIS & DEIS requirements are not addressed: a) Unclear Proposed Action, b) failure to Consider Reasonable Alternatives, c) inclusion of new ORV language after comment period, and c) vague and hypothetical mitigation measures
- Impact and mitigation of domestic water sources, including Group A Public Water System in Kachess Village serving 162 homes with senior water rights, as well as many private wells with junior and senior rights
- Adverse impact on Fire Districts due to increased fire risk while simultaneously reducing fire suppression capability
- Substantial changes in scope will require a “re-start” of the DEIS process
- Is this how the Work Group and BoR intend to address these issues for projects like Lmuma Creek (Wymer) and Bumping Lake as well?

Key NEPA, SEPA, ESA and EIS Issues: Bumping Lake example

Bumping Lake



- A new Bumping Lake Dam (purple line) of approximately 190,000 acre-feet (orange line) would inundate nearly 2,000 acres and flood out endangered species habitat for Northern spotted owls and bull trout, as well as nearly 1,000 acres of ancient forest habitat. Estimated cost is over \$400 million.
- The Bureau of Reclamation decided not to study a new Bumping Dam in its 2008 Final Planning Report/EIS because of environmental concerns. (page 2-129)

3: Scientifically weak and error-filled Benefit-Cost analysis; need for project level B-C review

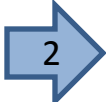
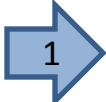
- Independent scientific and economic policy experts (WRC, Normandeau) universally critique the 4AA report's over-reaching calculations and weak assumptions ... they are simply unsupportable.
- Correcting assumption and calculation errors reduces total benefits by over \$6B (primary issues are incorrect fish population starting points and overly optimistic fish growth rates)
- Cost allocations are filled with overly agriculture-friendly (and incorrect) assumptions in order to drive a positive Benefit/Cost ratio for irrigation projects – reality is a significantly negative B-to-C
- Meanwhile, costs are skyrocketing...K projects went from \$280M to over \$850m in less than 15 months
- According to the Water Research Center study, only fish passage clears basic Benefit-Cost thresholds
- Multiple experts point to the need to focus more on conservation and water markets (and not new water supply) as the most appropriate economic solution

3: Scientifically weak and error-filled Benefit-Cost analysis; need for project level B-C review

Overview: Present Value Preliminary Cost Allocation – 2012: With Adjustments

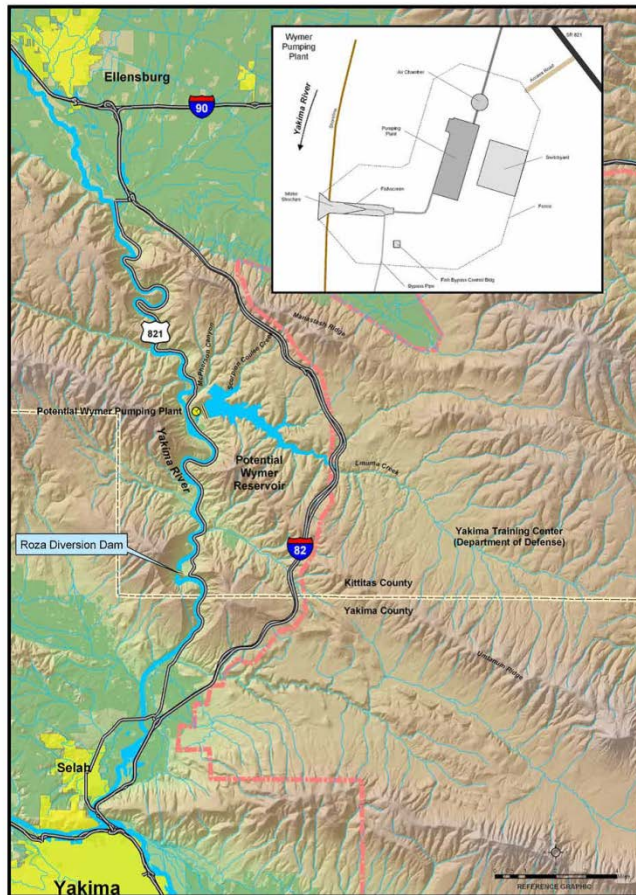
	Project Purposes			Total (\$M)
	Ecological Restoration	Agriculture	Municipal & Domestic	
4AA Benefits	6,200	800	395	7,395
Adjustments to 4AA Benefits	(5,300)	(600)	(355)	(6,255)
Correct Calculation Errors				(3,255)
Adjust for 200k higher initial fish populations and their corresponding lower incremental WTP values (See WRC page 95)	(2,700)			(2,700)
Adjust for present value impact of not including fish benefits until fish projects are actually completed (See WRC page 97)	(200)			(200)
Correct lease vs purchase price and calculation errors for Municipal Water Use (See WRC page 79 & 82)			(355)	(355)
Adjust for Flawed Assumptions				(3,000)
Remove potential for Fish Populations to increase above 181k fish (See WRC page 93 & 96)	(1,200)			(1,200)
Adjust PV due to 30 additional years to achieve 181k fish population totals (See WRC page 96)	(1,200)			(1,200)
Correct for future climate scenario, reduce from 8x worse than historical to 4x worse (50% reduction) (See WRC page 66 & 68; JJS Analysis)		(400)		(400)
Correct for overly constrained water trade assumption of 10%; Allow for 50% inter-district trade reducing 4AA Benefits by 50% (See WRC pages 69-73 & JJS Analysis)		(200)		(200)
Revised Total Benefits	900	200	40	1,140
4AA Total Cost Allocation	2,440	729	351	3,520
Adjustments/Reallocations to 4AA Costs	(477)	679	(203)	0
Correct Footnote 3 error: limiting SPA costs to the maximum of total benefits is an incorrect cost accounting step (JJS Analysis)	(209.7)	247.9	(38.2)	0
Correct SPA allocations for Wymer and Bumping Lake to include 50% allocation for Agricultural Use; Also use full cost of projects (JJS Analysis)	(267.0)	431.3	(164.3)	0
Cost Increases: KDRPP/KKC has increased over 300% from \$276M to \$850M+	?	?	?	?
Revised Total Cost Allocation: Does not include an additional \$600M for KDRPP/KKC	1,963	1,408	148	3,520
Revised Total Benefit-Cost	(1,063)	(1,208)	(108)	(2,380)
Revised Total Benefit-Cost Ratio	0.46	0.14	0.27	0.32
4AA Projected Total Benefit-Cost	3,760	71	44	3,875
4AA Projected Total Benefit-Cost Ratio	2.54	1.10	1.13	2.10

Water Research Center Analysis



EIS and Benefit-Cost concerns: Lmuma Creek Example

Wymer Dam



Wymer Dam and Reservoir Alternative

This reference graphic is intended for informational purposes only. It is subject to review and modification without notice. Geographic information shown herein is derived from the best available data. The Department of Defense is not responsible for errors or omissions in this document. Contact us at October 2008.

- The proposed Wymer dam would be located between Ellensburg and Yakima. It would flood out approximately 1,000 acres of shrub-steppe habitat, including sage grouse habitat. A Wymer Dam would cost over a billion dollars.
- In its 2008 Final Planning Report/EIS, the Bureau of Reclamation calculated that two variations of a Wymer dam would have significant negative benefit/cost ratios (**0.31** and **0.07**). (page 2-127)

4: Irrigation Districts need to first address inefficiencies, poor conservation and water marketing issues

Irrigation Districts with inefficient operations, minimal focus on conservation, unwillingness to drive water markets and a history of limited repayment should first address these issue before more water supply is made available

- The Work Group suggested “Conservation” does not create any additional water and limited funding for it
- The Work Group benefit-to-cost ratio analysis fundamentally ignored intra-district water markets yet 42% of the water goes to crops (hay/wheat) that deliver less than 15% of the economic benefit ... other crops have 4x the value
- Yakima Valley irrigators have repaid less than 45% of the total costs due from prior projects; 13% when adjusted for interest
- The Water Research Center study addressed all of these issues in-depth

The Seattle Times

Environment | Local News | Northwest

Water theft is symptom of bigger troubles in Wapato Irrigation Project

Originally published July 12, 2015 at 8:31 pm | Updated July 13, 2015 at 3:08 pm



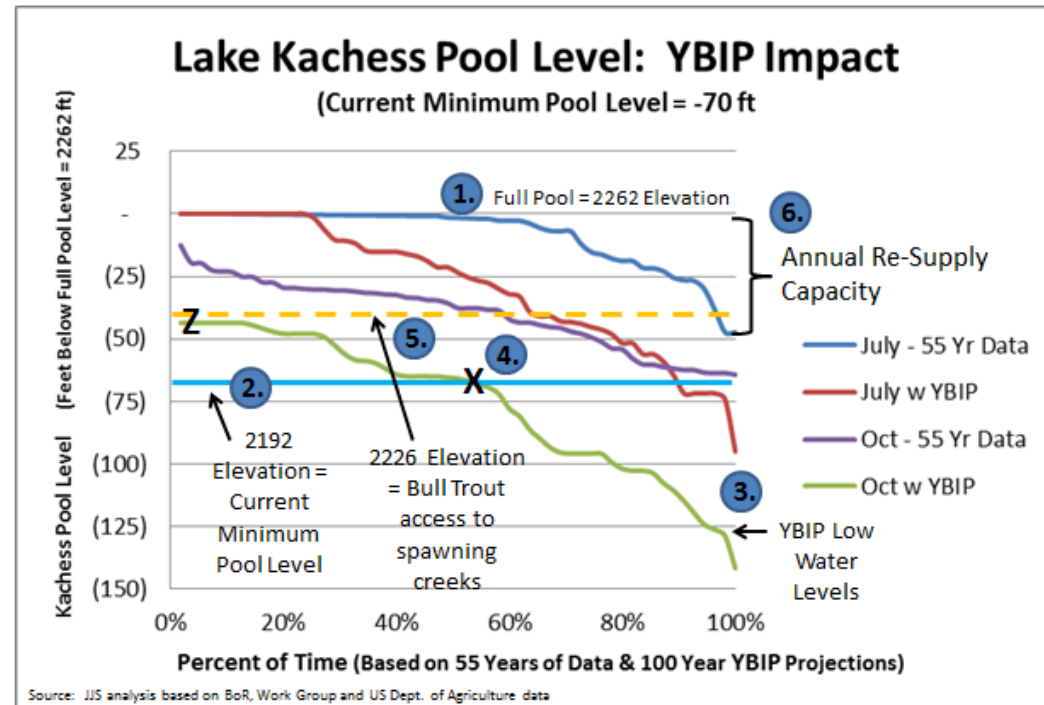
“It’s just horrible. I think people have to be held accountable.”

Wapato Irrigator on water theft and supply issues

5: Water Supply assumptions that don't work in a multi-year drought (with devastating environmental impact)

The 4AA/Work Group analysis assumes major droughts (70% curtailment) occur in 8 years out of every 20 years – 500 KAF are needed in a drought year

- Lake Kachess example:
 - 240 KAF of current storage/irrigation supply
 - 210 KAF of re-supply – a net deficit water shed (KKC will not materially change this)
 - If 440 KAF are used per the IP, no more than ~200 KAF will be available for several years
- Similar issues will occur at Lmuma Creek and Bumping Lake (as well as water temp. issues)
- That is why “re-supply” from the Columbia River continues to be part of the planning process ... more water is needed to re-supply the IP approach



This is not an “emergency break-the-glass” approach ... BoR has failed to provide any specific data

6: Undefined, untested and controversial concept of “Privatization”

“But a critically important and creative component of the bill includes providing innovative authorities for our non-federal proratable districts to be able to design, construct and maintain the much needed water storage access facilities contemplated by this phase of the Integrated Plan.”

- Urban Eberhart, Kittitas Reclamation District – July 7, 2015 testimony to the Senate ENR Committee

Translation ...

- **Creative** = We’ve never done it before
- **Innovative** = We don’t yet know how we will do it
- **Design, construct & maintain** = With what relevant experience for projects of this scope & scale?
- **Conclusion:** = a thinly veiled approach to avoid appropriate Federal oversight/mandates (e.g. B-C compliance), cut corners and reduce costs/quality



BoR Next Steps ...

- Please provide specific background on when this has been done in the past and how it turned out
- What justifies this approach? How can “irrigation districts” deliver lower cost projects (with little experience) vs the BoR, with significant experience? It is a \$200M vs \$450M question for KDRPP.
- This leaves the “fox guarding the hen house” for decades to come ... Please define the operating controls?

Legislative Recommendations – Overview

A flawed process can only deliver flawed outcomes; the water supply elements of the 2012 Yakima Plan need substantial rework with a differently constructed process

- Accordingly, our ability to support S. 1694 as presented is limited
- We suggest a split bill carving out the controversial water supply/K-projects for later (once the full and fair analysis and process are completed) and proceed with other Initial Phase elements.
- Topics for specific detailed language recommendations include:
 - Reforming the Work Group process
 - Focusing S. 1694 on non-controversial fish and conservation issues
 - Deferring all K project legislation until the appropriate reviews are completed

Legislative Recommendations – Work Group

Reform the Work Group approach

1. Mandate FACA compliance with the Work Group process; inferring it is a WA state only effort is incorrect and not in compliance with FACA law.
2. Include opposing environmental groups , academic/scientific experts and impacted homeowner representatives in the Work Group (work with us to select the most appropriate individuals)

The process to date represents a significant risk to the credibility of the Work Group and many of its findings/recommendations.

Legislative Recommendations – S. 1694

Focus S. 1694 on non-controversial Fish and Conservation priorities

3. Split S. 1694 into two bills:
 - One focusing on non-K projects (fish passage, conservation, habitat, etc.) elements in the Initial Phase and include/add specific requirements for conservation and water marketing.
 - Target the second bill on Kachess/Keechelus projects with a requirement for completing and maintaining the conservation and water marketing goals of the initial bill before any construction would begin (in addition to the other changes noted).
4. Require conservation efforts at least equal to water supply efforts and funding; do not delete ... update 1994 conservation targets
5. Ensure effective incentives and processes for conservation and water markets are in place.
6. Require fully functioning intra-basin inter-district water markets by requiring all junior water rights be supplied based on a “Water Bank” auction process that lets the economics dictate who receives the water. Link any additional supply from the YBIP to this same water market process. The process should reimburse those negatively impacted by the outcomes and support efficient water district operations and conservation improvements.
7. Tie access to any additional water to ongoing and robust participation in conservation and water marketing efforts

Legislative Recommendations – K Projects

Defer legislative action on the controversial K projects until the required economic, environmental and feasibility work is completed (including revisions in scope for K projects)

8. Require Kachess environmental impacts to be fully addressed and mitigated with economic compensation identified prior to any legislation
9. Require full legislative and public review of “privatization” option prior to any agreement/approval.
10. Require positive B-C for all project components; since the KDRPP does not include any fish benefits, the agriculture benefits need to support it.
11. All evaluations should be objective and analytically correct, subject to independent and objective 3rd Party technical review for all critical economic and environmental analyses (BoR consultants like HDR do not qualify as 3rd Party objective...WRC is a very capable option). The current Work Group/4AA study fails this requirement.
12. Require full OMB and CBO review of the Initial Phase of projects prior to legislative action.

Next Steps

Thank you Senator Cantwell and staff for your willingness to meet and collaborate on the best path forward

1. Identify specific process action items for further action and develop plans for moving forward
 - Work Group Process
 - Fish and Conservation Priorities
 - K – Projects and other water supply issues
2. Identify high priority legislative (S. 1694) issues and work to develop appropriate bill language to submit to ENR
3. Keep the dialogue going!