

**Statement of George Skibine,
Acting Principal Deputy Assistant Secretary
for Indian Affairs
in the U.S. Department of the Interior
before the
Water and Power Subcommittee of the
House Committee on Natural Resources
on H.R. 3061
the Pine River Indian Irrigation Project Act of 2010**

September 16, 2010

Madam Chairwoman and members of the Subcommittee, I am George Skibine, the Acting Principal Deputy Assistant Secretary for Indian Affairs at the Department of the Interior (Department). I am pleased to provide the Department of the Interior's views on H.R. 3061, the Pine River Indian Irrigation Project Act of 2010.

H.R. 3061 would require the Secretary of the Department of the Interior to assess the irrigation infrastructure of the Pine River Indian Irrigation Project (Project) in the State of Colorado and provide grants to, and enter into cooperative agreement with, the Southern Ute Indian Tribe (Tribe) to assess, repair, rehabilitate, or reconstruct existing Project infrastructure. The Department supports the goals of improving water management and keeping irrigation infrastructure in good condition; however, the Department cannot support H.R. 3061.

Before discussing the specific issues implicated by this legislation I would like to give you some general background on BIA's irrigation program. The BIA has been involved with Indian irrigation since the mid-1800s starting with the Colorado River Indian Irrigation Project. There are over one-hundred Indian irrigation projects and systems. Fifteen of these projects levy assessments and collect monies from water users, both Indian and non-Indian, to reimburse the federal government for their individual operation and maintenance costs (the Pine River Project is one of these). The fifteen projects that collect assessments operate as commercial operations. All of the BIA's irrigation projects are important economic contributors to the local communities they serve.

The BIA's policy, similar to that of the Bureau of Reclamation, is that revenues from irrigators pay for BIA irrigation projects.

Historically, BIA tempered irrigation O&M rate increases based in part on the economic impact on water users. This tempering of rate increases resulted in rate deficiencies and led to critical reviews of this practice by the Office of Inspector General and the General Accounting Office. In response to the concerns that have been raised, BIA has worked for several years to have all irrigation projects charge a reasonable rate to operate and maintain the projects.

The BIA allocates a portion of its appropriated funding for irrigation project rehabilitation, some of which was used on the Project. To assist in using these funds where they are needed most, the BIA developed a Facilities Condition Index (FCI) and Asset Priority Index (API) for the irrigation projects. BIA uses the API and FCI to establish project priorities for those irrigation projects currently receiving irrigation construction funding. As comprehensive condition assessments are performed on each irrigation project, the BIA ranks all irrigation structures and projects in this priority system. This assists all project managers in setting priorities for maintenance work at the projects.

BIA is also using new tools to better manage maintenance activities at its irrigation projects. An automated Maintenance Management System (MAXIMO) has been developed to incorporate all of the BIA's budgeting templates for maintenance management, which will include the irrigation project management. MAXIMO is being implemented at the various BIA irrigation projects. Deferred maintenance projects and other identified work from the conditions assessments, along with day to day work orders are put into MAXIMO and tracked.

The revenue generating irrigation projects employ over 400 BIA employees. BIA irrigation projects provide water vital to agricultural production in the West and their continued ability to provide irrigation water to over 700,000 acres are an important part of regional economies.

Turning to the Pine River Irrigation Project, the Project is owned and operated by the BIA and located on the Southern Ute Indian Reservation in southwestern Colorado. The Project is operated and administered by the BIA, Southern Ute Agency, and consists of a total of 13,000 acres. Project facilities include 170 miles of canals and laterals and 1,263 irrigation structures. The Agency Superintendent, who is the Officer-in-Charge of the Project, administers the project through the Supervisory General Engineer who manages, supervises and administers the daily operations and maintenance of the Project.

Construction of the Project started in the late 1800's. Operation and maintenance is funded entirely by assessments to approximately 390 water users which include Tribal, individual Indian and non-Indian landowners. The current (2010) operation and maintenance assessment for the Project is \$15.00/acre. The cost to operate and maintain the Project is approximately \$180,000 annually. Eighty-five percent of the land is Indian owned and fifteen percent is non-Indian owned. This project is an important economic contributor to the local community it serves.

BIA has commissioned engineering condition assessments for all BIA irrigation projects, and the Pine River study (HKM Engineering Study, 2008) was completed in 2008. The 2008 study estimated the replacement cost of the Project to be approximately \$20 million. The deferred maintenance for the project is estimated at \$10 million. The scope of this study included an engineering evaluation of all key structures and main canals on the Project, but did not include a specific review of all structures and ditches. The study analyzed all the major features of the Project and a representative sample of smaller

structures and ditches. These results were used to extrapolate the estimated deferred maintenance for the entire project. This study is similar to other condition assessments the BIA is conducting on all of its irrigation projects.

We appreciate that this legislation aims to improve efficiency of operations for this Project and to promote water conservation; however we cannot support this legislation. We would like to work with the bill sponsor and members of this Subcommittee to identify a path forward for improving irrigation infrastructure and related water management at all BIA projects.

I thank you for your time and for your consideration of this issue. This concludes my prepared statement. I will be happy to answer any questions the Committee may have.