

COLUMBIA BASIN DEVELOPMENT LEAGUE

March 2013 NEWSLETTER
Volume 3, Issue 2

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FROM THE CHAIR

Milt Johnston, Ellensburg

Recently, the League has received a number of inquiries about the Odessa Subarea Special Study and the conclusions that may be drawn. This month, I'm stepping back from my editorial comments to provide some facts.

The declining aquifer in the Odessa Groundwater Management Subarea has been the topic of intense study for the past six years. Deep well irrigation from the subarea aquifer, which expanded extensively in the late 1960s, and with the State's concurrence, was done in anticipation of future Reclamation Columbia Basin Project supplies. Depletion of the aquifer puts at risk over 102,000 highly productive deep well irrigated acres, which are eligible to receive Columbia Basin Project water, and domestic water supplies for 200,000 people.

Reclamation, the Department of Ecology, and Project Irrigation Districts agreed in 2004 to work on a solution. Governor Gregoire committed the State to be the cost share study partner with Reclamation in 2005. The parties agreed to limit the study to replacement of ground water wells on an acre-for-acre basis to address the economic and environmental problem at hand and reserve the debate on expansion of irrigated acreage for a later time. They did this knowing that this approach to developing irrigation water supplies is not the most cost efficient method.

The Odessa Subarea Special Study is a project continuation study done within existing Congressional authority for Columbia Basin Project development. The OSSS was conducted using the methodology prescribed by the Office of Management and Budget for studies of this nature called Economic and Environmental Principles and Guidelines for Water and Related Land Resources Implementation Studies (or P&Gs, for short).

P&G's were developed to provide a uniform method to analyze and qualify projects for Congressional funding. The process determines the project's National Economic Development Benefit through the development of a benefit/cost ratio. A number of variable assumptions are used in the analysis that influences the final outcome. Examples of these variables include interest rates, design contingencies, construction contingencies, power rates, crop prices and the Federal water project planning rate which at the start of this study was at 4.875% and is 3.75% today. Project proponents typically argue that costs are overstated and benefits understated. Project opponents argue the opposite. Because the criteria were designed to measure national benefits, often times they do not reflect the

importance and value of a proposed project to a local or regional economy.

Studies of this nature typically examine several alternative solutions along with a 'No Action' alternative representing the status quo. The 'No Action' for the OSSS is unique, in that it has severe measurable consequences that had to be taken into account when establishing the baseline for comparison. This factor also provides an opportunity to misinterpret the results. An example would be the calculation of impact of reversion to dryland wheat production when wells go dry. The study doesn't say, as some have suggested, that dryland wheat farms would lose \$171 per acre per year, compared with current dryland wheat operations. It is obvious that dryland wheat farming had been an economically viable enterprise in the region for decades. The study does say that for the 'No Action' alternative, reversion to dryland wheat farming would result in a significant loss per acre per year when compared to current irrigated production.

The number of highly variable assumptions used to formulate the economic analysis portion of the OSSS leaves the result open to interpretation. Given that, there are some points that are certain:

- Reclamation has existing Congressional authorization for Columbia Basin Project development and a valid State of Washington issued water right is available for this project.
- Reclamation and Ecology have issued a Final Environmental Impact Statement meeting the requirements of National Environmental Policy Act (NEPA) and State Environmental Policy Act (SEPA)

Continued on page 2



(cont. from page 1)

- Reclamation has completed a Biological Assessment of actions proposed in the Preferred Alternative of the OSSS under Endangered Species Act Section 7(a)(2) and has received a Biological Opinion from the National Marine Fisheries Service that states the proposed action is not likely to jeopardize the continued existence of the 13 listed species.
- The Columbia Basin Ground Water Management Area has studied the aquifer in the study area extensively and has projected that deep well irrigation only has a 10-15 year economic lifespan remaining.
- At-risk municipal and industrial ground water users, such as food processors, don't have the same reasonable alternative water supply available as do agricultural users. Shifting agricultural uses to Project supply would conserve the ground water for these uses.
- Irrigated land values are significantly understated in the OSSS. Values have been cited by some at \$4,000 per acre but a recent contact with Northwest Farm Credit Services show sales in the \$8,000 - \$9,000 per acre range. This not only changes the outcomes in the economic analysis, but increases the estimate of property tax losses to local governments and schools with reversion to dryland farming.
- A Washington State University study looked at the loss of potato production in the study area. The estimated regional economic impact would be about \$630 million dollars annually in regional sales, a loss of 3,600 jobs, and a loss of \$211 million in regional income (Bhattacharjee and Holland, 2005). A 2010 economic analysis found that, utilizing the region's sustainable water and land resources, crops produced with Columbia Basin Project water supplies are valued at \$1.44B per year.
- Reclamation projects in the past have been capitalized through congressional appropriation with farmers repaying the federal government over 50 years.

The probability of congressional capitalization for project has changed since the OSSS was started. East Columbia Basin Irrigation District is evaluating using existing authorities to finance the project through assessment-backed revenue bonds.

- Recent construction of the two siphons at the Weber Siphon has shown Reclamation cost estimates are extremely conservative in the current construction environment. Engineered estimates for the project were \$44M and the completed cost was \$33M. A similar result can be expected when actual construction is started.
- The State of Washington has a major economic and environmental stake in the depletion of the aquifer. Governor Gregoire recognized this in her Capital Budget request for \$31.7M to fund East Low Canal structural improvements. This investment will facilitate East District in the development of the \$700M distribution system. Even though the State has no obligation to fund project development, it has invested in infrastructure in the past to simulate development, contributing \$15M of the \$45M cost of the second Bacon Siphon and Tunnel.
- None of the alternatives in the Final OSSS EIS would result in a significant change in Columbia River flows. Water management programs and constraints are in place (i.e., the 2008/2010 Federal Columbia River Power System Biological Opinion (FCRPS BiOp—issued by National Marine Fisheries Service that controls operation of the dams on the Columbia River) for the river to protect the resource values associated with the mainstem of the Columbia River, including ESA-listed fish species in the river.

CBDL HITS THE ROAD

League Chair Milt Johnston has been on the road making presentations and answering questions about the Project, the Odessa Subarea Special Study, and the Preferred Alternative with visits to Wells Fargo, Key Bank, and Northwest

Farm Credit. Board member Alice Parker visited the February Pacific Northwest Waterways Association meeting in Pasco and shared CBDL news in a round robin during the meeting.

GOT WATER?

WSU Extension economists understand water issues can be contentious in arid regions of Washington. WSU experts wrote Understanding the Relationship between Water Price, Value, and Cost, a factsheet on common—but frequently misunderstood—terms used to talk about water management. Clearly communicating about the economics of water is dependent on adequate explanation and distinction between key words such as price, value, and cost. These terms are typically used to differentiate concepts within public policy forums for water reallocation, but non-economists (including producers as well as consumers) tend to use them interchangeably. Confusion over meanings can generate arguments and create unnecessary misinterpretations. This WSU Extension factsheet explains the differences and connections between price, value, and cost in the context of water, and when each concept is relevant and when it is not. The discussion includes the relevance of water rights. Download your free copy of FS110E at the WSU Extension Online Bookstore: <http://bit.ly/water-econ>

SAVE PRINTING AND POSTAGE!

Help us save on printing and mailing costs. If you have email, please share your address and we will email you the monthly CBDL newsletter.



LEGISLATURE PASSES MARCH MILESTONES

Mike Schwisow, Government Relations

Mid-March marked the passage of two major milestones that work to move the Washington State 2013 legislative session toward its conclusion. The first relates to bills that are introduced by Representative and Senators for consideration by the body. The Legislature adopts a Session Cutoff Calendar that establishes a series of deadlines for bills to move along in the process to be eligible for further consideration. March 13th marked the last day for bills to be considered in the House of Origin. Senate and House bills had to be passed by their respective bodies to be considered still alive.

The CBDL has been working in support of a bill proposed by the Washington State Water Resources Association that updates irrigation district local improvement district authorities. The bill was brought to WSWRA by East Columbia Basin Irrigation District to assure that statutory LID authorities are up to date should this route be chosen to implement the Odessa Preferred Alternative. The bill was introduced in the House by Representative Judy Warnick as HB 1416, and in the Senate by Senator Jim Honeyford as SB 5824. Both the House and Senate passed their respective version prior to the March 13th deadline. Work continues to complete the process in the opposite body.

The Economic and Revenue Forecast Council issued the quarterly revenue estimate on March 20th. The bipartisan council works with the State Economist and adopts the revenue estimate the 2013-15 Biennial budgets will be balanced against. The budget battle gets underway in earnest with the March forecast. The first budget out will be the Operating Budget proposal from the Senate Majority Caucus Coalition. The Capital Budget proposal will follow shortly after that. Governor Inslee has not provided any supplement to the budgets proposed by Governor Gregoire last December, but he is expected to

weigh in soon. Gregoire’s proposal included \$31.7M for expansion of East Low Canal, which is an element of the Odessa Preferred Alternative. Stay tuned.

INLAND POWER SCHOLARSHIP DEADLINE

Inland Power is offering two scholarships with an April 15 application deadline. Their Award of Excellence program offers 15-\$1,000 scholarships for students pursuing a college education. They also offer three \$1,000 Linesman scholarships for students pursuing a career in the electric utility field. Both scholarships are exclusively for Inland Power members and their children. More info:

www.inlandpower.com

AGFORESTRY ACCEPTING APPLICATIONS

Recruitment for AgForestry Leadership Class 36 is underway! The deadline for receiving completed applications in the Foundation office is April 30. The first seminar for Class 36 will be in October. More information, application forms and instructions: www.agforestry.org or call Melisa Williams, Coordinator of Seminar Services (509-926-9113) or email her at melisa@agforestry.org

Some graduates of this leadership program include QCBID Manager Darvin Fales, ECBID Manager Craig Simpson and League Executive Director Vicky Scharlau.

AG EXPORTS THROUGH TACOMA PORT BIG BUSINESS

In the winter edition of the Port of Tacoma’s quarterly publication, *Pacific Gateways*, an article focused on Washington ag exports, specifically apples, onions, and potatoes. In 2011 ag exports totaled nearly \$3.95 billion through the Port of Tacoma, alone. Washington’s potato industry contributes \$4.6 billion to the state’s economy and supports 23,500 jobs according to a recent study by Washington State University.

Heath Gimmestad, League Board member and manager of Friehe Farms, east of Moses Lake was interviewed, “All of our potatoes are grown for the processing industry...I would guess about 80% of the potatoes processed in the Columbia Basin are exported.”

The article noted Central Washington’s proximity to several major international ports, including Tacoma, is a huge asset in getting potato products overseas, and the export business continues to grow. “In our state, we have a very integrated supply chain system. If the ports didn’t exist, our export market probably wouldn’t exist,” noted Gimmestad.

Pacific Gateways has an international circulation of approximately 6,500.

UPCOMING EVENTS

April 1

CBDL visits Lincoln County Commissioners

April 5-7

Othello Sandhill Crane Festival, Othello High School (look for CBDL’s booth!)

April 8, 11 am

CBDL visits Grant County Commissioners

April 8, 3 pm

CBDL visits Adams County Commissioners

April 10

CBDL visits Franklin county Commissioners

April 17

CBDL Executive Committee meets
CBDL Board meets

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Hotlinks are live in our E-newsletter
Sign up today at www.CBDL.org

HOTLINKS

- [2013 Membership](#)
- [Odessa Special Study-Ecology](#)
- [Odessa Special Study-Reclamation](#)
- [WSWRA](#)
- [Family Farm Alliance](#)

"Forget about all the reasons why something may not work. You only need to find one good reason why it will."
-- Author, Dr. Robert Anthony

YOUR MEMBERSHIP DRIVES OUR ADVOCACY

And Now Available Online!

Your membership has a direct impact on the League's ability to advocate at the local, regional and national level for the Columbia Basin Project.

Not a 2013 member? Join today, and help us advocate for the Project!
You can now support the League with a credit card payment!
You asked and we listened. You can now join the League online.
Visit www.cbdl.org



UPCOMING EVENT

April 5-7, 2013

Othello Sandhill Crane Festival, Othello High School
Look for CBDL's Booth!
www.othellosandhillcranefestival.org

In photo: The 2012 CBDL Sandhill Crane Festival Booth





**LEAGUE REPRESENTATIVES
ATTEND FAMILY FARM
ALLIANCE CONFERENCE**

The League was represented at the annual Family Farm Alliance (FFA) Conference, held in Las Vegas last month. The mission of the group is to ensure availability of reliable, affordable irrigation water supplies to Western farmers and ranchers. Conference sessions included a Reclamation Roundtable with Commissioner Michael Connor, Pacific Northwest Regional Director Lorri Lee, and each of the other regional directors. US Congressman Doc Hastings gave the keynote address. He was presented an award in recognition of his service on behalf of water issues.

Attendees from Washington included: CBDL Board member and ECBID Board member Bernie Erickson, CBDL Board member and Washington State Farm Bureau President Mike LaPlant, Columbia Snake River Irrigators Association Manager Darryll Olsen, QCBID Manager Darvin Fales, QCBID Board Members Phil Stadelman, John Rylaarsdam, Derek Allred, and Bill

Stevens; SCBID Manager David Solem, CBDL Board member and SCBID Board member Charles Lyall, SCBID Board members Tony Walsh, Maury Balcom, and Richard Conrad; Washington State Water Resources Executive Director Tom Myrum, Washington State Potato Commission Executive Director Chris Voigt, Washington State Potato Commission representatives Lynn Olsen and Mike Pink, CBDL Board member Alice Parker, and CBDL staff member Sara Cornell.

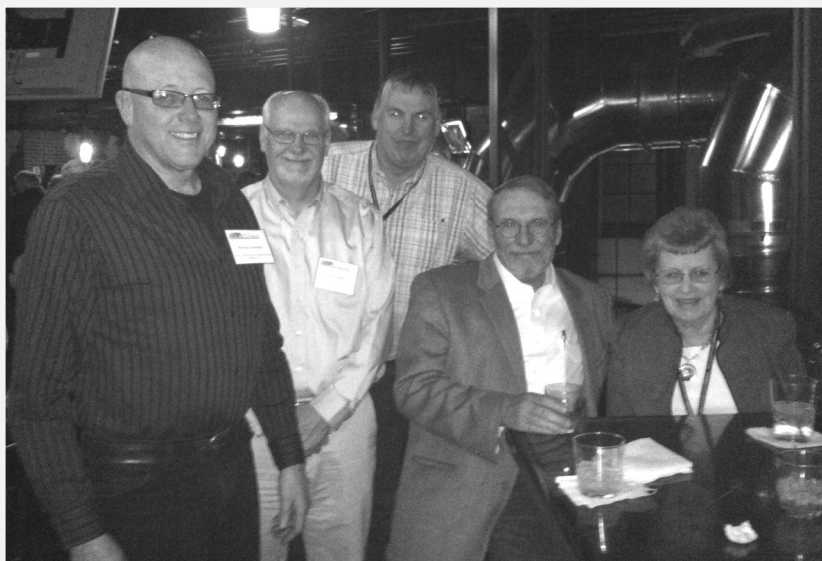
AVOID HERBICIDE DRIFT

Herbicide applicators are responsible for managing and controlling off-target drift. Spring is one of two times of year when drift is most likely to occur and WSU Extension educators are offering recommendations about how to avoid what can be critical damage to nearby crops, ornamental plants, humans, fish, wildlife, and water resources. Grapes, blueberries, cane berries, and nursery crops are especially sensitive to several herbicides used in agronomic crops, pasture, rangelands, forests, and rights-

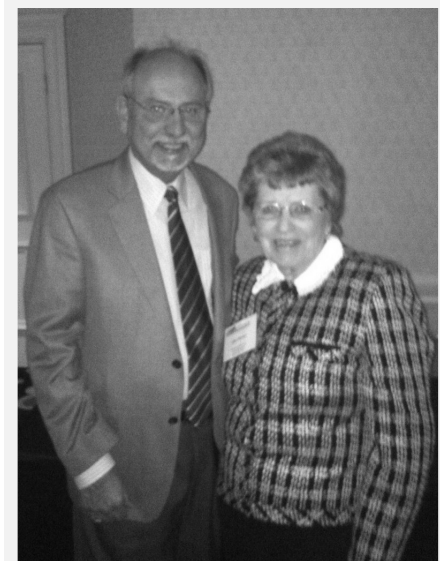
of-way. WSU weed specialists advise appropriate equipment setup, including the choice of droplet size and nozzle type, is necessary for safe and efficient application of herbicides. Other important considerations are weather conditions, cutoff dates, and formulations. Read more by WSU Extension weed scientist Drew Lyon and ag news writer Brian Clark at <http://bit.ly/driftprevention>

**HANFORD REACH
INTERPRETIVE CENTER
SEEKS INPUT**

The Hanford Reach Interpretive Center, a project of the Richland Public Facilities District, began construction this month and is targeting a June 2014 grand opening. The Center will showcase key themes of our region including agriculture in the Mid-Columbia and Southeast Washington and Grand Coulee Dam/Columbia Basin Project. If you have ideas for their agriculture exhibit, contact Lisa Toomey. More info: www.visitthereach.org



In first photo, left to right: CBDL Board member Bernie Erickson, SCBID Manager Dave Solem, CBDL Board member Charles Lyall, FFA Chair Patrick O'Toole, CBDL Board member Alice Parker.



In second photo, left to right: CBDL Board member Alice Parker congratulates Doc Hastings on receiving the FFA's Water Warrior award.

THANK YOU TO OUR 2013 MEMBERS

Leadership

ConAgra Foods/Lamb Weston

Premier

Washington State Potato Commission

Major

City of Othello

Connell 76 LLC

Evergreen Implement

Warden Hutterian Brethren

Underwriter

Zirkle Fruit Company

Supporter

McCain Foods USA Inc

McGregor Company

RDO Equipment Co

S & C Ranching Inc

Corporate

Ag World Support Systems

Connell Grain Growers

David & Rose Stevens

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Partnership

Nelson Irrigation Corp

Ritzville Warehouse Co/Odessa Trading

Co/Ag Tech Services

Stahl Hutterian Brethren

Valley Fruit Orchards LLC

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501 Consultants Inc

77 Double Bar Ranch

A Randal Dickinson

Adams County Water Conservancy Board

Ag Ventures NW

AGRI/Com Appraisals

Alan Voise

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Animal Medical Center Inc

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B&R Farms Inc

Basic American Foods

Bee Dee Farms Inc

Bernard Erickson

Big Bend Ag Appraisals

Black Sands Irrigation District

BR Bair Farms Inc

Bradley A Greenwalt

Bruce & Diana Carlson Inc

Bruce LePage

Burk Wahluke Enterprises-Donald Burk

Burk Wahluke Enterprises-Douglas Burk

Canyon Crest Farms

Carpenter McGuire & DeWulf PS

Cecelia J Quirk

Cegnar Company

Central Bonded Collectors

Chris Lyle/Earthbourne Resources Inc

Claasen Farms

Columbia Agricultural Consultants Inc

Dale Walker

Dan Piper Farm

Dano Law Firm PS

Darrel A Kulm Ranches Inc

David J Andrews

David J Greenwalt

Don Beus

Donald J Stucky

Duncan Crane Service Inc

East Basin Ag LLC

East Columbia Basin Irrigation District

EL & JH Ray Farms LLC

Finagele Farms Inc

Fode Farms Inc

Frank & Elin Miannecki

Franz Ranch Inc

Frick Farms

Friehe Farms

Gavilon Grain dba Union Elevator

Glen Bair Farms

Grange Supply Company of Odessa

Grant County PUD

Haricot Farms Inc/Central Bean Co

HDR Engineering Inc

Hendrix Farms LLC

Horning Bros LLC

Hovde Orchards LLC

Irrigation Specialists

Irrigators Inc

J&E Schafer Farms Inc

J&S Myers Inc

Janett & Associates LLC

Jay & Kathy Scrupps, JV

Jon & Sharon Fink

JTE Farms

J-U-B Engineers Inc

Jubilant LLC

K&D Farms Inc

Kagele Family Farms LLC

L&L Ag Production LLC

Lad Irrigation Co

Larsen Farms Inc

LaVerne Truman

LC Farms Inc

Leffel Otis & Warwick PS

Lenwood Farms Inc

Leroy & Shirley Welch

Lindcrest Ranch

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Mona M Freriks

Moody Family

Moses Lake Irrigation & Rehabilitation District

Nancy Franz

National Frozen Foods Corporation - Quincy

Neil Fink

Northwest Ag Plastics Inc

Northwest Farm Credit Services

NuChem

Odessa Dental Clinic

P&P Farms

Pacific Northwest Waterways Association

Palmer Lake Ranches

Patty Kagele Farms Inc

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Phillips Family Farms LLC

Phillips Ranch Corp

Piper Ranch-Steve Piper

Pomeroy Farms

Port of Pasco

Port of Royal Slope

Port of Warden/Grant County District #8

Qualls Agricultural Laboratory Inc

Quincy Columbia Basin Irrigation District

R&L St Hilaire LLC

Radach Farms Inc

RAFCO Inc

Representative Joe Schmick

Representative Susan Fagan

Rexxon Inc

Richard A LeMargie

Richard Erickson

Richard Quirk

RJ Circle Farms Inc

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Rod Rottinghaus Farms

Roger Gish

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SAC Enterprises Inc

SC Communications Inc

Schibel Farms Inc

Schneider Farms - Pasco LLC

Schroeder Law Offices PC

Seed-Rite Inc

SideB Inc

Skone Irrigation Warden/Pasco

South Columbia Basin Irrigation District

Spectrum Communications Inc

State Senator Mark Schoesler

Su-Co Land & Cattle Inc

Sunset Farms Inc

Sutter Kunkle & Thompson PS

Templin Farm Service

Tippett Company of Washington LLC

Tom Dent Aviation

Tom Downs Farms

Treat Farms

Underhill Farms Inc

Vernon C Phillips

Wajer Farms Inc

Washington Association of Wheat Growers

Washington Association of Wine Grape Growers

Washington Fruit & Produce

Washington State Water Resources Association

William Johns

William Riley

Windy Prairie Inc

Partner Members

Grand Coulee Dam Area Chamber of Commerce

Grant County EDC

Greater Connell Area Chamber of Commerce

Moses Lake Chamber of Commerce

Pasco Chamber of Commerce

Ritzville Area Chamber of Commerce