

William E. Rinne was named Deputy Commissioner, Director of Operations for the Bureau of Reclamation in June 2003. A Senior Executive Service member, he works with Commissioner John Keys to ensure Reclamation's effectiveness at operating all of its projects consistent with federal and state laws, interstate compacts and international treaties, while also meeting the Administration's objectives and priorities. Bill, who has more than 26 years of federal service in Reclamation exclusively, served as Deputy Regional Director of Reclamation's Lower Colorado Region in Boulder City, Nevada and has served as an area manager, regional liaison in the Commissioner's office, regional environmental officer, regional fisheries biologist, and project biologist. In these capacities, Bill was actively involved in managing environmental and operations programs for the agency's Lower Colorado River area in Arizona, California, Nevada, and Mexico. In 1996, he was awarded the Department of the Interior's Meritorious Service Award. An avid outdoorsman, Bill particularly enjoys fishing and gardening. He is originally from Burchard, Nebraska. He received his B.S. degree in biology from Peru State College in Peru, Nebraska, and an M.S. degree in zoology from the University of Nevada in Las Vegas. Bill and his wife Jan have two children and six grandchildren.



THE BUREAU OF RECLAMATION: THE LAST 103 YEARS AND THE NEXT 47

William E. Rinne
U.S. Bureau of Reclamation
MS 7060
1849 C. Street, NW
Washington, DC 20250

Thank you, Karl. Good morning. It is indeed a privilege and an honor to be here on behalf of Commissioner John Keys. Before I get started, I have to say a few things about John. I know a lot of you know him quite well. He was badly torn about whether to be here today or not to be here today. In fact, he was hanging on to this as early as the first part of this week, but he does have commitments that he had to favor.

Prior to the last 3 ½ years in Washington I spent most of my career before that on the Colorado River so I've spent time in Yuma, Arizona and Las Vegas, Nevada. My heart is in the West. I told John I felt badly he wasn't coming, but I would gladly take his place to get back out here to the West.

I also want to congratulate you on having your 50th water conference. I guess it's obvious that it says a lot about the important issues that you are dealing

with to continue on for 50 years. Looking at the topics and looking at the speakers, I'm really impressed. I'm certainly not going to try and out-do the first speaker – that guy was something else and I really enjoyed him.

We have several Reclamation employees here today and I want to acknowledge our area office in Albuquerque, our deputy regional director from the Salt Lake office, Darryl Beckmann. We also have Bert Cortez and a lot of his staff. I bring this up because they are the right people to talk to about your issues. We think they are a great crew, and I always appreciate the things that they do for us. I encourage you to meet with them.

Thinking on this topic *The Last 103 Years and the Next 47* – there is an old saying that I like, “We don't know what we don't know.” I actually grew up in the mid-west in the state of Nebraska. We were dry-land farming and as a boy grew up loving the outdoors, hunting, fishing, and farming. I was just tied and wed to that. I did okay in school, but I also relished the day that I could get out of school and back out on the farm or to the outdoors. One of the courses in school was history, which I did okay in, but at the time, the great value of American history, civics, and local history, I did not see. I couldn't see what it had to do with where I was and where I was going. But as I have grown older, I have replaced that attitude and have found out how little I know, especially in the last three years working in Washington where I've had a broader view of Reclamation's work, west-wide. I think it is very significant, and we must remember where we are in life and where we are in our program; it has a lot to do with where we have come from. I think the first speaker said that very well. I want to talk about three things: the history of Reclamation and our dam building era; then I want to talk a little bit about some of the challenges I think we are facing along with you; and then finish up by talking about what we are doing to meet those challenges with the help and support of all of you.

Much of the Reclamation history is tied to the construction of dams. In fact, I was talking with Woody who brought me over from our El Paso office last night; we discussed that outside of the West here, people ask, what's your Bureau of Reclamation? But that does not always connect. But when people ask what we do, I can answer that we are in the area involved with the construction of dams, like the Hoover Dam. Reclamation is tied very tightly into the dam building area. In 1902 after we were formed, Theodore

Roosevelt set about trying to get water projects, and within the first few years we undertook about 20 projects. Between 1902 and 1970 we constructed many dams. The count today of dams and dikes that Reclamation is involved with is around 471 in the 17 western states. This past May marked the 70th anniversary of the construction and completion of Hoover Dam, which we consider one of our best known Reclamation projects. We think that a project such as Hoover is truly an American landmark. It doesn't belong to Reclamation. We are proud of this achievement. But in these new times we are facing new challenges, so we have to recognize that and build from there.

Some of the things I will touch on will be how to maintain our infrastructure. Remember I said from between 1902 through 1970 we built almost all of these dams, so we have a very old and aging infrastructure, but I want to hastily add that these are also very well kept infrastructures thanks to some of the water users and some of the things that we do. And we do tend to the critical maintenance. I'm not saying they are falling down, but they are older. Definitely looking after these older dams is one of our challenges along with all our partners throughout the West.

Second thing is how do we meet the demand associated with the population growth, the increasing demands for water? I'll put this one aside for a little bit till I talk about Water 2025. Finally, the challenge we meet is stretching water and meeting the demands of users in finding ways that are acceptable in our society; this is really the challenge.

In addition to preparing for the future, we find ourselves from time to time in a public agency having to deal with unexpected challenges. I think the tragedies such as the hurricanes along the gulf coast, Katrina and Rita really bring this out. The Reclamation states don't have a presence along gulf areas so we don't have jurisdiction along the coast. But what Reclamation does have is a long history of working with the Corps of Engineers. We have worked in the past with them in Florida. We actually have a Memorandum of Understanding with the Corps of Engineers where we go in and assist them.

The Department of Interior has been very active in what is called the National Response Plan, and at times we have had to deploy 1500 to 2000 employees at one time. Reclamation is coordinating through the Department of Interior one of the emergency support functions called ESF-3, which is number three of the

National Response Plan. It has to do with engineering and public safety. We have about 300 people who are deployed that are either Bureau of Reclamation people or from other bureaus within Interior. I'm talking about the Park Service, Minerals Management, and the like. So while we go on with our mission and while we can't use the dollars that we have appropriated for our projects, we do try to help out with these kinds of things. Like the Corps of Engineers, we have fully refundable money under FEMA. We actually get paid for the work that we are doing on the gulf coast.

I want to mention one thing we did even in the state of New Mexico. We had the water purification unit over in Tularosa that we dismantled upon request and took down to a gulf coastal state. We set it up in Biloxi, Mississippi. The unit when it was running at its peak was providing drinking water, actually above EPA standards, to the Biloxi Regional Medical Center. At its peak, it was pumping 260 gallons per minute, and in acre feet that's a little over an acre foot a day. There was a lot of water that needed to go to that medical facility in that area. I understand from the Upper Colorado River people that the unit is now being dismantled to be returned to Tularosa. So like everyone else we step up and try to work with the public and do our part.

What are we trying to do in other ways to meet these challenges? A couple of things. For example, over the last year we've had the National Academy of Sciences looking at our organization of the Bureau of Reclamation. What we are trying to find out is if we have about the right organization in place or if we have an organization that needs to be tweaked or changed to help us meet the challenges we have now and where we are trying to go in the future. We don't know the outcome to that yet, but the National Academy is of course a very independent kind of a process, which is what we want. They have interviewed many water user groups of the West and have interviewed us. We are expecting the report toward the end of this year or early next year. We will get a report from Commissioner Keys and are looking forward to using this report to see if we are meeting the challenges of today and what we think are our challenges are for tomorrow.

Another thing is appropriate legislation in helping us. We don't try to go in and get legislation on everything. One example of some legislation we think has helped us is the Safety of Dams Cost Ceiling Adjustment Act passed by the last Congress. That bill

did three things pretty significantly. It increased the authorized appropriation ceiling for the program over all so we are able to continue funding this important program. The Act raised the ceiling by \$540 million. We believe this ceiling should be sufficient over the period of the next 10 years. As opposed to going back on a given safety dam fix and getting specific authority, we will have appropriation authority in place and the funds are there.

It also increases the threshold for the reporting requirement to Congress. If a project cost was going to be more than \$750,000, we had to send a report to Congress in advance of initiating a safety modification, lay a report in front of them, and then get approval. We've now moved that up to \$1.25 million. I think that indicates some confidence from Congress that we are paying attention to dam safety and are administering the way we should be.

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And finally, this may be one of the most important things. It actually puts the project beneficiary, water district users at the table as we are going through safety dam fixes. Hopefully, we have less bureaucratic faceless interface where we are actually meeting with the beneficiaries and telling them that we need to have this fixed for a precise reason. Beneficiaries are required to repay 15 percent of that. This gives them an opportunity to react to this and work with us and provide input. We think these are three ways that legislation has helped.

Another thing that always comes up as we meet these challenges of how to stretch water supplies and increased demands is storage. And storage can of course be quite controversial in terms of points of view. You have some people that are looking for new dams who say the drought over the last several years has demonstrated that we need new dams. And you have other people that say no, tear them down. We need to

look at it for other resources. So we always have to maintain a balance.

We at Reclamation are convinced of the benefits of storage, and we have learned over the past six years, especially in the last five years where we have had severe droughts in the West and some even compared to the Dust Bowl Age, maybe some of the most extreme droughts on record. I think that the bottom line is that on a happier note we are not in crisis throughout the West. I'm not saying that water users have not suffered, but what I'm saying is that the dams and storages facilities have carried us very well. They have been like life insurance policies. The water in these reservoirs has been a help to people. I think this is a tribute to our forefathers. This goes back to my point on history.

They had a lot of foresight on flood control and water storage and we've reaped the benefits. I always like to turn to the Colorado River Basin as much as anything probably because of my familiarity with it, but that particular system has enough reservoir capacity

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to store about four year's annual water supply. So around 60 million acre ft. that has served us very well over the last five years. That has enabled us in

the upper and lower basins to meet virtually all our water needs, especially the lower basin, without creating any kind of shortage. We continue to meet our Treaty obligations to Mexico; it's a very important thing because we have never missed on our Treaty obligation to Mexico since 1944. So these storage reservoirs have really served their purpose.

On a positive note, we seem to be getting some little hints in the last year of some lessening of the drought. I don't think we, like anyone else, are predicting the drought is over, but it is always good to get that relief, even in this area as I understand. As I flew in, I saw evidence of water in some of the low places. Las Vegas, NV had a good storm over the last few days. Today we had this in the Colorado Rockies, while in the northwest it continues to be fairly dry. It's a mix

and a match, and I don't think we can tell you that it is over. Even in the Rio Grande Basin, I've been thinking about that. There have even been some good rains there. This isn't the snowpack time of year, but hopefully this will help us, and it is encouraging.

What about new water storage? Let's focus on this a little bit. We have a fair amount of people telling us they think the answer might be to get more storage and build more reservoirs. In fact, a recent energy act passed in Congress has a section in there, Section 1840, that asks the Bureau of Reclamation within 90 days to provide a report to Congress listing all those facilities that have hydropower as a component, and of course along with that any of them that ever had storage. So we are completing that and there are a lot of old, old projects here. I'm not saying that they have feasibility today, but there are a lot of them there, so there is some pressure to look at these storage facilities. One of the constraints is that we have to be realistic and look at cost factors today as well as other constraints, environmental factors, and the balances society prefers. What this means is that it is challenging to get these things started and completed.

For example up in the northern California area, the CALFED program. Congress has authorized us to take a look at increased storage there, a feasibility study. We have three or four areas there that may have potential, but I think even if there is potential these things don't happen over night. It takes a lot of years to put something like this in place. So what this leads me to is that in the near term the better we can apply technology, the better we can work with our conservation and efficiency that will hopefully help us to stretch our supplies. I think this is what we have to do to carry us through as we look for longer term solutions.

The maintenance of our aging infrastructure is one of the things that Reclamation is doing. Our reservoirs and dams average over 50 years old, so we know that there will be some major fixes that will have to be done, rehab and upgrading done over time. I'm not saying they have already extended their lives, not like some irrigation facilities, but dams have a longer life so we think that they are doing fairly well. We do have some substantial resources directed to these areas in operations and maintenance through 2006.

Another area that I would like to bring up is the idea of cooperative efforts. Approaching these problems with cooperative efforts has to be the answer. I think we are no longer in the days of the large federal

water projects where the federal government is going to come in and pay for all this. I think it has to be a local and federal cooperative effort. Whether it be a rehab or a new storage facility, I think it's just the pressures of reality on the budget that are just there. Besides, we need to have cooperation between the local and federal government, which is real critical.

One of the things we are trying to do in this area has to do with tools. We are trying to make it better and easier for some water districts that have to fund their own maintenance rehab. What I'm talking about here is that we are exploring and working with the potential loan guarantee program that would be somewhat modeled after the Department of Agriculture program. It's just a concept that still has to be worked through administration. The concept would provide additional help to water users in getting loans for major rehab or betterment of facilities where it comes under operations and maintenance, which requires that you have to be paid yearly incurred costs. Some districts are stretched so thin that this loan guaranteed program might be helpful with more lending institutions providing capital as a loan to the water district with a little guarantee from the federal government with a percent of that. Keep in mind that most of these facilities are federally owned facilities that may be operated by non-federal entities. We have some hope; we don't think it's a fantasy that we can get in there and help out.

I would like to now talk about population growth because I mentioned that as one of the challenges. I don't mean population control or growth control. It's more about how we deal with what we have in front of us. I think in the West we know it's the fastest growing region in the country. The explosive population growth increases our demands. Between 1990 and 2000, I checked on the population through the census – the population of Utah, Colorado, and Idaho increased by more than 30 percent while Arizona's population increased by more than 40 percent and Nevada's increased by more than 60 percent. It's pretty obvious that these kinds of pressures are coming from the urban areas and will only continue as it relates to water. Drought as we talked about can be a challenging problem, but it's not the only cause of water shortage. One of the greatest concerns that we have is that even in normal years if you added growth in the West you may find that basins simply do not have enough water to go around with the way that it is working now. The

challenge is to work with and supply more around where needed.

Having said that, we think there are numerous opportunities where water supplies can be managed more effectively. Water markets can be developed; collaborative solutions can be found, and new technologies can be researched. The response we are trying to help out with is Secretary Norton's Water 2025 initiative. We think it's a confident water management strategy; it faces the harsh reality that federal funds can't do it all, but federal funds placed with local interest can help us with leverage and do more with these projects. This really stresses local decision making. Through Water 2025 we can partner with local decision makers and focus on limited funds in areas that have the greatest affect.

There are five key tools that we talk about. I'm sure that you've heard it before, starting back with Assistant Secretary Bennett Raley and from Commissioner Keys. In fact we are going to have a little ceremony upstairs at noon. We have three Water 2025 Challenge grants that are being awarded here in New Mexico. We really feel it's a great program throughout the West.

One of the tools involved in Water 2025 is the idea of collaborations. Our work is guided by Secretary Norton's 4Cs: cooperation, consultation, and communication, all in the service of conservation. We believe that, to live it, and try to work it through ideas like Water 2025.

Another tool we use for Water 2025 is the technology that can help identify a new water supply and help reduce the cost as we slowly adopt some of these technologies. Then we can do things with brackish water. We might be able to desalinate that and maybe in some cases substitute that through a long series of pipelines for rural water.

To give you an idea of some of these technologies: in 2003, we delivered nearly 93,000 acre feet westwide of reclaimed water to local customers. This means that there is 93,000 acre feet of potable water that we did not have to use for irrigation or industrial uses. The amount of reclaimed water increased nearly 110,000 acre feet in 2004. And we think it will grow to over 135,000 acre feet this year.

We are putting a lot of emphasis on the desal area. We are not trying to compete with the ocean desal; it does have that component but we are emphasizing research R&D on brackish water, and we are trying to help get the costs down.

I want to talk a little about the Challenge Grant Program. I mentioned that we have this ceremony later today. It's the heart of our Water 2025 program and is in its second year. The Challenge Grant project provides innovative ways to head off problems by conserving and distributing water more efficiently and more effectively through water conservation, collaboration, efficiency, and markets. It's a 50/50 cost-share program, and it's a competitive program. In 2004, 19 projects representing 10 western states received Challenge Grants totaling \$4 million. These projects will return almost \$30 million in on-the-ground water delivery system improvements. That is a return seven times greater than the investment.

The projects that received Challenge Grants last year are already under way. They include

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improvements in monitoring and delivery, and market solutions such as water banking. This has been one of the things that we have wanted to do when we started this program. It's like with so many things that you do,

you have to have some successes, and we wanted to see things hit the ground and happen fast. We feel that these projects we started in 2004 are really doing their part, and we've seen lots of progress.

In 2005 Congress provided Water 2025, a line item in the Bureau of Reclamation budget, with \$19.5 million, \$10 million of which was dedicated to the Challenge Grant Program. This year with that funding we have received 117 proposals. We selected 43 projects from 13 states and awarded \$9.9 million in Challenge Grants. If you include the contributions of the non-federal partners, the projects represent more than \$27 million in water improvements. Reclamation contributed about one-third in finance. Again our local partners have really stepped up, which is really appreciated.

I want to say a word about security before I wrap up. Of course after September 11th we evaluated our security and took it very seriously and moved it up in funding and priority. We have evaluated our security needs in every Reclamation dam, some 290 of them

and more. We are implementing changes as a result of this. Our goal is, of course, to protect the facility, the public, and our people.

The day of huge water projects might be over, but we don't have a shortage of challenges. We think that the work that is ahead of all of us is to meet the many demands of agriculture, hydropower, recreation, environmental needs, and municipal needs. Every place you go there is a constant pull on the water supply.

Some projects will probably be looked at in the long run because of tough financial, social, and environmental hurdles. In the near term, we think that innovation such as water banking will further improve our available supply. I guess that I would move forward to conclude that we really value our partnerships. I just don't see how any of this will work without it.

We used to have an old saying when I first started, do this and do that. I remember when I first started my career as a bureaucrat you could do things a lot quicker. Today when you have an idea your circle is much more involved with many interests, some of which seem to be competing, it just takes more time. Having said that I don't think it's good or bad, it's where we find ourselves, and I think partnership and collaboration is critical to that.

There is an old Teddy Roosevelt photo that I just love – there are four or five men all around a campsite. They look to have been there for days from the growth of their beards and they look to be pretty worn out. The picture has a caption that reads, "You never know a person until you camp with them." This is a message we try to send loud and clear that when you get to the table with your partners and they don't know you and you don't know them, it is human nature to always keep something in your back pocket. When it's time to deal with tough issues, you want to know people better if you can. I really push for getting to know your partners or people you are dealing with better.

In conclusion, I will say that challenges are different today, but I think that the 21st century is just as exciting a time for water management as the times of the great old construction projects. As I looked around the room this morning, I saw a lot of us older gray people, but I see a lot of what I see as 'new blood' that I hope will carry us over the coming years. This is critical in both our bureaucratic, individual, and non-federal entities in collaborations. So I commend all of you again for a wonderful conference and thank you for letting me come and speak and for your partnership that is so important to us.