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U.S. DEPARTMENT OF THE INTERIOR

RECOVERY

# RECOVERY OVERSIGHT ADVISORY

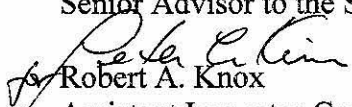
Weber Siphon Complex



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DEC 13 2010

To: Chris Henderson  
Senior Advisor to the Secretary for Economic Recovery and Stimulus

From:   
Robert A. Knox  
Assistant Inspector General for Recovery Oversight

Subject: Recovery Oversight Advisory—Weber Siphon Complex  
Report No. ROO-ROA-USBR-4002-2010

The Office of Inspector General reviewed allegations regarding the use of American Recovery and Reinvestment Act (ARRA) funds by the Bureau of Reclamation (USBR) for the expansion of the Weber Siphon Complex (WSC). This is part of our ongoing efforts to oversee and ensure the accountability of funding appropriated to the U.S. Department of the Interior (DOI). Our review of documents, interviews, and analyses did not substantiate any of the allegations or identify any wasteful spending for the expansion of the WSC.

We will post this advisory on our Web site ([www.doi.oig.gov/recovery/](http://www.doi.oig.gov/recovery/)) and Recovery.gov. Information contained in this advisory may also be included in our semiannual reports to Congress. Please contact me if you have any questions.

### Background

In 2004, USBR Pacific Northwest Region, Washington State, the South Columbia Basin Irrigation District, the East Columbia Basin Irrigation District, and the Quincy-Columbia Basin Irrigation District signed a memorandum of understanding (MOU) to work collaboratively to secure economic and environmental benefits to improve water management within the Columbia Basin Project (CBP) and along the mainstream of the Columbia River.<sup>1</sup> Section 14 of the MOU, titled Odessa Subarea, stated that the parties would cooperate to support and pursue the diversion and delivery of an additional 30,000 acre feet of water from Lake Roosevelt to existing agricultural lands in the Odessa Subarea, with priority given to lands currently irrigated under state groundwater permits in areas where the Odessa aquifer is declining.<sup>2</sup>

Based on the MOU, the Washington State Legislature (Legislature) created the Columbia River Basin Water Management Program in 2006.<sup>3</sup> The Legislature recognized a key priority for water resource management in the Columbia River Basin (CRB) was the development of new water supplies that included storage and conservation. The Legislature declared that a CRB water supply development program was needed and directed the State of Washington Department of

<sup>1</sup> Memorandum of Understanding Concerning the State of Washington's Columbia River Initiative. December 7, 2004. p. 1.

<sup>2</sup> *Id.* at p. 14.

<sup>3</sup> Engrossed Second Substitute House Bill 2860, Chapter 6, Laws of 2006. 59<sup>th</sup> Legislature, 2006 Regular Session. Columbia River Basin—Water Supply. July 1, 2006.

Ecology (Ecology) to aggressively pursue the development of water supplies to benefit both in-stream and out-of-stream uses.<sup>4</sup> The Legislature directed Ecology to focus its efforts on four specific needs, one of which was alternatives to groundwater for agricultural users in the Odessa Subarea aquifer.<sup>5</sup> Out of that legislation and in partnership with USBR, the Lake Roosevelt Incremental Storage Releases Project (LRISRP) alternative was developed. On August 29, 2008, Ecology published their final supplemental Environmental Impact Statement (EIS) for the preferred LRISRP alternative, which evaluated the impact of, among other factors, the release of 30,000 acre-feet of water from Lake Roosevelt to irrigate 10,000 acres in the Odessa Subarea with groundwater from declining aquifers.<sup>6</sup>

In parallel with Ecology's EIS, USBR completed their LRISRP Finding of No Significant Impact and Environmental Assessment (EA) in June 2009. The EA evaluated two alternatives: the No Action alternative, under which no incremental storage releases would be made from Lake Roosevelt and the reservoir would continue to operate under existing conditions; and the LRISRP alternative, which included providing replacement for some of the groundwater used in the Odessa Subarea.<sup>7</sup> Based on the environmental analysis presented in the final EA, USBR selected the LRISRP alternative as the recommended alternative for implementation. The WSC, however, was identified as an obstacle to the plan.<sup>8</sup> USBR determined that water delivery from Lake Roosevelt to the Odessa Subarea would require improvements to the WSC, which would result in water delivery to users located south of Interstate 90 (I-90), where the greatest declines in groundwater levels occur and where there is the highest demand for replacement water supplies.<sup>9</sup>

On March 19, 2009, USBR requested \$48,000,000 in ARRA funding for the expansion of the WSC. On September 30, 2009, a construction contract was awarded. According to the construction project plan, the expansion of the WSC will be completed by fall 2011 and within the timeline mandated by the ARRA.

### **Economic Issues:**

**Allegation #1:** The \$50 million in ARRA funding is very likely to be wasted because the cost of the siphon expansion designed to irrigate the Odessa Subarea cannot meet the Federal standards of economic and financial feasibility.<sup>10</sup> Complainant believes that, based on an economic cost benefit analysis of the contract award amount for the WSC expansion and other publicly available information, the benefit to cost ratio would be approximately \$.30/1, far below the required ratio of \$1/\$1, pursuant to the Principles and Guidelines for Federal Water Resources Planning.

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<sup>4</sup> *Id.* at p. 1.

<sup>5</sup> *Id.* at p. 3.

<sup>6</sup> State of Washington, Department of Ecology, Lake Roosevelt Incremental Storage Releases Project Final Supplemental EIS, August 29, 2008, p. S-1.

<sup>7</sup> Bureau of Reclamation. Lake Roosevelt Incremental Storage Release Program Finding of No Significant Impact and Final Environmental Assessment, June 2009, p. 1

<sup>8</sup> *Id.* at p. 2.

<sup>9</sup> *Id.* at p. 13.

<sup>10</sup> GAO FraudNet Complaint; Email from Mr. Walter R. Butcher, "Questionable use of Recovery Funds," 4:18PM, September 14, 2009 and associated document entitled, *Economics of Irrigation Investment for the Odessa Subarea*, by Butcher, Walter R. and Whittlesey, Norman K., Pullman, WA, August 2009.

**Finding:** Construction of the Grand Coulee Dam project was authorized by the Act of August 30, 1935.<sup>11</sup> Pursuant to the Columbia Basin Project Act of March 10, 1943 (Act),<sup>12</sup> the project was reauthorized and renamed the Columbia Basin Project (CBP). The Act further subjected the project to the requirements of the Reclamation Project Act of 1939.<sup>13</sup> Specifically, it prohibited any expenditure for the construction of certain projects until the Secretary of the Interior investigated and submitted a report and findings to the President and to Congress.

Before the Secretary could undertake the project, the Secretary was required to make certain determinations. First, the Secretary had to find that the proposed construction had engineering feasibility. Second, the repayable and returnable allocations for irrigation, power, and municipal water supply or other miscellaneous purposes found proper by the Secretary, together with any allocation for flood control or navigation, had to equal the total estimated costs of construction. Those requirements, applicable to the Weber siphon expansion and irrigation development of the Columbia Basin Project, were met in 1945 upon the transmittal of House Document 172 (HD172) by the Secretary of the Interior to the President and Congress. Congress validated the continued irrigation development of the CBP using a phased development approach, and the Secretary is authorized to plan and continue the irrigation development to the project lands not yet served, as specified in the repayment contracts with Irrigation Districts and HD172.

**Allegation #2:** USBR's "project statement is misleading." The existing capacity of the siphon is not a bottleneck to the supply of water to the 670,000 acres now being irrigated in the CBP.<sup>14</sup>

**Finding:** USBR's analysis supports the expansion. USBR determined the WSC expansion is required to increase the capacity of the siphons. It would allow an additional flow of 30,000 acre feet of CBP water called for under the LRISRP. We did not find sufficient evidence to overrule USBR's judgment. The expansion of the WSC will result in the irrigation of approximately 10,000 additional acres in the Odessa Subarea with declining aquifers south of I-90.

**Allegation #3:** The only possible beneficial use of the siphon's added capacity is to be a component in the system of canals, siphons, pumping stations, and laterals that have been designed to convey CBP water from the siphon outlet and deliver it to the Odessa Subarea for the continuing development of the CBP.

**Finding:** While opinions may differ on the benefits of the expansion, the expenditure was authorized upon transmittal of HD 172. No other construction, at taxpayer expense, is called for under the LRISRP. This allegation is based on the misconception that the expansion of the WSC is tied directly to the Odessa Subarea Special Study (OSSS). The LRISRP and OSSS are

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<sup>11</sup> 49 Stat. 1028.

<sup>12</sup> 57 Stat. 14, Pub. L. No. 78-8.

<sup>13</sup> Act of August 4, 1939, ch. 418, 53 Stat. 1187.

<sup>14</sup> Id., p. 1.

separate projects.<sup>15</sup> USBR is currently conducting an OSSS to determine the economics of delivering CBP water to the entire Odessa Subarea, and the study will not be completed until 2011. If the OSSS determines it to be economical to construct a system of canals, siphons, pumping stations, and laterals to deliver CBP water to the entire Odessa Subarea, then the expanded WSC would be a component of that overall plan.

## **Environmental Issues:**

**Allegation #4:** In a letter to the OIG, the Center for Environmental Law & Policy, Columbia Riverkeeper and the Sierra Club (collectively known as CELP) cited USBR's failure to conduct a National Environmental Policy Act (NEPA) analysis prior to allocation of ARRA funding to the Weber Siphon project.<sup>16</sup>

**Finding:** The CELP stated that the WSC project involves the construction of the "second barrel" in order to expand irrigation to 140,000 acres located outside the current service area of the CBP. The 140,000 acres is a reference to the on-going OSSS. As detailed previously in this report, the LRISRP is a standalone program and not tied to the OSSS.

A NEPA analysis was completed for the LRISRP, under which the expansion of the WSC was deemed necessary. The LRISRP was developed through a partnership between Ecology and USBR. In June 2009, USBR published an EA for the LRISRP based upon the proposed action, as described in Ecology's supplemental EIS prepared pursuant to the State Environmental Policy Act. As authorized by the Council on Environmental Quality regulations implementing NEPA, USBR incorporated the description of Ecology's proposed action from Ecology's supplemental EIS by reference.

## **Conclusion**

USBR followed all regulatory and statutory requirements for the ARRA funded project. Given the multiple economic and environmental interests for and against the project, we understand consensus is difficult to achieve but no evidence was uncovered to indicate misuse of ARRA funds. No action or response is requested for this advisory.

cc: Deputy Secretary, Department of the Interior  
Commissioner, Bureau of Reclamation  
Assistant Secretary – Policy, Management, and Budget  
Director, Office of Acquisition and Property Management  
Acting Director, Office of Financial Management  
Departmental GAO/OIG Audit Liaison  
Audit Liaison, Office of the Secretary  
Recovery Coordinator, Bureau of Reclamation

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<sup>15</sup> Bureau of Reclamation. Lake Roosevelt Incremental Storage Release Program Finding of No Significant Impact and Final Environmental Assessment. June 2009. Page5

<sup>16</sup> Center for Environmental Law & Policy, et al., Letter to the Office of Inspector General, Department of the Interior, dated April 2, 2010.

# **Report Fraud, Waste, and Mismanagement**



Fraud, waste, and mismanagement in government concern everyone: Office of Inspector General staff, Departmental employees, and the general public. We actively solicit allegations of any inefficient and wasteful practices, fraud, and mismanagement related to Departmental or Insular Area programs and operations. You can report allegations to us in several ways.



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