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PFMC

Mr. Donald K. Hansen
Chairman
Pacific Fishery Management Council
7700 NE Ambassador Place, Suite 200
Portland, Oregon 97220-1384

Dear Mr. Hansen:

Secretary Norton has asked me to respond to your April 21, 2005 letter regarding the effect of Klamath River flows on the Essential Fish Habitat for coho and Chinook salmon. I apologize for the delay in this response. Please know that the Bureau of Reclamation is also very concerned about the condition of the Klamath River ecosystem. Reclamation is working toward long-term solutions to the compound effects of 5 years of drought, increasing incidences of disease organisms, unusual salmon returns, and water shortages for all of the competing demands.

Your letter stated that "... the Klamath Project provided full deliveries in 2002-2004 and only plans a minimal reduction in irrigation deliveries in 2005." Since 2002, Reclamation has successfully operated a pilot water bank that has significantly reduced irrigation demand, and the saved water has been released to the Klamath River for fish purposes. Reclamation has acquired more than 100,000 acre-feet of water for the 2005 water bank. This is the equivalent of eliminating irrigation demand on 50,000 acres, nearly one-third of the Klamath Project. Reducing irrigation demand frees up water for in-stream flow use.

The purpose of the water bank is to meet the requirements of the biological opinions and to further meet our tribal trust obligations; the water bank has never been used as drought mitigation for other project purposes. The release schedule for water from the water bank is determined through consultation between Reclamation, NOAA Fisheries, and other area Tribes.

There are other important aspects of the water bank. There is no carryover storage in Upper Klamath Lake, and the Klamath Project operates on the annual inflow. When land is idled, water becomes available at the time of year it would have been used for irrigation; however, farmers do not use much water in the spring and early summer when the demand is greatest for in-stream flow purposes. If the water bank consisted entirely of land idling, water would accrue to the water bank largely during the late summer. To make water available early in the season, the water bank comprises ground-water substitution, ground-water pumping, and land idling. The water bank provides flexibility for NOAA Fisheries, the area Tribes, and the State of California (all of whom collaborated on the flow schedule) to shape the flows, with the majority being utilized in the spring. For cost effectiveness, water bank participants are selected through an open bid process. We believe the distribution of water-bank water is made "in a scientifically sound, fair, and transparent manner" as you requested.

You referenced questions raised by the Government Accountability Office (GAO) regarding Reclamation's water bank. The GAO report (enclosed) states, "GAO's analysis of water bank contracts and river flow records found that Reclamation met its water bank obligations by acquiring *and delivering* the required amount of water for 2002 through 2004 (emphasis added)." The GAO report also states, "The water bank appears to have increased the availability of water to enhance river flows by reducing the amount of water diverted for irrigation."

As you requested, a copy of the 2005 operations plan is enclosed. It has been available for several months on our website at <http://www.usbr.gov/mp/kbao/> along with detailed information on the water bank.

Reclamation asked the USGS to review the water bank and its requirements, as related to the hydrological conditions of the basin. We recently received their final report, and it is attached for your information. The conclusions of the report are enlightening in that it found that in certain year types, due to the hydrology, idling irrigation lands will not meet the short- or long-term flow requirements of the NOAA Fisheries biological opinion. The only satisfactory method of meeting those flow requirements is through the use of a multifaceted water bank that relies on other sources of water rather than simply idling land.

The National Research Council (NRC), the investigative arm of the National Academy of Sciences, in its October 2003 report on Endangered and Threatened Fishes in the Klamath River Basin, stated that solutions to the Klamath issues, including the recovery of the fishery, cannot be achieved by actions that are primarily focused on Klamath Project operations. Please understand that not all water depletions above Iron Gate Dam are due to the Klamath Project, and Upper Klamath Lake operations are limited by the need to maintain habitat for the listed suckers and other tribal trust species.

At the heart of the NRC report is the message that Klamath Basin solutions can only be found by working together. As you noted, Reclamation is facilitating the development of a process that has been successfully used in other river basins. The Conservation Implementation Program (CIP) has three goals: (1) to restore the Klamath River ecosystem to achieve recovery of the Lost River and shortnose suckers and substantially contribute to recovery of coho salmon, (2) to continue sustainable operation of existing water management facilities and future water resource improvements for human use in the Klamath Basin, and (3) to contribute to the tribal trust responsibilities of the Federal Government.

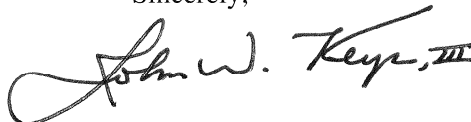
Your letter recommends a "share the pain approach" be used in the distribution of water to irrigators and the fishery. The irrigators are willing participants in the water bank, which in effect reduces water demands equal to nearly one-third of the Klamath Project this summer; further, the farmers are under a Reclamation-ordered drought plan. They have been asked to voluntarily reduce consumption on the Klamath Project still under irrigation by 15 percent. If that is not achieved, the reduction will become mandatory. The effects of reduction in agricultural production have broad economic impacts to the communities in the upper basin, not just on the farmers but also on the businesses that support agriculture and those that depend on farm income.

Reclamation has held many public meetings throughout the basin to enlist stakeholder participation in the process. Since the CIP is not solely a Reclamation program, it will be designed and implemented by the

stakeholders. This is an opportunity for the Pacific Fishery Management Council to become one of the leaders. We are adding you to the CIP mailing list and looking forward to your participation in helping to formulate lasting solutions for the natural resources of the Klamath Basin.

Should you require further information, please do not hesitate to contact Mr. Dave Sabo, Area Manager, Klamath Basin Area Office, at 541-883-6935.

Sincerely,



John W. Keys, III
Commissioner

Enclosures – 3

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