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WESTLANDS WATER DISTRICT

GOVERNMENT

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HEARING

BEFORE THE

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SUBCOMMITTEE ON
WATER AND POWER RESOURCES

OF THE

COMMITTEE ON
INTERIOR AND INSULAR AFFAIRS

UNITED STATES SENATE

NINETY-SECOND CONGRESS

FIRST SESSION

ON

S. 2528 and H.R. 1682

TO PROVIDE FOR DEFERMENT OF CONSTRUCTION CHARGES
PAYABLE BY WESTLANDS WATER DISTRICT ATTRIBUTABLE
TO LANDS OF THE NAVAL AIR STATION, LEMOORE, CALIF.,
INCLUDED IN SAID DISTRICT, AND FOR OTHER PURPOSES

DECEMBER 6, 1971



Printed for the use of the
Committee on Interior and Insular Affairs

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(II)

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WESTLANDS WATER DISTRICT

MONDAY, DECEMBER 6, 1971

U.S. SENATE,
SUBCOMMITTEE ON WATER AND POWER RESOURCES
OF THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in room 3110, New Senate Office Building, Senator Clinton P. Anderson presiding.

Present: Senators Anderson, Jordan, and Hansen.

Also present: Daniel Dreyfus, professional staff member, and Tom Nelson, assistant minority counsel.

Senator ANDERSON. The hearing will come to order.

The purpose of this hearing before the Water and Power Resources Subcommittee this morning is to take testimony on measures to defer charges against the Westlands Water District attributable to construction of facilities to serve irrigation water to Federal lands. These lands are located within the Naval Air Station, Lemoore, Calif., and are currently leased to local farmers by the Navy.

H.R. 1682, sponsored by Mr. Sisk, passed the House on November 1, 1971. The Departments of the Interior and Navy supported enactment of the bill with amendments which have been incorporated in the House bill. S. 2528, sponsored by Mr. Cranston and Mr. Tunney, is identical to H.R. 1682.

Section 1 of the proposed bills would defer charges until the Federal title has expired and allow a 40-year repayment period thereafter.

Section 2 provides that the Navy may competitively lease land irrigated by Westlands facilities. Payment to the Navy must be comparable to Westlands construction charges and would be applicable to the project's debt. Also, lessees will pay water charges to the Westlands District to defer the operation and maintenance costs of supplying the water.

The texts of the two bills and the relevant executive communications will be included in the record at this point.

(The documents referred to follow:)

(1)

92D CONGRESS
1ST SESSION

S. 2528

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 16, 1971

Mr. CRANSTON (for himself and Mr. TUNNEY) introduced the following bill; which was read twice and referred to the Committee on Interior and Insular Affairs

A BILL

To provide for deferment of construction charges payable by Westlands Water District attributable to lands of the Naval Air Station, Lemoore, California, included in said district, and for other purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That construction charges payable by the Westlands Water
4 District to the United States pursuant to contract number
5 14-06-200-2020A, dated April 1, 1965, or as it may be
6 amended, between the United States and the district entered
7 unto under the Federal reclamation laws, Act of June 17,
8 1902 (32 Stat. 388), attributable, as determined by the
9 Secretary of the Interior, to lands of the United States Naval

1 Air Station, Lemoore, California, as are included in the West-
2 lands Water District shall be deferred except as hereinafter
3 provided, and no assessments shall be made on behalf of such
4 charges against such lands until the Federal title thereto
5 shall have been extinguished, and such lands become subject
6 to assessment, whereupon such deferred charges shall be
7 repaid by Westlands Water District in not more than forty
8 years from such date.

9 SEC. 2. Lands of the Naval Air Station, Lemoore, Cali-
10 fornia, irrigable through facilities constructed for the West-
11 lands Water District, when offered for lease for agricultural
12 or grazing purposes shall be offered competitively on such
13 terms as the Secretary of the Navy, or his designee, deter-
14 mines will provide the highest return to the United States
15 consistent with sound land management practices. Such
16 leases shall provide for payment by the lessees to the De-
17 partment of the Navy of an amount sufficient to provide
18 repayment to the United States of construction charges
19 attributable to such lands which would be applicable if such
20 lands were not owned by the Federal Government. The
21 proceeds from the leases shall be paid by the Department
22 of the Navy to the Department of the Interior and shall
23 be covered into the reclamation funds and credited to the
24 construction charges attributable to such lands until such
25 construction charges are fully paid. The leases shall also be

1 offered subject, insofar as practicable, to acreage limitations
2 of the Federal reclamation laws. Direct charges for water
3 shall be paid by lessees to the Westlands Water District
4 and shall be not less than the cost of such water service
5 plus the district's operating and maintenance costs of de-
6 livering water. The leases may contain such provisions as to
7 cancellation, use of land, term, and other matters as the Sec-
8 retary of the Navy may determine are necessary to assure
9 that national defense purposes are served.

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., December 2, 1971.

HON. HENRY M. JACKSON,
Chairman, Committee on Interior and Insular Affairs, U.S. Senate, Washington,
D.C.

DEAR MR. CHAIRMAN: This responds to your request for the views of this Department on S. 2528, a bill "To provide for deferment of construction charges payable by Westlands Water District attributable to lands of the Naval Air Station, Lemoore, California, included in said district, and for other purposes."

We recommend that the bill be enacted.

On April 1, 1965, the United States contracted with the Westlands Water District, Fresno, California (the district), a political subdivision of California, to provide for the construction of a water distribution and drainage collector system. The original plan was to construct a system to serve approximately 400,000 acres of irrigable land at an estimated cost of about \$157,048,000. The district was subsequently enlarged to include about 600,000 acres of irrigable land and the estimated cost of the system has increased to \$228 million. The contract is being amended to reflect these changes.

Lemoore Naval Air Station has a total of 16,480 acres of land within the district. About 12,627 acres of the land are leased for agricultural or grazing purposes and could use district water service. It would receive Central Valley project water service through the San Luis unit and Westlands distribution system presently under construction by the Bureau of Reclamation.

Water will be delivered through laterals 27, 28, 29, and 30 of the distribution system. A portion of the capacity of each of those laterals will be dedicated to delivery of water to the station, and a portion of each lateral is located on Navy lands for its exclusive use. The construction cost attributable to these lands is estimated to be approximately \$5,500,000, of which about \$1,000,000 is already expended.

The district's contract with the United States obligates it to pay the Bureau of Reclamation for the system. Under the usual repayment arrangements for reclamation projects, the district would obtain the funds to pay for the system through uniformly assessed *ad valorem* charges on land in the district so that, in effect, the landowners who benefit from the facilities would pay for them. If the landowners fail to pay the assessed amounts, the district would have recourse to the land. Likewise, if the district fails to make required payments to the Bureau of Reclamation, the Bureau would have recourse to the district's assets.

The problem which the bill seeks to solve is that the Naval Air Station lands (which will be benefited by some of the facilities in the proposed system) are not subject to assessment by the district, as lands owned by private individuals are. This in turn eliminates a potential source of funds which would normally be available to the district to enable it to perform its repayment contract with the United States. Since the district's repayment obligation covers all facilities constructed for it by the Bureau, including those benefiting the Navy lands, the bill seeks to relieve the district of that part of its obligation pertaining to facilities for Navy lands by deferring payment for such facilities except to the extent of receipts from Navy lessees who will be supplied water through the facilities or until Federal title to those lands is extinguished and they become subject to assessment. Insofar as payments are greater than required, the payout period would be reduced, and if they are below the amount of obligations otherwise falling due the United States would be disadvantaged.

Section 1 of S. 2528 provides that all construction charges payable by the district to the United States and attributable to lands of the Naval Air Station shall be deferred, except as provided in section 2, until the Federal title shall have been extinguished and such lands become subject to assessment, whereupon such deferred construction charges must be repaid within 40 years from such date. Section 2 would require that, when leased for agricultural or grazing purposes, the Naval Air Station lands shall be leased on a competitive basis upon terms yielding the highest return to the United States consistent with sound land management practices. Payments to cover the construction charges attributable to the lands would be made by lessees to the Department of the Navy, which in turn would pay such amounts to the Department of the Interior for credit against construction charges. The leases would be offered subject to the usual reclamation acreage limitations insofar as practicable. Water charges to lessees

would be required to cover both cost of the water service and operating and maintenance costs. Appropriate terms could be provided in the leases to insure that the Department of the Navy's defense functions would not be interfered with.

Two typographical corrections should be made in the bill. In line 7, page 1, the word "unto" should read "into" and in line 23, page 2, the word "funds" should be "fund".

We believe the bill will solve the problem to which it is addressed and will serve to permit more productive use of the Naval Air Station lands. We therefore recommend its enactment.

The Office of Management and Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely yours,

HOLLIS M. DOLE,
Assistant Secretary of the Interior.

DEPARTMENT OF THE NAVY,
OFFICE OF LEGISLATIVE AFFAIRS,
Washington, D.C., January 14, 1972.

HON. HENRY M. JACKSON,
Chairman, Committee on Interior and Insular Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Your request for comment on S. 2528, a bill "To provide for deferment of construction charges payable by Westlands Water District attributable to lands of the Naval Air Station, Lemoore, California, included in said district, and for other purposes," has been assigned to this Department by the Secretary of Defense for the preparation of a report expressing the views of the Department of Defense.

Section 1 of the bill would provide that all construction charges payable by the Westlands Water District to the United States pursuant to contract number 14-06-200-2020A and attributable to lands of the Naval Air Station, Lemoore, California, shall be deferred, except as provided in section 2, until the Federal title shall have been extinguished and such lands become subject to assessment, whereupon the deferred charges will be repaid by the District in not more than forty years from such date. Section 2 would require the leasing of such lands on a competitive basis upon terms yielding the highest return to the United States consistent with sound land management practices. Payments would be made by lessees to the Department of the Navy to cover the construction charges attributable to the lands, and the leases would be offered subject to the usual reclamation acreage limitations insofar as practicable. The proceeds from the leases would be paid by the Department of the Navy to the Department of the Interior and credited to the construction charges attributable to such lands until the construction charges are fully paid. Water charges to lessees would be required to cover both cost of the water service and operating and maintenance costs, and would be paid by lessees directly to the Westlands Water District. Appropriate terms will be provided in the leases to insure that the Department of the Navy's defense functions will not be interfered with.

The lands comprising NAS Lemoore consist of 19,752 acres acquired in 1958. Approximately 12,000 acres of this land have been outleased for agricultural purposes since 1958. The outleasing relieves the Department of the Navy of the necessity of performing grounds maintenance of these areas and avoids an estimated expenditure of \$160,000 a year. Water from wells on the Station is sufficient to irrigate only one quarter of the outleased area per season. The water is high in salt content and is causing a lowering of the soil fertility. Further reduction in fertility of this land, which is economically marginal, would make leasing more difficult.

The Westlands Water District is constructing a water distribution and drainage collection system to be financed under the Federal reclamation laws. Act of June 17, 1902 (32 Stat. 388), as amended, and under its contract with the Bureau of Reclamation must repay the construction charges in annual installments over a 40 year period. Since most of the leased agricultural lands at Naval Air Station, Lemoore, are within the Westlands Water District, the provision of irrigation waters therefor through the Water District would substantially alleviate the aforesaid difficulties in future leasing.

The bill would provide a means for the Department of the Navy to make payments on the charges attributable to that portion of the Water District included within the Naval Air Station out of rentals received from agricultural leases, without any obligation of appropriated funds.

A study by the Soil Conservation Service, U.S. Department of Agriculture, indicates that with the use of irrigation waters from the Westlands Water District, an annual net return of \$308,064, or \$25.45 per acre can be expected from the outleased area. Under well water conditions, the study indicates a net return of only \$184,193, or \$14.60 per acre could be expected. The study further indicated that with Westlands water, a stable agriculture could be established and the lands could be used to full capacity, and, with adequate draining and good quality water, the present adverse conditions because of salts would be improved. The study concluded that if the existing well water system is continued, 47 percent of the land, or 5,930 acres, will be out of production.

In view of the substantial benefits that will be derived by the Government from the provisions of S. 2528, the Department of the Navy, on behalf of the Department of Defense, recommends the enactment of the bill.

This report has been coordinated within the Department of Defense in accordance with procedures prescribed by the Secretary of Defense.

The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this report on S. 2528 for the consideration of the Committee.

Sincerely yours,

LANDO W. ZECH, Jr.,
Captain, U.S. Navy, Deputy Chief
 (For the Secretary of the Navy).

92^D CONGRESS
1ST SESSION

H. R. 1682

IN THE SENATE OF THE UNITED STATES

NOVEMBER 2, 1971

Read twice and referred to the Committee on Interior and Insular Affairs

AN ACT

To provide for deferment of construction charges payable by Westlands Water District attributable to lands of the Naval Air Station, Lemoore, California, included in said district, and for other purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That construction charges payable by the Westlands Water
4 District to the United States pursuant to contract number
5 14-06-200-2020A, dated April 1, 1965, or as it may be
6 amended, between the United States and the district entered
7 into under the Federal reclamation laws, Act of June 17,
8 1902 (32 Stat. 388), attributable, as determined by the
9 Secretary of the Interior, to lands of the United States Naval

1 Air Station, Lemoore, California, as are included in the
2 Westlands Water District shall be deferred except as here-
3 inafter provided, and no assessments shall be made on behalf
4 of such charges against such lands until the Federal title
5 thereto shall have been extinguished, and such lands become
6 subject to assessment, whereupon such deferred charges shall
7 be repaid by the Westlands Water District in not more than
8 forty years from such date.

9 SEC. 2. Lands of the Naval Air Station, Lemoore, Cali-
10 fornia, irrigable through facilities constructed for the West-
11 lands Water District, when offered for lease for agricultural
12 or grazing purposes, shall be offered competitively on such
13 terms as the Secretary of the Navy, or his designee, deter-
14 mines will provide the highest return to the United States
15 consistent with sound land management practices. Such leases
16 shall provide for payment by the lessees to the Department
17 of the Navy of an amount sufficient to provide repayment to
18 the United States of construction charges attributable to such
19 lands which would be applicable if such lands were not owned
20 by the Federal Government. The proceeds from the leases
21 shall be paid by the Department of the Navy to the Depart-
22 ment of the Interior and shall be covered into the reclamation
23 fund and credited to the construction charges attributable
24 to such lands until such construction charges are fully paid.
25 The leases shall also be offered subject, insofar as practicable,

- 1 to acreage limitations of the Federal reclamation laws. Direct
- 2 charges for water shall be paid by lessees to the Westlands
- 3 Water District and shall be not less than the cost of such
- 4 water service plus the District's operating and maintenance
- 5 costs of delivering water. The leases may contain such provi-
- 6 sions as to cancellation, use of land, term, and other matters
- 7 as the Secretary of the Navy may determine are necessary
- 8 to assure that national defense purposes are served.

Passed the House of Representatives November 1, 1971.

Attest:

W. PAT JENNINGS,

Clerk.

PROVIDING FOR DEFERMENT OF CONSTRUCTION CHARGES PAYABLE
BY WESTLANDS WATER DISTRICT ATTRIBUTABLE TO LANDS OF
THE NAVAL AIR STATION, LEMOORE, CALIF., INCLUDED IN SAID
DISTRICT

OCTOBER 14, 1971.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. JOHNSON of California, from the Committee on Interior and
Insular Affairs, submitted the following

REPORT

[To accompany H.R. 1682]

The Committee on Interior and Insular Affairs, to whom was referred the bill (H.R. 1682) to provide for deferment of construction charges payable by Westlands Water District attributable to lands of the Naval Air Station, Lemoore, Calif., included in said district, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

On page 2, line 6, strike "assessment." and insert "assessment, whereupon such deferred charges shall be repaid by the Westlands Water District in not more than 40 years from such date."

On page 2, line 7, strike Section 2 in its entirety and substitute a new Section 2 reading as follows:

SEC. 2. Lands of the Naval Air Station, Lemoore, California, irrigable through facilities constructed for the Westlands Water District, when offered for lease for agricultural or grazing purposes, shall be offered competitively on such terms as the Secretary of the Navy, or his designee, determines will provide the highest return to the United States consistent with sound land management practices. Such leases shall provide for payment by the lessees to the Department of the Navy of an amount sufficient to provide repayment to the United States of construction charges attributable to such lands which would be applicable if such lands were not owned by the Federal Government. The proceeds from the leases shall be paid by the Department of the Navy to the Depart-

ment of the Interior and shall be covered into the reclamation fund and credited to the construction charges attributable to such lands until such construction charges are fully paid. The leases shall also be offered subject, insofar as practicable, to acreage limitations of the Federal reclamation laws. Direct charges for water shall be paid by lessees to the Westlands Water District and shall be not less than the cost of such water service plus the District's operating and maintenance costs of delivering water. The leases may contain such provisions as to cancellation, use of land, term, and other matters as the Secretary of the Navy may determine are necessary to assure that national defense purposes are served.

H.R. 1682 was introduced by Mr. Sisk. An identical bill, H.R. 1697, was introduced by Mr. Talcott.

PURPOSE OF THE LEGISLATION

The purpose of H.R. 1682 is to defer repayment of the costs of distribution facilities constructed by the United States for irrigation service to certain lands which are owned by the Federal Government within the Westlands Water District, California. These lands are a part of the Lemoore Naval Air Station. The bill also establishes the conditions for leasing such lands while in Federal ownership.

BACKGROUND

The Westlands Water District, California, has contracted with the Department of the Interior for the construction of a distribution system for delivery of irrigation water to the irrigable lands within its boundaries. Ultimately the development will consist of more than 400,000 acres, and is the major service area of the San Luis Unit, Central Valley project.

In 1958, the Department of the Navy acquired about 19,000 acres of land within the boundaries of the district for use by the Lemoore Naval Air Station. Approximately 10,000 acres of these lands are leased to private parties for agricultural and grazing purposes.

Facilities are provided for service to the irrigable lands within the Naval Air Station and their use for irrigated agricultural purposes helps to reduce the Navy's maintenance and upkeep. The water district, however, cannot assess Federal property and thus has no means of collecting revenue for payment of the outstanding construction charges as long as the lands remain in public ownership.

DISCUSSION OF LEGISLATION

H.R. 1682, as reported by the Committee on Interior and Insular Affairs, provides that payment of construction charges assigned to the

Federal lands may be deferred, and also establishes provisions for their administration and management, as set forth in more detail in the following section-by-section analysis:

Section 1 provides that construction charges payable by the Westlands Water District pursuant to its distribution system contract with the United States shall be deferred insofar as they are attributable to serving lands owned by the United States on the Naval Air Station, Lemoore, Calif. This section provides that no assessments shall be made against such lands until they have ceased to be owned by the United States, after which time water charges remaining unpaid must be met by the water district within 40 years thereafter.

Section 2 requires that such lands, when leased for agricultural or grazing purposes by the Department of the Navy, be offered competitively on terms designed to maximize return to the Government consistent with sound land management practices and, insofar as practicable, in keeping with the acreage limitation principles of Reclamation law. The section requires that proceeds from such leases shall be paid by the Navy to the Secretary of the Interior for credit to the construction charges outstanding against the land until such charges are fully paid, and further requires that lessees shall contract directly with the Westlands Water District for water service and that the rates for such service shall be sufficient to cover the cost of water service and distribution system operation and maintenance expenses.

COMMITTEE AMENDMENTS

The Committee adopted two amendments to H.R. 1682 as follows: (a) An amendment to section 1 which insures that deferred charges need not be repaid in a lump sum immediately when the lands to which they pertain pass from Federal ownership to private hands. The bill as amended allows the customary 40 years for the water district to levy and collect the water charges from the private owners, if that period of time is required; and (b) a new section 2 which requires the lands to be leased and managed in a manner that maximizes interim revenue accruals and reduces the amount which may be deferred.

COSTS

There are no costs associated with the implementation of H.R. 1682. No additional funds will be expended and all revenues otherwise scheduled for payment to the United States will be realized.

COMMITTEE RECOMMENDATION

The Committee on Interior and Insular Affairs, on the basis of a unanimous voice vote, recommends that H.R. 1682 be enacted.

EXECUTIVE COMMUNICATIONS

The reports of the Department of the Interior and the Department of the Navy recommending enactment of this legislation follow:

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., August 8, 1971.

Hon. WAYNE N. ASPINALL,
Chairman, Committee on Interior and Insular Affairs, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This responds to your request for the views of this Department on H.R. 1682 and H.R. 1697, identical bills, to provide for deferment of construction charges payable by Westlands Water District attributable to lands of the Naval Air Station, Lemoore, Calif., included in said district, and for other purposes.

We recommend that either bill be enacted, if amended as set forth herein.

On April 1, 1965, the United States contracted with the Westlands Water District, Fresno, Calif. (the district), a political subdivision of California, to provide for the construction of a water distribution and drainage collector system. The original plan was to construct a system to serve approximately 400,000 acres of irrigable land at an estimated cost of about \$157,048,000. The district was subsequently enlarged to include about 600,000 acres of irrigable land and the estimated cost of the system has increased to \$228 million. The contract is being amended to reflect these changes.

Lemoore Naval Air Station has a total of 16,480 acres of land within the district. About 12,627 acres of the land are leased for agricultural or grazing purposes and could use district water service. It would receive Central Valley project water service through the San Luis unit and Westlands distribution system presently under construction by the Bureau of Reclamation.

Water will be delivered through laterals 27, 28, 29, and 30 of the distribution system. A portion of the capacity of each of those laterals will be dedicated to delivery of water to the station, and a portion of each lateral is located on Navy lands for its exclusive use. The construction cost attributable to these lands is estimated to be approximately \$5,500,000, of which about \$1 million is already expended.

The district's contract with the United States obligates it to pay the Bureau of Reclamation for the system. Under the usual repayment arrangements for reclamation projects, the district would obtain the funds to pay for the system through uniformly assessed ad valorem charges on land in the district so that, in effect, the landowners who benefit from the facilities would pay for them. If the landowners fail to pay the assessed amounts, the district would have recourse to the land. Likewise, if the district fails to make required payments to the Bureau of Reclamation, the Bureau would have recourse to the district's assets.

The problem which the bill seeks to solve is that the Naval Air Station lands (which will be benefited by some of the facilities in the proposed system) are not subject to assessment by the district, as lands owned by private individuals are. This in turn eliminates a potential source of funds which would normally be available to the district to enable it to perform its repayment contract with the United States. Since the district's repayment obligation covers all facilities constructed for it by the Bureau, including those benefiting the Navy lands, the bill seeks to relieve the district of the part of its obligation pertaining to facilities for Navy lands by deferring payment for such facilities except to the extent of receipts from Navy lessees who will be supplied water through the facilities or until Federal title to those lands is extinguished. Insofar as payments are greater than required, the payout period would be reduced, and if they are below the amount of obligations otherwise falling due the United States would be disadvantaged.

Section 1 of the bill provides that all construction charges payable by the district to the United States and attributable to lands of the Naval Air Station shall be deferred, except as provided in section 2, until the Federal title shall have been extinguished. Section 2 provides that rental or other payments received in connection with leasing of the Naval Air Station lands for agricultural or grazing purposes will be available to the Department of the Navy for payment to the district of charges for operation and maintenance and for water, and that, after payment of such charges for a given year, any accumulation of rentals in excess of estimated requirements for the following 2 years shall be covered into the reclamation fund and credited to the construction charges attributable to such lands.

To assure that, under this arrangement, the construction charges attributable to the Naval Air Station lands are repaid as nearly as possible in accordance with the usual repayment arrangements for reclamation projects, we believe that section 2 of the bill should be amended to read as set forth in the enclosure hereto. As amended, section 2 would require the leasing of such lands on a competitive basis upon terms yielding the highest return to the United States consistent with sound land management practices. Payments would be made by lessees to the Department of the Navy to cover the construction charges attributable to the lands, and the leases would be offered subject to the usual reclamation acreage limitations insofar as practicable. Water charges to lessees would be required to cover both cost of the water service and operating and maintenance costs. Appropriate terms could be provided in the leases to insure that the Department of the Navy's defense functions would not be interfered with.

The Office of Management and Budget has advised that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

W. T. PECORA,
Acting Secretary of the Interior.

Enclosure.

PROPOSED AMENDMENT OF SECTION 2 OF H.R. 1682 AND H.R. 1697

SEC. 2. Lands of the Naval Air Station, Lemoore, California, ir-
rigable through facilities constructed for the Westlands Water Dis-
trict, when offered for lease for agricultural or grazing purposes, shall
be offered competitively on such terms as the Secretary of the Navy,
or his designee, determines will provide the highest return to the
United States consistent with sound land management practices. Such
leases shall provide for payment by the lessees to the Department of
the Navy of an amount sufficient to provide repayment to the United
States of construction charges attributable to such lands which would
be applicable if such lands were not owned by the Federal Govern-
ment. The proceeds from the leases shall be paid by the Department
of the Navy to the Department of the Interior and shall be covered
into the reclamation fund and credited to the construction charges at-
tributable to such lands until such construction charges are fully paid.
The leases shall also be offered subject, insofar as practicable, to acre-
age limitations of the Federal reclamation laws. Direct charges for
water shall be paid by lessees to the Westlands Water District and shall
be not less than the cost of such water service plus the District's operat-
ing and maintenance costs of delivering water. The leases may contain
such provisions as to cancellation, use of land, term, and other matters
as the Secretary of the Navy may determine are necessary to assure
that national defense purposes are served.

DEPARTMENT OF THE NAVY,
OFFICE OF LEGISLATIVE AFFAIRS,
Washington, D.C., September 8, 1971.

HON. WAYNE N. ASPINALL,
Chairman on Interior and Insular Affairs, House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: Your request for comment on H.R. 1682 and
H.R. 1697, identical bills to provide for deferment of construction
charges payable by Westlands Water District attributable to lands of
the Naval Air Station, Lemoore, Calif., included in said district, and
for other purposes, has been assigned to this Department by the Sec-
retary of Defense for the preparation of a report expressing the views
of the Department of Defense.

These bills would authorize deferment of the payment of construc-
tion charges payable by the Westlands Water District to the United
States pursuant to contract Number 14-06-200-2020A, dated April 1,
1965, attributable, as determined by the Secretary of the Interior, to
lands of the Naval Air Station, Lemoore, Calif., included in the West-
lands Water District; prohibit assessments for such charges against
such lands until the Federal title has been extinguished, and the lands
become subject to assessment; authorize the Department of the Navy
to use all rentals and other payments from the leasing of lands at NAS
Lemoore for payment to Westlands Water District of charges for op-
erations, maintenance and water; and would direct that after payment
of such charges for a given year any accumulation of rentals in excess

of estimated requirements for the forthcoming 2-year period be paid to the reclamation fund and credited to the construction charges attributable to said lands.

The lands comprising NAS Lemoore consist of 19,752 acres acquired in 1958. Approximately 12,000 acres of this land have been outleased for agricultural purposes since 1958. The outleasing relieves the Department of the Navy of the necessity of performing grounds maintenance of these areas and avoids an estimated expenditure of \$160,000 a year. Water from wells on the station is sufficient to irrigate only one-quarter of the outleased area per season. The water is high in salt content and is causing a lowering of the soil fertility. Further reduction in fertility of this land, which is economically marginal, would make leasing more difficult.

The Westlands Water District is constructing a water distribution and drainage collection system to be financed under the Federal reclamation laws, Act of June 17, 1902 (32 Stat. 388), as amended, and under its contract with the Bureau of Reclamation must repay the construction charges in annual installments over a 40-year period. Since most of the leased agricultural lands at Naval Air Station, Lemoore, are within the Westlands Water District, the provision of irrigation waters therefor through the Water District would substantially alleviate the aforesaid difficulties in future leasing.

These bills would provide a means for the Department of the Navy to make payments on the charges attributable to that portion of the Water District included within the Naval Air Station out of rentals received from agricultural leases, without any obligation of appropriated funds.

To assure that the construction charges attributable to Naval Air Station lands might be repaid by the usual arrangement for reclamation projects, the Department of the Interior report on these bills, dated August 18, 1971, proposed an amendment to section 2 of the bills. The recommended amendment was prepared by the joint efforts of the Department of the Navy and the Department of the Interior personnel. The amendment would require the leasing of such lands on a competitive basis upon terms yielding the highest return to the United States consistent with sound land management practices. Payments would be made by lessees to the Department of the Navy to cover the construction charges attributable to the lands, and the leases would be offered subject to the usual reclamation acreage limitations insofar as practicable. Water charges to lessees would be required to cover both cost of the water service and operating and maintenance costs, and would be paid by lessees directly to the Westlands Water District. Appropriate terms will be provided in the leases to insure that the Department of the Navy's defense functions will not be interfered with.

A study by the Soil Conservation Service, U.S. Department of Agriculture, indicates that with the use of irrigation waters from the Westlands Water District, an annual net return of \$308,064 or \$25.45 per acre can be expected from the outleased area. Under well water conditions, the study indicates a net return of only \$184,193, or \$14.60 per acre could be expected. The study further indicated that with West-

lands water, a stable agriculture could be established and the lands could be used to full capacity, and, with adequate draining and good quality water, the present adverse conditions because of salts would be improved. The study concluded that if the existing well water system is continued, 47 percent of the land, or 5,930 acres, will be out of production.

In view of the substantial benefits that will be derived by the Government from the provisions of H.R. 1682 and H.R. 1697, the Department of the Navy, on behalf of the Department of Defense, recommends the enactment of either bill, if amended as set forth in the Department of Interior report.

This report has been coordinated within the Department of Defense in accordance with procedures prescribed by the Secretary of Defense.

The Office of Management and Budget advises that, from the standpoint of the administration's program, there is no objection to the presentation of this report on H.R. 1682 and H.R. 1697 for the consideration of the Committee.

For the Secretary of the Navy.

Sincerely yours,

LANDO W. ZECH, Jr.,
Captain, U.S. Navy, Deputy Chief.

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Senator ANDERSON. We also have a telegram and statement from Mr. Ralph M. Brody, manager and chief counsel, Westlands Water District, San Luis Unit, Central Valley project, California, which we will insert in the record at this point.

(The material referred to follows:)

[Telegram]

FRESNO, CALIF.

Hon. HENRY M. JACKSON,
Chairman, Committee on Interior and Insular Affairs,
U.S. Senate, Washington, D.C.:

Your setting of S2528 and HR1682 for hearing on December 6th is very much appreciated. We apologize, however, for our inability to appear before your committee in order to testify in support of this legislation. We cannot be present due to the proximity of hearing date and previous commitments. A complete presentation was made by us before the House committee on Interior and Insular Affairs and we hope that testimony can be of assistance to your committee in its deliberations. We respectfully urge favorable action.

RALPH M. BRODY,
Manager-Chief Counsel, Westlands Water District.

STATEMENT OF RALPH M. BRODY, MANAGER-CHIEF COUNSEL, WESTLANDS WATER DISTRICT, SAN LUIS UNIT, CENTRAL VALLEY PROJECT, CALIFORNIA

Mr. Chairman and Members of the Committee: My name is Ralph M. Brody. I am the Manager-Chief Counsel of Westlands Water District in the San Luis Unit of the Central Valley Project, California. I am appearing in support of the approval of either H.R. 1682 or H.R. 1697 subject to the following comments.

While our District suggested the introduction of these Bills, it did so more as an accommodation to the Department of the Navy than for any special convenience of the District.

As you know the Bureau of Reclamation is constructing a distribution system for Westlands Water District. Several years ago the Department of the Navy suggested that our distribution system be enlarged to the extent necessary to permit the providing of water service to Lemoore Naval Air Station which abuts our District.

While the District was amenable to the suggestion, it stated that it would agree to the proposal only if Westlands Water District did not become liable thereby for any construction or other costs attributable to the service to the Navy. It was determined that legislation would be desirable to facilitate arrangements upon the part of the Navy. After detailed discussions by the Department of the Navy, Department of the Interior and Westlands, the form of legislation was agreed upon. As a consequence the Bills now before you were introduced.

The Bills would permit accomplishment of the following:

(1) The costs of the providing of capacity in the distribution system to permit the service of water to lands owned by the Navy and leased out by it, would be contractually assumed by Westlands Water District;

(2) Navy would each year pay an appropriate share of the construction costs attributable to its service. Lease revenues received by the Navy for the benefitted lands would be used first to pay Westlands for operation and maintenance costs and for water and any such revenues in excess of the estimated requirements for the next two years would be paid toward the Navy's share of the construction costs; and

(3) The repayment by the District to the United States of the Navy's share of the construction costs not paid to the District by the Navy would be deferred until such time as the Navy lands being serviced passed into private ownership and became assessable by Westlands Water District.

As previously stated, these arrangements and the form of legislation were agreed upon some two years ago by the directly affected Federal departments and Westlands Water District. Most of the time since then the report has been held up in the Office of Management and Budget. That Office has now permitted the release of a report after insisting upon changes in the proposed Bills. The views of Westlands, the entity most directly affected, were not solicited with respect to the changes.

It is our understanding that the language changes required by the Office of Management and Budget are not intended to and will not affect the protections sought in the original legislation by Westlands as a condition to its assumption of the obligation to repay construction costs attributable to the Navy. In other words, the only obligation to be paid by Westlands would be the portion not theretofore paid by Navy at the time the lands pass out of Federal ownership and become assessable by the District.

There is one area in which the Bills might merit clarification. Nowhere in the proposed legislation does it state over what period of time the unpaid costs are to be repaid by the District once the lands are placed in an assessable status. We do not believe that this unpaid balance should be required to be paid by the District in lump sum. We suggest that the intent is or should be that the District pay it within a period of time the Secretary of the Interior determines to be reasonable. This might be provided for by striking the period on line 6 on page 2 of H.R. 1682 and inserting " , whereupon such deferred charges shall be repaid by Westlands Water District within such period as the Secretary of the Interior deems reasonable."

Westlands also wishes to make the record clear as to the District's position with reference to one item mentioned in the Department of the Interior's report dated August 18, 1971, on these Bills. On page 2 of the report the following sentence appears: "Since the District's repayment obligation covers all facilities constructed for it by the Bureau, including those benefiting Navy lands, the Bills seek to relieve the District of that part of its obligation pertaining to facilities for Navy lands by deferred payment. . ."

The District has no present contractual or other obligation to pay any portion of construction or other costs attributable to the Navy. Works or capacity provided for the Navy are not "facilities constructed for it [the District]." It will have no such obligation unless and until it agrees by contract to assume it. There is nothing contained in any existing contract which would require the District to do so. We respectfully suggest that the District is only required to pay for works, or portions thereof, which have been constructed to serve it. We mention this at this time so as to eliminate any implication that we concur with the statement of the Department of the Interior in the sentence I have quoted.

Subject to the suggestion made in this statement earlier, we urge approval of either H.R. 1682 and H.R. 1697.

Senator ANDERSON. Senator Cranston is the first speaker.

STATEMENT OF HON. ALAN CRANSTON, A U.S. SENATOR FROM THE STATE OF CALIFORNIA

Senator CRANSTON. Mr. Chairman and members of the committee, I appreciate very much your holding this hearing and providing this opportunity for me to appear before you.

It is my great pleasure to appear today before the Senate Interior Committee Water and Power Subcommittee in support of my bill, S. 2528, and the companion House bill, H.R. 1682, to defer certain construction charges payable by the Westlands Water District attributable to lands of the Lemoore Naval Air Station.

As the members of this committee are aware, the Bureau of Reclamation is constructing an irrigation system for the 600,000-acre Westlands Water District in Fresno and King Counties on the west side of the San Joaquin Valley, in California. This water distribution system is part of the San Luis unit of the Central Valley project, which will bring Federal water to this arid but highly productive farmland.

In this area, Lemoore Naval Air Station leases out 12,627 acres of the buffer zone surrounding the base for agricultural and grazing purposes. In order to enhance the farming value of this Federal land, Lemoore NAS has requested the construction of four additional pipe-

lines on its land as part of the Westlands project. Construction of these additional irrigation channels will cost an estimated \$5.5 million.

Under its agreement with the Federal Government, the Westlands Water District must repay the construction costs of the entire system, including the cost of extending the irrigation system onto the Lemoore NAS lands.

Westlands will raise the necessary funds by assessing property owners who use the district's water service. However, the Navy land is exempt from assessment by the Westlands Water District because it is Federal property. This legislation provides that the Westlands district be allowed to defer payments until such time as the Navy decides to sell the 12,627 acres it now is leasing to local farmers. If and when the lands revert to private ownership and are taxable, Westlands would have up to 40 years in which to repay the up to \$5.5 million which may be owed.

The bill also provides that lands within Lemoore NAS which receive water from the Westlands system be offered for lease on a competitive basis. It further requires lessees to pay an amount sufficient to provide repayment of construction costs attributable to these lands which would have been repayable if they were not owned by the Federal Government. These funds will be paid by the Navy Department to the Interior Department as credit toward the construction costs. In addition, lessees will pay the Westlands Water District for its charges for water, operation, and maintenance costs.

Finally, the bill requires leases to be offered subject, insofar as practicable, to acreage limitation provisions of the Federal reclamation laws. It is my intention by this language to require the Secretary of the Navy to offer land for lease on the open market and to accept bids so that the land for lease on the open market can be farmed in compliance with the intent of the Federal reclamation law's acreage limitation. In this way, the small farmer will be assured an opportunity to share the benefits of low-cost Federal irrigation water and the use of federally owned lands.

Mr. Chairman, the basic purpose of this bill is to convenience the Federal Government. It is eminently reasonable land management to extend the new irrigation system of the San Luis project onto these Federal lands. Their value as agricultural property would substantially appreciate as would the rental income to the Federal Government. Obviously, it would be unreasonable to expect the Westlands district to pay the Federal Government to construct an irrigation system on federally-owned land without any source of compensation. I believe this proposal is an equitable solution to the situation.

I appreciate the opportunity to appear before the subcommittee in support of S. 2528, and urge the subcommittee to act promptly and favorably on it.

Senator ANDERSON. Thank you, Senator Cranston. I am sure we can act promptly and we appreciate your statement.

Senator CRANSTON. Thank you, very much.

Senator ANDERSON. Do you have any questions, Senator Jordan?

Senator JORDAN. No, I do not. I have some technical questions I will save for the Bureau. I have no questions of the Senator.

Senator CRANSTON. Thank you very much, Mr. Chairman. I appreciate your indication of quick action.

Senator ANDERSON. OK. Our next speaker is Mr. Keating.

**STATEMENT OF WILLIAM H. KEATING, ACTING COMMISSIONER,
ACCOMPANIED BY MAURICE LANGLEY, ACTING ASSISTANT
COMMISSIONER, BUREAU OF RECLAMATION**

Mr. KEATING. Mr. Chairman, I am Bill Keating, here on behalf of the Commissioner of the Bureau of Reclamation. I have with me Mr. Maurice Langley, who is the chief of our water and land division, and today acting assistant commissioner.

I have a short statement to present.

It is a pleasure to appear before you and present for your information the facts which we considered in recommending approval of the proposed legislation for deferment of construction charges payable by the Westlands Water District attributable to land of the naval air station at Lemoore, Calif., and pursuant to contract No. 14-06-200-2020A with the United States.

Except for two typographical errors, S. 2528 is identical to H.R. 1682, as passed by the House on November 1, 1971.

The Department of the Interior has submitted a favorable report, and we recommend enactment of S. 2528 after changing the word "onto" to "into" on line 7, page 1, and changing the words "funds" to "fund" on line 23, page 2.

The Navy land consisting of 19,752 acres was acquired in 1958. About 16,480 acres are within the Westlands Water District and about 12,600 acres are leased for agricultural and grazing purposes. Leasing relieves the Navy Department of the cost of ground maintenance. The land has been irrigated with water from wells, but the water has been sufficient to irrigate only about one-quarter of the leased area each season. The ground water is high in salt content and has caused a loss of soil productivity. The lands will receive Central Valley project water service through the San Luis unit and the Westlands distribution system presently under construction by the Bureau of Reclamation.

On April 1, 1965, the United States contracted with the Westlands Water District for construction of a distribution and drainage collection system. It is planned that water will be delivered to naval air station lands through laterals numbered 27 through 30 of the distribution system. Portions of these laterals will include capacity for the Navy lands, and certain reaches of the laterals are located on Navy lands for its exclusive use. The construction costs attributable to these lands are estimated to be approximately \$5,500,000, of which about \$1 million is already expended.

Navy lands which will be benefited by Westlands distribution facilities are not subject to assessment by the district as are private lands. Since the district's repayment obligation covers all facilities constructed for it by the Bureau, including the Navy lands, S. 2528 has been proposed to relieve the district of the part of its obligation pertaining to the cost of facilities constructed for delivery of water to the Navy lands.

Section 1 of the bill provides that all construction charges payable by the district to the United States and attributable to lands of the naval air station shall be deferred, except as provided in section 2, until the Federal title shall have been extinguished, whereupon the deferred charges will be repaid by the district in not more than 40 years from that date.

Section 2 provides that the leasing of the lands will be on a competitive basis upon terms yielding the highest return to the United States consistent with sound land management practices. Payments would be made by lessees to the Department of the Navy to cover the construction charges attributable to the lands, and the leases would be offered subject to the unusual reclamation acreage limitations insofar as practicable. Water charges which lessees would pay directly to the Westlands district would be required to cover both cost of water service and the district's operating and maintenance costs.

In summary, a substantial area of Federal land can be furnished a water supply through the Westlands Water District distribution system. Water will not only benefit the land, but will provide a substantial saving to the Department of the Navy in reduced maintenance costs. Under this legislation if title of the land later passes from Federal to private ownership, the land will then be subject to assessment as are other privately owned lands within the district, and will repay the remaining obligation then outstanding in not more than 40 year from that date.

Thank you. We will be glad to answer questions. Mr. Langley is available.

Senator ANDERSON. Senator Jordan.

Senator JORDAN. Thank you, Mr. Chairman.

What kind of naval installation is this, and what are the circumstances that bring about the excess land area here that apparently is not needed for naval use and now proposed to be leased to others for farmland? What kind of naval installation?

Mr. LANGLEY. This is a naval air station and at the time the Navy acquired this land it is my understanding it acquired large protective areas in case the Navy wanted to enlarge and lengthen the runways and greatly expand the station.

The land they acquired over and above the immediate needs for station headquarters, runways, and normal military facilities has been left in agricultural production. It was formerly in agricultural production and had ground water wells. These wells have gradually gone bad, both in quality of water as well as general deterioration of the wells.

By leasing the land, the Navy has been able to avoid maintenance costs.

Senator JORDAN. Does the Navy calculate at some future time they might need this land for expansion of the airbase?

Mr. LANGLEY. Again, this is something the Navy could speak to better than I can. But the Navy representatives have said in conversations that at the present time they have no plans for disposal of these lands, although they do not have immediate plans for expansion of the area.

Senator JORDAN. On page 2, you said the construction costs attributable to these lands are estimated to be approximately \$5,500,000, of which about \$1 million was already expended.

Where did they get the \$1 million?

Mr. LANGLEY. Through regular Bureau of Reclamation appropriations that are reimbursable under the repayment contract with the district for constructionable facilities to serve all of the irrigable lands within the district.

Senator JORDAN. It turned out that the water supply was inadequate for the land, or do they want to bring in an additional block of land?

Mr. LANGLEY. Neither one, sir. The wells, which are there are inadequate. The district merely felt it would be inequitable for them to be held responsible for repayment on the existing Federal lands while it had had no guarantee for reimbursement from the Federal Government.

This legislation has been considered for several years, but is only now before this committee.

Senator JORDAN. I think the bill provides on the bottom of page 2 and the top of page 3, the lessee shall also be offered subject, insofar as practicable, to acreage limitations of the Federal reclamation laws.

Will you explain that a little bit, insofar as practicable? Why the qualifying language in there and how do they propose to operate it? Who leases these lands? Who are the people who are going to lease it from the Navy?

Mr. LANGLEY. At the present time lands are leased in rather large blocks, ranging from 400 acres to slightly over 5,000 acres. Those leases run out within the next 2 years at the most. There are some lands not leased at all, because the wells are no longer good and it has no source of water supply. The intent of the language is that the land be leased in parcels of 160 acres.

Senator JORDAN. This then would disqualify some of the present uses of the land if the reclamation provision is complied with.

Mr. LANGLEY. Yes; they would have to reduce the size or be eligible for a smaller size lease only.

Senator JORDAN. Those are all of the questions I have.

Senator ANDERSON. You have some leases there now. What sort of leases are they?

Mr. LANGLEY. Those leases range from 400 acres to slightly over 5,000 acres per lessee.

Senator ANDERSON. And what land is leased in total?

Mr. LANGLEY. Total under these leases at the moment is about 11,000 acres leased. Some of the land is not under lease presently, because it does not have a satisfactory water supply.

Senator ANDERSON. Thank you. Do you have any questions, Senator Hansen?

Senator HANSEN. Yes, Mr. Chairman.

What is the position of the Secretary of the Navy with regard to this bill?

Mr. LANGLEY. The Navy has concurred in the drafting of this bill and appeared with us at the discussions at OMB regarding the bill.

Senator HANSEN. Do you have any communications from the Navy Department that might be appropriately included, or are the letters from the Secretary sufficient to spell out their position?

Mr. LANGLEY. We do not have copies of the correspondence from the Navy. I believe there was correspondence from the Navy to OMB which the committee may have.

Senator HANSEN. I understand that there are communications in the House record.

Mr. LANGLEY. That's correct.

Senator HANSEN. I have no further questions, Mr. Chairman.

Senator ANDERSON. Thank you, Mr. Keating and Mr. Langley.

Mr. KEATING. Thank you, Mr. Chairman.

Senator ANDERSON. The hearing will be adjourned.

(Whereupon, the hearing was adjourned at 10:25 a.m.)





