

Congress of the United States
Washington, DC 20515

September 13, 2017

The Honorable Rob Bishop
Chairman
House Natural Resources Committee
1324 Longworth HOB
Washington, DC 20515

Dear Chairman Bishop:

Congressional oversight of federal agencies is crucial to public accountability through identifying waste, fraud, and abuse, as well as program and project effectiveness. Under the Oversight Plan adopted by the Natural Resources Committee, you committed to “work with federal oversight entities to identify and address instances of waste, fraud, abuse, and mismanagement in the federal government to ensure the most efficient use of taxpayer dollars.” We write to bring to your attention an alarming example of the misuse of federal funds and ask that you schedule an oversight hearing into this gross misbehavior by the Bureau of Reclamation.

Last week the Department of the Interior’s Office of Inspector General (IG) published a report, “The Bureau of Reclamation Was Not Transparent in Its Financial Participation in the Bay Delta Conservation Plan,” that uncovered misuse of more than \$80 million in taxpayer funds and other inconsistencies at Reclamation regarding its participation in the Bay Delta Conservation Plan (now referred to as “WaterFix”). The report concludes that Reclamation is “unable to provide documentation or analysis supporting its determination that these funds were nonreimbursable, and we question [its] interpretation of this legal authority.” This reckless disregard for congressional direction and the associated misuse of federal funds demands accountability and swift legislative oversight.

California has wrestled with how best to address its long-term water challenges, regardless of drought or water surpluses. The state proposes, through the proposed WaterFix project, to construct two tunnels in order to convey water supplies from the northern part of the state to water users south of the Bay-Delta estuary. According to the longstanding principle of “beneficiary pays,” as well as the state’s Delta Reform Act of 2009, the state and federal water contractors who benefit from this multi-billion dollar project are responsible for associated costs. The Bureau of Reclamation’s scheme to subsidize some Central Valley Project (CVP) water contractors’ planning costs appears to have been designed to intentionally circumvent this important policy.

The Inspector General’s report found that out of approximately \$250 million in planning costs, CVP water districts contributed only 18 percent, while state water districts contributed 47 percent. Despite the Interior Department’s claims, the IG report makes clear that these subsidies were not disclosed to Congress, to the public, or other CVP water districts who sought information about WaterFix financing plans. In fact, Reclamation provided inaccurate


information as part of its cross-cutting budgets and could not justify the cost-sharing discrepancy, with the report concluding, "...USBR's actions were not transparent." The Inspector General's report reveals a troubling pattern of misleading Congress, misuse of taxpayer dollars, and questionable decisions by Interior Department officials that are likely to continue: "We are concerned that the absence of transparency displayed by USBR ... will be perpetuated in the future."

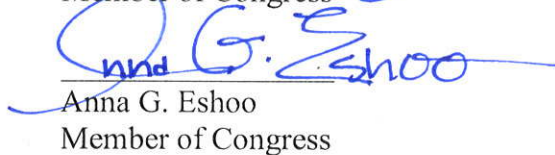
It is essential that Congress exercise its oversight authority in this case. Western states and water users need to have confidence and trust that the Bureau of Reclamation is working on their behalf, as do all of our taxpaying constituents. Moreover, these misused funds could have supported other authorized projects and activities at Interior, instead of secretly subsidizing the planning costs for a small set of wealthy contractors.

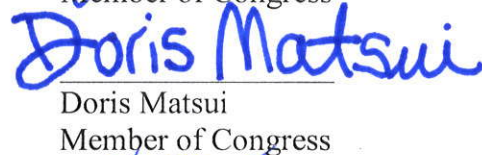
We request that the Natural Resources Committee hold an oversight hearing into the Inspector General's report that has implications on future federal expenditures and water resources in the West. At a minimum, representatives from the Inspector General's office, the Interior Department, as well as the beneficiaries of this scheme including the Westlands Water District, should testify before the House Natural Resources Committee. We look forward to working with you to address this issue so that we can determine what happened in this case, and how to prevent it from happening again.

Sincerely,

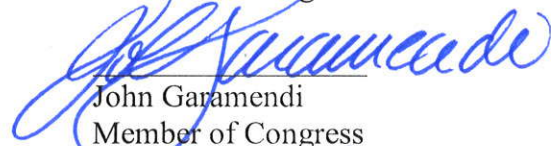

Jerry McNerney
Member of Congress

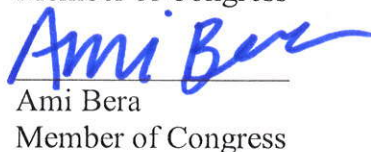

Jared Huffman
Member of Congress

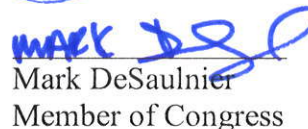

Anna G. Eshoo
Member of Congress


Doris Matsui
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Mark DeSaulnier
Member of Congress

Cc: Ranking Member Raúl M. Grijalva; Rep. Bruce Westerman, Chairman, Oversight and Investigations Subcommittee; A. Donald McEachin, Ranking Member, Oversight and Investigations Subcommittee