

ORAL HISTORY INTERVIEW

CHARLES FREY JR.



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OPEN FOR RESEARCH



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Donald B. Seney in 1994
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Newlands Project Oral History Series



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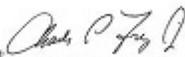
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Statement of Donation

STATEMENT OF DONATION OF ORAL HISTORY INTERVIEW OF CHARLES PECKHAM FREY JR.

1. In accordance with the provisions of Chapter 21 of Title 46, United States Code, and subject to the terms, conditions, and restrictions set forth in this instrument, I, CHARLES PECKHAM FREY JR., (hereinafter referred to as "the Donor"), of FALLON, NEVADA, do hereby give, donate, and convey to the National Archives and Records Administration (hereinafter referred to as "the National Archives"), acting for and on behalf of the United States of America, all of my rights and title, and interest in the information and responses (hereinafter referred to as "the Donated Materials") provided during the interview conducted on SEPTEMBER 30, 1994, at FALLON, NEVADA, and prepared for deposit with the National Archives and Records Administration in the following format: tape recording and transcript. This donation includes, but is not limited to, all copyright interests I now possess in the Donated Materials.
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INTERVIEWER: DR. DONALD B. SENEY

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Introduction

In 1988, Reclamation began to create a history program. While headquartered in Denver, the history program was developed as a bureau-wide program.

One component of Reclamation's history program is its oral history activity. The primary objectives of Reclamation's oral history activities are: preservation of historical data not normally available through Reclamation records (supplementing already available data on the whole range of Reclamation's history); making the preserved data available to researchers inside and outside Reclamation.

In the case of the Newlands Project, the senior historian consulted the regional director to design a special research project to take an all around look at one Reclamation project. The regional director suggested the Newlands Project, and the research program occurred between 1994 and signing of the Truckee River Operating Agreement in 2008. Professor Donald B. Seney of the Government Department at California State University - Sacramento (now emeritus and living in South Lake Tahoe, California) undertook this work. The Newlands Project, while a small- to medium-sized Reclamation project, represents a microcosm of issues found throughout Reclamation: water transportation over great distances; three Native American groups with sometimes conflicting interests; private entities with competitive and sometimes

misunderstood water rights; many local governments with growing water needs; Fish and Wildlife Service programs competing for water for endangered species in Pyramid Lake and for viability of the Stillwater National Wildlife Refuge to the east of Fallon, Nevada; and Reclamation's original water user, the Truckee-Carson Irrigation District, having to deal with modern competition for some of the water supply that originally flowed to farms and ranches in its community.

The senior historian of the Bureau of Reclamation developed and directs the oral history program. Questions, comments, and suggestions may be addressed to the senior historian.

Brit Allan Storey
Senior Historian
Land Resources Division (84-53000)
Policy and Administration
Bureau of Reclamation
P. O. Box 25007
Denver, Colorado 80225-0007
(303) 445-2918
FAX: (720) 544-0639
E-mail: bstorey@usbr.gov

For additional information about Reclamation's history program see:

www.usbr.gov/history

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**Oral History Interview
Charles Frey Jr.**

FAMILY AND EARLY LIFE

Seney: Today is September 30, 1994. My name is Donald Seney, and I'm with Mr. Charles Frey at his home in Fallon, Nevada.

Good afternoon, Mr. Frey.

Frey: Hi, how are you doing?

Seney: Good. Why don't you begin by telling me when your family got here to the valley and began to farm.

Frey: Well, my father was born in 1912, and his family farmed out in an area that is now called Stillwater.

Seney: When did they arrive? This would be your grandparents, when did they come?

Frey: Actually, to go back a little bit further, my grandfather arrived in Genoa. He had one of the first deeded acres in Genoa.

Seney: Were they part of the Mormon colony over there in Genoa?

Frey: Yes. He was not a Mormon, but he was right there next to the Mormon station—in fact, where the post office is, I believe a portion of that area there was his farm.

Seney: Do you know what year that was?

Frey: I cannot recall that, but we could find that out. And they farmed there for quite some time, and they heard about the Newlands Project and how wonderful it was, and the Department of Interior, or Reclamation Service, I believe it was called at that time, were advertising that there was an abundance of water here, water was assured, the government was giving away land if you purchased the water rights. So they decided to come over to Fallon. I believe they located first out there in Stillwater, and my father's mother, my grandmother, died when my father was six years old, and so my father had a real rough time. My grandfather never ever remarried, and my grandfather raised three boys: my dad, and my two uncles. One uncle, George Frey, is still alive. The other uncle passed away several years ago.

Seney: Did they farm here too, over the years?

Frey: Just my Uncle George. Joe Frey was a mechanic and worked up at Lake Tahoe for many years. And then I'm not sure when, I'd have to look up the

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specific dates, but my dad moved over to Soda Lake area, and they started farming there, with his father. He went to work for Earl Herriman [phonetic spelling] probably in the 30s, and acquired some land from Mr. Herriman that had a lot of trees on it, and my dad and his brother lived in a dirt-floor dugout shack that had limbs and leaves over the top of it. It was really rough for them, but they loved it. In fact, he kept a complete diary of everything that he did—very interesting to read that, because in some of it, it says when he saw some mice in his dirt-floor dugout, he felt that he had to learn to live with the mice and the spiders and everything. And of course they tried to keep it as clean as possible, but it was very hectic for them. Anyway, they acquired some farming land from Earl Herriman, and it was land that had a lot of trees on it, it was right next to the river, and Mr. Herriman couldn't farm it because there were so many trees. Well, they invented a tree-puller, and harvested probably three—I think Dad said there's about 3,500 trees on the farm, and they had to pull them all.¹

1. A note on editorial conventions. In the text of these interviews, information in parentheses, (), is actually on the tape. Information in brackets, [], has been added to the tape either by the editor to clarify meaning or at the request of the interviewee in order to correct, enlarge, or clarify the interview as it was originally spoken. Words have sometimes been struck out by editor or interviewee in order to clarify meaning or eliminate repetition. In the case of strikeouts, that
(continued...)

Seney: And they developed their own tree-puller.

Frey: They developed their own tree-puller. Then my dad helped his brother, George Frey, go to college. And when he got out of college and the Army, he sold that ranch to his brother and then came out to the farm here in 1944. I remember that date. I believe it was December 1944 when he acquired this farm at the end of Dodge Lane.

1. (...continued)

material has been printed at 50% density to aid in reading the interviews but assuring that the struckout material is readable.

The transcriber and editor also have removed some extraneous words such as false starts and repetitions without indicating their removal. The meaning of the interview has not been changed by this editing.

In an effort to conform to standard academic rules of usage (see *The Chicago Manual of Style*), individual's titles are only capitalized in the text when they are specifically used as a title connected to a name, e.g., "Secretary of the Interior Gale Norton" as opposed to "Gale Norton, the secretary of the interior;" or "Commissioner John Keys" as opposed to "the commissioner, who was John Keys at the time." Likewise formal titles of acts and offices are capitalized but abbreviated usages are not, e.g., Division of Planning as opposed to "planning;" the Reclamation Projects Authorization and Adjustment Act of 1992, as opposed to "the 1992 act."

The convention with acronyms is that if they are pronounced as a word then they are treated as if they are a word. If they are spelled out by the speaker then they have a hyphen between each letter. An example is the Agency for International Development's acronym: said as a word, it appears as AID but spelled out it appears as A-I-D; another example is the acronym for State Historic Preservation Officer: SHPO when said as a word, but S-H-P-O when spelled out.

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Seney: This is a beautiful farm. (Frey: Thank you.) We're sitting in an absolutely beautiful home that was here when your father acquired the farm.

Frey: When he acquired it. This particular home was built in 1918, and it was built by Robert L. Douglas. Mr. Douglas owned 12,040 acres and we have large pictures of what this ranch looked like. It included all of Dodge Island Ranch and Carl Dodge's place, and many, many other farms around this area. Mr. Douglas really liked my dad, because my dad worked really hard. All he did in his whole life was love to farm. He didn't particularly like to get in debates, the political arena or anything like that, but he did participate in TCID [Truckee-Carson Irrigation District] and the State Department of Agriculture. He was with both of those agencies about twenty years each.

Seney: I'm curious how your dad got to be prosperous enough to buy such a beautiful place.

Frey: Mr. Douglas sold this ranch to my dad for \$60,000 in 1944. Mr. Douglas just liked the way my dad farmed.

Seney: Is that a bargain price?

Frey: A *very* good price. Well, everybody in those days

thought he was going to go broke. But the \$60,000 probably just about *did* make him go broke. He ended up selling a truckload of cattle and he got a rubber check for it, and that about did him under. But he made it work. He was just bound and determined to make it work. This particular place, when he acquired it, had all kinds of sloughs. None of the fields were square or rectangular shaped. (brief interruption)

Seney: So you were saying it was filled with sloughs.

Frey: He had a lot of sloughs, a lot of ponds, because Mr. Douglas never ever wanted to let any of the water, once it got on the property, off the property. So at the bottom ends of a majority of the fields were ponds. And it was great duck hunting. Mr. Douglas loved the wildlife. He liked to golf. He had a driving range, in fact, right off this deck, this porch here. It was only enclosed—half of this was enclosed, and the other part had a flower garden on the top, and he had a little driving range with three sets of holes out here in an orchard. Plus Mr. Douglas liked to race cars. He had Stutz Bearcats in the basement here, underneath us. There's a full basement that you can drive the cars down, and there was little railings to keep the cars really straight, the wheels straight, little pipe railings so they wouldn't hit either side of the wall. They would take three cars down there and wash them

and keep them all nice and clean. Then there was a little garage next to it. It was really an elaborate set-up here.

Seney: Did he not farm? Was he prosperous for other reasons?

Frey: No, Mr. Douglas farmed. In fact, his daughter, who's Eleanor Scofield [phonetic spelling], has been here many times. Within the last five years I bet she's been here six or seven times, and she stays in her old room when she comes. She's about eighty-two years old, and she's very alert, very sharp. It's like old home week when she comes back, we just really enjoy having Mrs. Scofield come visit us when she comes here. She has given an oral history report to the county museum here.

Seney: Sure, I'm aware of their project.

Frey: And a very good oral history report. But getting back to my dad, I guess one of the things that made him really successful was the fact that he worked very, very hard, he did most of the things himself, he did a lot of land leveling. He worked hour after hour out there on the tractor, scraping dirt and making this ranch the way it is today.

Right next to our home here is a cookhouse,

and it was built one year before this one in 1917, and it housed the cook and then upstairs was all the bunkbeds and everything. Downstairs was a large kitchen and dining room area where all the hired hands ate. And we had thirty-three wagons here, old-time wagons that we just sold and we donated the money; put it in an endowment for the benefit of some children for higher education. All the kids that graduate from Churchill County have an opportunity to apply for a scholarship. We gave four scholarships away last year, to the Churchill County graduates. So we really enjoy that part of it.

Where was I?

MODERNIZING AND IMPROVING THE FARM

Seney: Talking about your dad leveling the land and working hard.

Frey: Mr. Douglas, anyway—I think I was on this subject—Mr. Douglas more or less liked the land the way it was, and got every benefit he could out of the way the land was leveled irregularly. He had sloughs running all over the place, and he had little dams built so it would flood certain sections. But that was very hard for anyone to harvest their crops, because it meant going into these irregular-shaped fields and cutting them and raking the hay up and harvesting it. And when my dad got it, he more or

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less developed the area into sections and borders that matched the quarter-quarter sections, the way they're designed. So he made the farm much more productive in that we ended up laser-leveling all the ground to maximize the efficiency of the water, and maximized the crop yield that way.

There's been a lot of underground tile drainage put on the farm.

Seney: Is that unusual? Is there some reason to put underground tile drainage here?

Frey: It's not unusual for most farming areas, however it's just really expensive. A lot of farms in this area don't have it, because there's open drain ditches. But we find the open drain ditches grow a lot of weeds. They're very hard to maintain. You got to keep the moss out of them, and you've got to dig down deep. And so we asked the A-S-C-S [Agricultural Soil Conservation Service] to come in and do studies. Yes. We started putting in tile drains about fifteen, twenty years ago. We found them to be very effective, because we can cover up some of the open drains, and our yields increase because the pipe stays down there deep where it's supposed to be, and we get a lot of water off. We think that the water should be applied to the ground quickly and as fast as possible, and then it should be

drained off as quickly as possible too.

Seney: So in the long run it's cost effective.

Frey: Very much so. With the laser leveling we can irrigate checks—sometimes we can irrigate ten to twenty acres an hour, depending on what area it is, and that's very, very fast.

Seney: What kind of fall have you put in them?

Frey: We put in 1½ to 2 tenths of a foot every hundred feet, is the way we laser level the fields, and it depends on which fields you're looking at. All of them are laser leveled. When we irrigate, we use tape measures. We have yellowjacket metal gates and we jack up the gates to a specific amount. We have a little irrigation sheet that the irrigator takes and he records when the water starts going down the check and when he's finished. And we usually shut that check off probably 600-700 feet from the end, because the water, of course, continues to flow after you shut it off. So we try to minimize the waste of water, which is not good in respect to what's happening to the wetlands, but we have to be very cautious of our water supply and not waste any of it.

Seney: I see some of your ditches are lined. Are they all lined with concrete?

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Frey: Some of them that are in sandy areas we try to line so that we don't lose any water, but a lot of them are open because we like the cattle to come in and graze those ditches. If it's a real sandy area, we'll see some of them lined.

RUNNING CATTLE ON THE FARM

Seney: You run cattle then?

Frey: A lot, yeah. I don't own any cattle right now—we sold all of them in 1986 because I came down with a heart problem, and I just couldn't take care of them. But we lease out, we have cattle here right now. We have probably 150 head of cattle around the ranch right now and we get lease [payments for them].

Seney: How do you charge for something like that? What's the going rate for grazing cattle?

Frey: For here, it's ten dollars a month per head, about thirty cents a day per head.

Seney: But it's to your benefit, too, is it not, to have the cattle?

THE FARMERS AS STEWARD OF THE LAND

Frey: Oh yes, because you graze these ditches, it keeps the weeds down. One thing I'm really concerned about is that the farmers, I think, are very good stewards of the land and if we see the farmers leave this valley, sell out, sell their water rights and leave the valley, I think we're going to see some very deplorable situations, because this land is not going to revert back to desert like it was. We're going to have the structures, the cement ditches, the collapsing fences, we're going to have weeds growing everywhere. It's not going to be a pleasant place to live, and I'm very concerned about that part of it.

Seney: Let me ask you this, as I look around here, and we're up on sort of the second floor [in front of a] window—a beautiful setting, I must say, it's really spectacular. As I look around here, toward Mr. Dodge's place, and then your place here, these are among the most productive lands in the valley, maybe *the* most productive lands, would you say, in the Project?

Frey: There are some others, that are just as productive. Mr. Dodge plants a variety of alfalfa hay that really yields well. We plant a variety that doesn't yield quite as well, but it is maybe a little bit better quality. Our hay is sold generally before his. We go after quality.

Seney: There's a market advantage to that, isn't there?

Frey: A little bit, because our stack yards are generally empty before Mr. Dodge's, but I think they have barns that they can keep their hay under, we don't. And so they have an advantage.

Seney: You have a little different approach.

Frey: Yes. And his market strategy is a little bit different than ours. But basically, his farm and our farm can produce some of the [best] hay crops, hay yields, in the area.

Seney: As I look out here at your stack, I see what you mean, that it's uncovered. But it seems to be a lot of hay. Is this a lot of hay you have on hand?

Frey: Yes, it is. It's all sold, by the way.

Seney: Oh good, that's good news. (Frey: Yes.) How much is there? Would you say in tons or bales.

Frey: I would say generally in tons, but we'll put up between 3,000 and 4,000 tons of hay a year off of this farm. And a lot of our hay goes overseas to Japan, just like Mr. Dodge's does—there's quite a bit of that.

Seney: Looks to me like maybe he's got a little more stacked at this point than you.

Frey: Yes, he does. His ranch is about twice as large as ours. He's got, I believe, 1,400 acres and we have 700 and some. So he will have a little bit more. Those barns that he has put up are very nice, to protect the hay.

Seney: What's out in the silos here? I see these two silos.

Frey: Those two silos there, we store grain, corn, and occasionally haylage.

Seney: You have wheat out here?

Frey: We do have wheat. There is nothing in those silos right now, but they will store—two of the larger ones there will store over 1,000 tons of grain each.

Seney: This is a beautiful place. (Frey: Thank you.) Not only is your home beautiful, but from what little I know of farming operations, I can tell this is a very well-run place. And the compliment gets me to a question: You and Mr. Dodge both are obviously very enlightened farmers who give this a lot of thought, (Frey: Oh yes.) and when you say that the farmers are good stewards of the land, I expect that must vary, although generally speaking, you might say that that would be the case. I guess what I'm

trying to get at is that obviously you're taking good care of this place and you're giving a lot of thought to what you do and the kind of drains you put in and you appreciate the fact that when you spend money, probably it comes back to you, (Frey: Right.) compounded really. (Frey: Right.) It's a good investment. How enlightened, generally speaking, would you say, the farmers on the Project are as a whole? If you were talking to an agriculture class and explaining agriculture on the Project, how would you characterize it and describe it?

Frey: I think the majority of the farmers that are still farming are fantastic farmers, and the reason is, you *have* to be a fantastic farmer in order to make it. It does not pencil-out if you don't. If you're not up and running full bore, and maximizing every bit of your profits, you won't make it because you won't realize a decent return on your capital investment. You have to stay abreast of that, and the poorer farmers are probably already gone. And that's what I'm concerned about—I'd like to see the farmers stay on their farms. And that kind of leads me into the leasing part of it, because if we can keep the farmer on his farm, he will still be there to maintain his ditches, because I need to run my water through his farm to get to my place. If he leaves, I've got to clean his ditches, probably I'm going to have a problem getting water to me because the more

farmers there are in this valley, the less cost it takes to bring the water to us, because we have less transportation loss. If there's only one farmer down in this valley, and we lose 5,000 acre-feet every time we turn the water on in Lahontan, and bringing it from Lahontan down here we lose 5,000 acre-feet, it's not going to be cost-effective to this one farmer that's still down here. So I'm *really* concerned about that.

LEASING AS A WAY TO MAKE WATER AVAILABLE TO THE WETLANDS

It just doesn't make any sense to me to permanently remove a farmer from his farm or the water from his farm and then of course the farmer leaves. That doesn't make any sense to me, when only about a third of the time we're in a drought situation. I have some documents that'll prove that, if you're interested in looking at them.

Seney: Well, we can just talk about them. I'll accept your word for that. I have looked at your testimony in the hearings. If you'd like to refer to them, fine.

Frey: I'd just like to look at one of them here. In the past seventy-three years, there's been records maintained by the federal watermaster and state water engineers that will show how much water is at Derby Dam, the total combined amount at Derby Dam. Derby

Dam is where Newlands Project diverts water for the Newlands Project or it continues going on down the Truckee River to supply other farmers, and eventually to Pyramid Lake.

Seney: These at the bottom would be the drought years?

Frey: The bottom would be the drought years. And twenty-five of the last seventy-three years you'll see here that we've been in a drought situation. And unfortunately, it's been recently, since 1986, it looks like, it's been real low. But what my concern is, about twenty-two years, we have between 350,000 and 500,000 acre-feet of water at Derby Dam.

Seney: How would you characterize that?

Frey: That would be normal. And then twenty-six out of the last seventy-three years, we've had 500,000 feet or above. So this all leads to one point: Is it really necessary to completely or permanently take and eliminate these farmers from their land by acquiring the water rights permanently, if you only need it one-third of the time? That's been my whole push. It would be my preference to see the farmers stay on the farm, and if there's a need for water, have them come acquire it through leasing. In other words, pay this farmer instead of growing a crop out here, acquire whatever water would have been allocated

to that field, acquire that water from that farmer, let that particular field go dry for that year, because farmers rotate their crops, and here's the advantage of it. You can see a field right out here that's in wheat stubble, we've harvested it. If we were able to lease the water, I would have chosen probably to lease that 125-acre field's worth of water because I would have said, "It's probably better to take it out of production, because it's older hay. I need to rotate it." I would have summer fallowed that ground. I would not have brought a crop off, but I would have had revenue to substitute for the revenue that I got from the grain. I would have still been buying tractor tires, I would still be buying tractors, I would still be buying everything that it takes to maintain the economy here, and it just seems like it makes a lot of sense to lease.

Seney: As I read what you've had to say here, both in your brief testimony and then in your documents, to someone who's as familiar with it as you are, it's very easy to understand, but for someone like myself, and those who'll be reading these interviews later on, we need to make it as clear as we can that this is a little over a hundred acres of approximately a 700-acre farm, so you're talking about one-seventh, about fifteen percent of it. (Frey: That's right.) You'd be willing to lease out that water. This was a dry year, this was a fifty-seven percent year. (Frey: Yes.) So let's say that we had a leasing

scheme in effect at this point. I don't mean "scheme" [in a derogatory sense]. (Frey: I understand.) If we had a leasing plan in effect, say maybe the Fish and Wildlife Service would come to you and they'd say, "Mr. Frey, are you interested in leasing any water this year?" and you'd say, "Yeah, I can lease you the water that would go on this field," and you know how much water. You get 3½ acre-feet per year, so we're talking a total for that field of how much water?

THE TRUCKEE-CARSON LEASING AUTHORITY

Frey: What we'd try to do is set up—and we *do* have it set up, a Truckee-Carson Leasing Authority [TCLA]; I'm the President. And what we have done is created powers of attorneys where farmers could come in and say to the Truckee-Carson Leasing Authority that, "I am interested in leasing this 125 acres of ground"—whatever the water rights would be on that. And we don't know. As we know it now, it's fifty-seven percent, but at the time he did it, he may not know. "But I'm willing to keep this 125 acres out of production for this amount." And that would be a document that we could accumulate from a lot of different farmers.

Seney: So the farmer himself would set a price on that, what he would need.

Frey: Yes. And this same farmer may also have another field that he may not be willing to take out at that price—because I could lease this water out probably the cheapest. Then my next field, maybe it'd be a 100-acre field that is ready to go out *next* year. I might lease it out for a different price.

Seney: Higher you think?

Frey: Yes, probably higher. Yes, it'd probably be higher, because I'm projecting I can get so many tons of hay off of that. And every field could actually be leased if they need it. So there would be a rate, it would be all different.

Seney: How many fields do you consider you have here?
How many checks do you have?

Frey: It would depend. Some years we might group them. Here's the reason why: a brand new alfalfa field that has just been planted last year, it would be *my* preference, and probably every farmer's preference here, to keep water on that particular field, because it just cost me a lot of money to laser it, to put the field into production, and now I've got a really good stand on it.

Seney: That would be your most expensive one.

Frey: Yeah, I wouldn't take that out, because it's going to

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cost me \$200-\$300 an acre to put that back in. Where if I had this grain field that's coming out for sure, it's not worth too much to me. And then next year, I'm going to take this field out, and so it'd be a little bit cheaper. See, it's just a matter of bringing in the offers. That's what TCLA would have done.

Seney: What I'm trying to understand, and that's exactly what you're telling me, how these prices would vary for the leasing of water.

Frey: So in other words, TCLA would accumulate from these farmers the various water that's being offered to them at various prices. And then let's say we have Sierra Pacific [Power Company], as an example, come in and they say they want 1,000 acre-feet of water, just as an example. And they would tell TCLA "that we're willing to pay \$200 an acre-foot," just as an example. And TCLA's board of directors would say, "Well, we have 850 acre-feet available at that price, would you like it?" (Seney: It might be off your stubble field out here.) Yeah, it might. Now, a farmer may have only wanted \$50 an acre-foot, but they offered \$200, so that farmer is in a pool that would meet that criteria.

TCLA IS INVESTIGATED FOR PRICE FIXING

So the Department of Justice and us, TCLA, have

been working this out. I don't know if you're aware of this, but the Department of Justice came in and investigated TCLA for price fixing. (Seney: No, I wasn't aware of that.) They confiscated twenty-seven of our twenty-nine files.

END SIDE 1, TAPE 1. SEPTEMBER 30, 1994.

BEGIN SIDE 2, TAPE 1. SEPTEMBER 30, 1994.

Frey: The Department of Justice very conveniently came in and started investigating us. They sent us out a civil investigation demand notice that was very official. They sent out an attorney; we met in this room with the other board of directors of TCLA and we set down and he investigated us for price fixing. And it seemed very peculiar because here's a group of farmers that got together to try to address Public Law 101-618² and how we're going to handle it, and how we want to see our agriculture industry respond to this law.

Seney: And what you see yourself doing is establishing a marketing mechanism for leasing rights, rather than a price-fixing mechanism.

Frey: Yes. And they, in effect, took over a year to investigate us, and finally they dropped their investigation after we told them how we plan to

2. Fallon Paiute Shoshone Indian Tribes Water Rights Settlement Act of 1990.

collect the various prices, the powers of attorneys from the farmers. (Seney: Just what you've described to me.) Yes. And then market the water. And we agreed to handle it in that respect.

Seney: Did you make any changes for them? Did you respond in any way?

Frey: Well, they restricted us, to make us to agree not to lease any more than twenty-five percent of the water in the Newlands Project. Well, we didn't want to lease any more than twenty-five percent of the water anyway! In fact, we didn't want to lease *any*! We're only doing this so we would have another mechanism. We can't stop the farmer from selling his water rights. What we want to do is tell the farmer, "Wait a second, look at this and think about leasing instead of selling, because you don't have to sell, it's another alternative." It's very crucial to me, the farmer that wants to stay, maybe, that my neighbor stays, because I *don't* want my neighbor to leave and sell out permanently. Then I have to clean his ditches and worry about weeds blowing into my fields and everything else.

Seney: That's another concern, isn't it? (Frey: Oh, you bet!) If his field goes fallow it becomes essentially a spawning ground for weeds that get in your field.

Frey: It contaminates my property.

THE ORIGINS OF THE LEASING CONCEPT

Seney: Let me ask you, where did you come up with the idea for this leasing business?

Frey: We spent many, many hours with Virgil Getto [he] is one man that—he's a former state senator and assemblyman—he and I talked for many many hours.

Seney: Kind of brainstormed of "What can we do?" you mean?

Frey: Since 1986. I came up with the idea of leasing after reading some books and things that other farms have done in other areas, like Crowley County, Colorado, some of those areas, some of the problems they developed.

Seney: And they've done some leasing there, have they?

Frey: Yes. But what mainly Crowley County, Colorado, was, it helped us understand that we all needed to stay together. All the farmers needed to kind of form [an organization]. Farmers are really independent.

Seney: I know, it's hard to organize farmers.

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Frey: You can't organize them. And we can't really stop them from selling, although we'd *like* to stop them. I don't want my neighbor to sell, but there's nothing I can do, and there's nothing he can do once I decide to sell. So Crowley County, Colorado, if you study that really, really closely, and the prices of water rights, there's a time to get out, and the timing is really critical, because if you're the last guy on the end of the river system, you're never going to get your water, and you're probably never going to get any price for your water rights. So we've been doing a lot of studying to determine *what* to do, *when* to do it, and leasing came up. It's just like you studied the availability of water, Mother Nature, as seen from this schedule, does not give you water consistently or evenly throughout the years—it fluctuates up and down all the time.

THE BOARD OF DIRECTORS OF TCLA

TCLA has some very prominent farmers as Board of Directors. I'm very pleased with how we organized it. Cyril Schank, the County Commissioner, is one; Don Travis who's a real knowledgeable farmer, *and* he's a retired principal and he's in there; Virgil Getto, who's a former state senator. We have Dell Steve [phonetic spelling] who is an Indian who is out on the Shoshone-Paiute Indian Reservation, and he's very knowledgeable.

They all like this concept of leasing.

Seney: The Indians like the leasing concept, do they?

Frey: Yes. We have also Richard Jackson, who's an insurance broker up in the Truckee Division, we call it, and he's out of Fernley. And then Bill Card is another one. We just have a great group of people that work really well together. And when the Department of Justice came in and started investigating us, our attorney, Mike Simbeniotus [phonetic spelling] out of Carson City, advised us to tone everything down, we were not to stick our head out of the sand, and gave them everything that they wanted. We finally got rid of them just a few weeks ago, and they released their investigation. (brief interruption)

Seney: We were talking about the Board of Directors and toning things down, and the Justice Department.

WHAT HAPPENED DURING THE JUSTICE DEPARTMENT INVESTIGATION

Frey: Yeah. Our attorney, Mike Simbeniotus said that we just couldn't have a lot of activity while the investigation was going on. And that diverted things and allowed the Fish and Wildlife to come in and start purchasing quite a bit of water rights from the farmers. We, of course, didn't like this, because

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our main objective is to try and get the water through leasing, instead of permanently purchasing it. And so that was just kind of a real disheartening investigation. It came at a very inopportune time.

Seney: What was your feeling about that investigation?
How did you feel about that?

Frey: That it was done kind of from a punitive standpoint, that we had discussed this at very great lengths with the Department of Interior, Bill Bettenberg³ knew about what we were doing, how we were doing it. We conducted surveys of the farmers to see how much they would be willing to lease their water for. We even had an offer from Sierra Pacific Power to lease water at \$212.50 an acre-foot, and it was a written offer. I don't think the Fish and Wildlife [Service] or the Department of Interior particularly liked that, because it was going to circumvent them from permanently acquiring the water. (Seney: And that's what they really wanted to do.) Well, it's hard to say.

3. William Bettenberg was the deputy director of the Office of Policy and Analysis for the Department of the Interior, see William Bettenberg, *Oral History Interview*, transcript of a tape-recorded Bureau of Reclamation Oral History Interview, conducted by Donald B. Seney, edited by Donald B. Seney and desktop published by Brit Allan Storey, senior historian, Bureau of Reclamation, Interview conducted 1994, desktop published 2009.

Seney: TCLA was a fly in the ointment here, do you think.

SUPPORT FOR THE IDEA OF LEASING

Frey: Oh, we were definitely a fly in the ointment. We came back, I think it was in June of 1993, Bill Bettenberg says that they were going to release a letter to allow the farmers to lease water. But that letter has still never come, and we were told that in a meeting at the multi-purpose room in town. We were very elated when we heard that, but they still have not released that letter. We have also had a vote by all the farmers, and the farmers all agreed that leasing was a viable alternative, and they agreed that we won that by a narrow margin, but we still won.

Seney: So you have pretty widespread support, you think, among the farmers, (Frey: Yes.) this has gone over pretty well.

Frey: Now the farmers don't like to give up the water at all. Now, see, you've got guys on both sides of the fence that might be against it. What is hard to do, some farmers just don't want to give *any* water, so you've got *those* people voting against you.

Seney: And the ones who want to sell, you've got voting against you.

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Frey: You may or may not have those too. I don't want to say everybody that's selling is against leasing, because they're not. So you get them on both sides. We're kind of taking a middle-of-the-road approach, and some of the old-time farmers end up saying, "Well, by God, I would rather sell than lease or give them *any* water. I'm going to just get out of here, and I'm going to go up to Medford, Oregon, or wherever, and start farming up there, because they *like* farmers up there." If you look at the farmer, I think you will find a very honest, independent person who truly is a hard worker, that we should *never* want to get rid of.

AGRICULTURAL PRODUCTIVITY

And if you look at the statistics of farming, and some of the problems that we have in our country, I think the statistics will tell you everything: the United States' agriculture consists of—three-tenths of one percent of the world's work force is a U.S. agricultural employee—three-tenths of one percent of the world's work force. This is three out of every thousand workers in the world are American farmers, okay? Three out of every thousand. But yet the American farmer produces forty percent of the world's corn, he produces fifty percent of the world's soybeans, he produces fifteen percent of the world's cotton, ten percent of the world's wheat,

twenty-five percent of the world's beef, and eleven percent of the world's pork. Now that's a pretty good job that this three out of a thousand world workforce people are doing. I think that's really important.

Seney: Isn't that, in a way, though, a part of the problem? that so few farmers/voters produce so much? (Frey: Yes.) But there really aren't very many of them to "throw their weight around," shall we say, (Frey: That's correct.) in the electoral process. (Frey: That's correct.) Isn't that part of the problem, do you think, here in Fallon, as a part of Nevada, Fallon is such a small percentage of the state?

Frey: It's not only a problem here, but it's a problem world-wide. I think it's a problem with the miners. The miners, you look at them, they've got the same problems as the logging industry, the ranchers, the farmers. (brief interruption)

Seney: One of the problems, you're quite right in pointing out how few farmers grow so much, but then there aren't many of them, and you were talking about that was true of the loggers and other elements too.

Frey: I guess one of the main points that I would like to make is a farmer needs a lot of water to continue feeding 130-some people that he feeds. If you look at it that way, if the American people look at it that

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way, they will realize that, that water has really gone to their best beneficial use. Like us, we're producing 3,500 tons of hay a year, that's a substantial amount of feed that can be fed to beef cattle or to dairy cows to produce milk. That feeds a substantial number of people. And that's very important for the people to realize, because if they don't realize that, their cost, if they keep eliminating us, their cost that they're going to incur at the grocery counter, is going to be substantially higher.

THE PROBLEMS OF GOVERNMENT

[There is] one other point I'd like to make. But the farmers right now are producing such an abundance of crops that the American public is only spending about nineteen percent of their income on food, where if you get into other countries, they're spending well over fifty percent. Now I don't think that the American population is going to realize how great they had it, until they miss it, until it's gone. (Seney: That's a hard message to get across?) It's a *very* hard message to get across. And this worries me too, that we continue to spend like \$1.22 for every dollar that we make in the Federal government—our national debt just keeps going up and up and up, and fifty-six to sixty-two percent of whatever we pay to the government goes just to service that debt, just to pay the interest on that

debt. What happens when a hundred percent goes just to service the debt? Where are we going to get the money to continue running the country? You know, I don't know why we don't wake up. I don't understand why our government continues on violating a very old principle. *We're* the government, you and I are the government, we owe a portion of that \$4.2 trillion, and they just keep doing it. And it's just like they keep killing off these farmers, or taking their water away from them, and taking the loggers' forests away from them. It's got to stop somewhere.

THE ORIGIN OF THE PRESSURES TO REDUCE THE NEWLANDS PROJECT

Seney: What do you think is generally behind the pressure to reduce the Newlands Project?

Frey: I honestly believe it's growth in Reno. They say it's the wildlife. The reason I don't think it's the wildlife is because we've come up with an idea to provide better wildlife than they have now. Stillwater [Stillwater National wildlife Refuge]⁴ is the bottom of the sink, it's the very bottom of the sink. What

4. For information on the literature regarding the Stillwater National Wildlife Refuge see Jan Nachlinger, The Nature Conservancy, Northern Nevada Project Office, *Stillwater Marsh and Lahontan Valley Wetlands Literature Review* (Division of Refuges and Wildlife, Region 1, U.S. Fish and Wildlife Service, January 1993).

accumulates at the bottom of the sink is contamination. You have all kinds of very deadly toxins that are down there, and the water gets low, that toxin level builds up, and you have botulism problems with the ducks, they have deformity in the eggs and everything else. So we've come back, like TCLA—many of the members in TCLA have come back and said, "Well, wait a second. Why don't we build the wetlands just *above* the farms, have the water come out of Lahontan Reservoir, *into* a wetlands habitat, have fresh water, keep the water coming through and into the farms then, so we get a double shot at this water. Why buy the water and send it from Lahontan, straight down to the bottom of the wetlands? It makes no sense." But they insist, they shut down Schekler Reservoir, which is a wetlands habitat *twice* as good as—better water, anyway—than Stillwater. The Harmon Reservoir area has been depleted of it's water.

Seney: One of your views is that the whole of the Project is to some extent a wetlands habitat.

Frey: Yes, it is. And the more the farmer wastes off the bottom of his field, the better it is for the wetlands. But then they come back and they jump all over the farmer for wasting his own water off the field. It makes no sense. So they're not doing it to protect the wetlands. That's my opinion.

Seney: So to you that's a kind of smokescreen.

Frey: Yes, it is, that's all it is. Because if they *truly* wanted to protect the wetlands, why are they allowing duck hunters to go out there and shoot the ducks? I mean, does that make sense?! I mean, why are we growing these ducks if we're going to go out and shoot them? I mean, what do you want to do?

The Indians and protection of endangered species, I think, is also another smokescreen. What they're doing is using that as a tool or as a leverage to get water away from the farmers, and the real culprits are the ones like Project "C" and other developments—not just picking Project "C." (Seney: Project "C" being?) Is a large hotel-casino complex going up between the El Dorado and Circus-Circus up in Reno. It's development in Reno. If you look at Reno, every acre of house, every acre that they have in houses, which is about three houses per acre, they need about 3½ acre-feet of water, about the same as we need. So every time they increase the development of Reno, they've got to take out an acre from me. Every acre they take. That's in effect what they're doing. And if you set down and really study it, I honestly believe that's where it's coming from. I think that's what the pressure generated on Senator [Harry] Reid and Senator [Richard] Bryan is all coming from Reno. You see that when

[Congresswoman] Barbara Vucanovich and Senator Reid and Senator Bryan and Sierra Pacific are all having celebration parties after they get Public Law 101-[618] slammed through the Congress and the Senate at 2:00 a.m. in the morning when there's no one there. Everybody's gone, or those that are there are voting in favor for it, so they get something like this going. And to me it's violating a lot of the personal property rights of these farmers down here, because they come up with some ridiculous thing like we have recouplement, we owe 1,057,000 acre-feet of water that we have to repay to Pyramid Lake. Well, I never used any excess water. If I did, go ahead and try and prove it, because *I didn't*. I can substantiate that I did not take one extra drop of water. Who benefitted by that, if there was 1,057,000 acre-feet they just pulled these numbers out of the air.

Seney: This is over a period of years, from '73 to '88.

Frey: Well, over a period of years. And you can see the period of years, and one of the big years is 1982 and '83 when we had a huge flood. They should have let every farmer use—well, almost had 2 million acre-feet of water coming by Derby Dam there. And that was an *abundant* water year. That year the wetlands were hurt more than a dry year, because it flooded the wetlands. There was a lake from Stillwater all

the way up to Lovelock area. It flooded Brinkerhoff's [phonetic spelling] Ranch three feet deep at their main headquarters. There was so much water there was *no* habitat because the ducks couldn't get any feed. And then as that water recedes down, it collects—all the contaminants go back into Stillwater and it slowly recedes back and brings the contaminants with it. And there you have Stillwater. So we're saying, why don't we take the wetlands and move them upstream a little bit.

Seney: Any sympathy for that suggestion to move the wetlands up?

Frey: No. I mean, that's a logical thing that we could do to help protect that area, protect the wetlands. I *love* nature. I have thousands and thousands of geese out here. I have dove in my bird cage right here, and rabbits and turkeys, ducks.

Seney: I see the turkeys back here.

Frey: But I love nature. And every farmer does. He wouldn't be in this business if he didn't. And the people that are coming from Reno, that are trying to force the issue and say, "Hey, let's put more water down to the wetlands," we *are* the wetlands! We have the drain ditches and the open canals and stuff that provide the feed and the wetland habitat for these animals, for these birds. And the deer. And

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they're beautiful. I don't like to kill anything I don't eat. But I very seldom will get out a shotgun or a rifle or anything and shoot anything, because I just like to see them around. It's important to me to see that.

Seney: Let me go back to Reno. We are really talking about Sierra Pacific Power and their Westpac Utilities Division here. I expect that one might think that if they have more water, they're going to have more development, they're going to be able to sell yet more water. But more importantly, they're going to be able to sell more power, electricity, out of which they *really* profit. Ten percent of their revenue stream, I think is Westpac, ninety percent is the electric power side. (Frey: Right.) Would you agree with that? Would that be your suspicion here, that they're after the water to foster development, to increase their own revenue base? I mean, do you see it this way with Sierra Pacific Power?

THE REACTION OF SIERRA PACIFIC TO LEASING WATER

Frey: I don't see it specifically going after Sierra Pacific. I see that Sierra Pacific is in the business of providing services to people, and I see Reno growing rapidly, and all Sierra Pacific is trying to do is accommodate those people's needs. And I'm not pointing my

finger at Sierra Pacific. But then Sierra Pacific has to acquire that water from someone, so they're putting the pressure on us. Sue Oldham, Sierra Pacific Power Company's attorney, has told me many, many times that she and Mr. [Robert] Pelcyger were the ones that were instrumental in developing and getting Public Law 101-618 through. And I'm sure that's right, because when I called back East to talk to a few of the people that were working on it, they were right there. Any changes that we wanted had to be cleared through both of them. I know if I was on Sierra Pacific's side, I would be doing probably exactly the same thing. I can't deny them that. It's just a process of evolution. But then this is where leasing comes in. And I went to Sue Oldham, I said, "Sue, I *know* you guys need this water. I know you don't need it every year—that shows it." And she agreed. She agrees to this schedule. In fact, Summit Engineering, the consultants for Sierra Pacific, helped me draw this up. And we were working together. I'm saying, "See here? This proves that you don't need the water each and every year. Why don't we keep the farmer there? We will agree to set up an organization where you can acquire the water when you need it, and it'll only be on an annual basis. I mean, we're not going to do it from now until—you know, a ten-year period. We want to do it annually." And she thought that was a great idea.

Seney: She was receptive?

Frey: *Very* receptive. And so she had helped us get Mike Bushelman [phonetic spelling] who is very knowledgeable in this area, helped us kind of get organized. Mike Bushelman was very, very helpful in organizing TCLA, and we had many, many meetings at TCID, and how do we get this thing going, and making sure everybody kind of agreed to it. Anyway, we eventually got TCLA off and running, but it was with the help of Sierra Pacific—it's got to be everybody's concern. And once we got it up and running, we started releasing letters to the Department of Interior, Fish and Wildlife, saying, "Listen, we're setting up an organization which will accumulate water rights that'll be available for lease. Please check with us to see if you're interested in leasing." They came back and said, "Well, we don't have any money in our budget to lease." Now if *I* was Fish and Wildlife, I would be doing exactly what they're doing, I would say, "Well, Charlie, it's just more economical for us to permanently acquire these water rights now, than temporarily leasing them." And they're right! But that's not what's best for the community. See, our little organization was trying to satisfy everybody's needs—and this is very hard to do—and still keep the farmer on his land. That's the most important thing, because we *want* him to be a steward, we want him

to continue on putting dirt around his cement ditches and keep his cement ditches up, and fix his fences and have a few cows. And we like the beauty of the green, but maybe we're not going to have every field green, he might choose to leave one field out one year, and then another one next year. And we thought that was a *heck* of a good idea. I mean, just *brilliant!* And then Department of Justice comes down and just hammers us.

BEING INVESTIGATED BY THE DEPARTMENT OF
JUSTICE

Seney: That must have been really frustrating.

Frey: It was. A guy by the name of Mike Harmonus [phonetic spelling] called me up one day. And I have some friends in town, we joke, we call up each other and we harass each other. (Seney: Practical jokes kind of thing?) Yeah. So I thought this was my friend, Charlie Mief calling up one day and he says, "Hello, my name's Mike Harmonus, and I'm from the Department of Justice in Washington, D.C." And I'm going, "Mike Harmonus?! Uh-huh." And I'm starting to laugh, you know, and he says, "We're going to be conducting an investigation on Truckee-Carson Leasing Authority, and we think that you might have been price fixing and trying to manipulate the market. And I'm going, "Well, I don't think so, but sure, come on out." And I'm

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almost dead certain this is my old friend Charlie Mief, just pulling one on me—and it wasn't. And pretty soon (laughs) just about ready to crawl under the table, because I was just kind of egging him on, "Come out, yeah!" (laughter). Anyway, he ends up flying out here and we meet with all the Board of Directors from TCLA and we can't believe it, we just can't believe it. Here's a group of farmers, we all set at this table and we're saying, "What is happening with our government?! We're responding to a bill that is going to *harm* us. Why are you doing this to us?" And all of us are about ready to crawl under the table. And Mike Harmonus comes out and says, "Gentlemen, I don't know what's going on, but I've been instructed to investigate this." And he turns to me and he says, "Charlie, how many acres do *you* have set up to lease?" And I said, "I have twelve acres." He says, "*What?!*" I said, "I have twelve acres. I have a little tiny bit of land down there. The only reason I'm doing it is so that I can say that I participated in the leasing program. I want other farmers to get involved and try and lease as much as they want so they're protected so they don't have to sell. All I'm doing it for is like a token." He says, "Well, how much are you going to make on this?" And I said, "Maybe about"

END SIDE 2, TAPE 1. SEPTEMBER 30, 1994.

BEGIN SIDE 1, TAPE 2. SEPTEMBER 30, 1994.

Seney: This is September 30, 1994, I'm with Mr. Charles Frey, my name is Donald Seney, we're at his home in Fallon, Nevada.

As the tape went off, you were starting to respond to Mr. Harmonus. You have twelve acres out here, \$1,000 or so dollars.

Frey: Yeah, he asked me how many acres I had, and I told him twelve up for lease—water to be leased off of it. And he asked me how much I was planning to yield off of that, how many dollars, and I said between \$1,000 and \$2,000. I said, "It's just a token, I just want to participate enough to say that I'm a TCLA member, because this thing—leasing—is really designed for those people that are planning to sell, and we want to get as many of those guys in as we can. If they want to put their *whole* ranch into it, fine. But anyway, I'm willing to put in more if I have to, but I've only put in one bid for twelve acres." And it was fairly high too, my rate. I don't recall what it was, \$200 or something per acre-foot, because I didn't necessarily want to lease it, just want to say that I participated. And so he comes back and he says, "Well, Charlie, you know, I work for the federal government and I investigate *big* cases—most of them involve five million bucks or more *per* transaction." And I said, "Well, why are

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you here?" and he says, "Well, I have to do a job." And he could *not believe* why he was here, because all of us at the table, I don't think anybody had a sizeable amount in acres that they were trying to do. And we were all doing this as a direct response—we don't even *want* to lease, but we're just trying to do it to protect our neighbor and protect him to stay there.

HOW BIDDING FOR WATER LEASES WORKS

Seney: Let's say, along these lines, let's say you put in your twelve acres at \$200 an acre, some are \$180, some are \$220, so the average is \$200, and along comes Sierra Pacific Power and they say, "Well, we want 1,000 acres, \$150 an acre." Now you don't have anybody at \$150 an acre.

Frey: We would tell them no. And so they have to resubmit a new bid at a different price. And they'd come in, "Well, we want 1,000 acre-feet at \$200 an acre, and then maybe some . . ."

Seney: Let's say they say, "No, no, no, we offered \$150, now we'll offer \$170, that's as high as we'll go, is \$170." You let the people with their bids in know—I assume they have the option to lower their asking price, so there's some kind of market here?

Frey: It's too late in the season. Here's the problem, the timing is really critical. A farmer has to make a determination how much they're willing to give up, and Sierra Pacific has to make a determination how much they need really early in the year, even before the last snowfall may hit. So Sierra Pacific is gambling, the farmer is gambling a little bit, but the problem is timing, and that's what the Department of Justice kind of had a problem with a little bit.

Seney: But there's no kind of give and take that I suggested?

Frey: No, because the farmer has to know if it's going to be leased or not, really early, because he's got to do his spring planting, it's either got to be in crop or it doesn't. If he's not going to lease, he's out of there. And he's also got a line-item to fill out on the contract that says how long this thing's going to remain open, because he *can* choose, if he wants to, maybe to plant it into corn, which wouldn't maybe be planted until mid-May. So maybe some of them are saying, "I will leave this option open for you to lease this up until April 15, and then after April 15, I'm going back into hay or grain," and other farmers may say, "I'm going to leave it open until May 15, because after May 15 I'm going to go into corn if this isn't accepted." Now remember, the last snowfall may have not hit yet, so it's all a matter of timing, and Sierra Pacific or whoever it might be is

going to say, "Well, I want to fill up my drought supply storage." They may have a great year, really abundant year, but the river system

Seney: They won't know that at the time they've made their bid (Frey: That's right.) and the bidding has gone on.

Frey: But they *do* know a few other things like what percentage of the Truckee River will be divvied up to them, and what percentage comes down to the Newlands Project, and what percentage comes to the Pyramid Lake. Like as an example, if you have 404,000 acre-feet, approximately ten percent will go to Reno-Sparks, ten percent will go to the Truckee Meadows ag producers, thirty-six percent will go to the Newlands Project farmers, and about forty-four percent generally goes to Pyramid Lake. These are just rounded numbers, the federal watermaster and state engineer control it. But the water is more or less divvied up at Farad, which is right above Reno-Sparks. That's the point where the water is more or less calibrated and then divided. Although it's still going down the same river, so much is going to be diverted off here and here.

Seney: Let me go back to the way that this would work, because I guess it seems curious to me that you couldn't have a bidding system, here, almost—say, gather together farmers in one room, people who

want to lease the water in the other, we say "we want \$200 an acre feet." "We're going to give \$180. Anybody want to sell it for \$180?" A kind of bid system.

Frey: It's really hard to get the farmers together, for one, especially in a group like that. And you would have to bring both of them together at once. And the problem is, the farmers make up their plans kind of beforehand of how they plan on rotating their crops and everything.

Seney: So you couldn't pick a date at which you could still do this and they could still make their plans, I guess.

Frey: We tried to have the farmers submit all their proposals.

Seney: It's kind of a silent auction, then, in a sense.

Frey: Yes, it is. It's like they come into the office and would fill out a document, a power of attorney, that would authorize us to lease their water for a specified amount, a *minimum* amount, and so we would try to get at least that or more for them. And then that, of course, would expire at a specific time so they would know either they got it or they didn't, and they could go off and plant their crops and whatnot. But they could also come in with two or three offers, like I was talking about, although we

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didn't want to make things real, real complicated, but if you layered it like that, you would have different prices. So the advantage of them doing that is their cheaper ground would probably be leased out right away. And then as the demand for water increased, it would start forcing them to take additional acreage out of production that might be more and more valuable, see, because that's how the farmer works. He works on a seven-year crop rotation. Hay usually won't last more than seven years. We have some that'll last nine, but that's kind of uncommon. A good yielding crop will generally last about seven, and then you have to rotate it.

Seney: Then you replant it.

Frey: You replant it into grain, usually, because there's nematodes and things like that that get in the ground.

Seney: Will the grain kill them off?

Frey: Kind of. Or summer fallowing. You know, just plow your field, go out there with a tractor and just plow it, and not even irrigate it. That also does really well, because it adds a lot of nutrients and stuff to the soil if it rains a little bit, and you plow in the residue, like the stubble or whatever, and that rots. It helps improve your soil. The plowing kind

of keeps the soil from moving around. The dust doesn't bother it quite as bad, because it's rough and if it does blow a little bit of dust around, it falls down into a crevice next to where it's plowed, you see. So that's very important, how it's all handled.

THE CONTRIBUTIONS OF AGRICULTURE TO CHURCHILL AND LYON COUNTIES

Seney: Let me ask you: We've covered some of these points, but I have here a copy of the testimony that you gave before Senator Bradley and before Senator Reid and in here you've provided them with a document that I have seen elsewhere, and I have another copy of it, you guys' position paper. I think this is something you probably drafted? (Frey: Yeah.) And we've talked about some of these things, but I want to go through them to make sure that we get all these points on the record. We talked a little bit about wetlands habitat. Let's maybe begin by talking about your perspective on the contributions of agriculture to the economy of Churchill and Lyon counties. You note here that it contributes over thirty percent toward Fallon's economy, and the concern obviously is if there's a large-scale loss of water rights, that's going to lead to big problems.

Frey: Very impacted problem for the entire economy. Let me say this: There's a distinction between what

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helps enhance an economy. A dollar that is brought into the community from the outside is a very important dollar. A dollar that is just used within the economy is not as important. As an example: A farmer will sell his milk to an outside source. It'll go to California or to Reno, and that dairyman is bringing in a dollar from the outside—it's not part of this economy.

Seney: It adds to the pot of dollars.

Frey: It adds to the economy. Where a tire salesman will bring in a dollar from the economy, from a farmer, as an example, or an employee of some business, it doesn't matter who, and he takes that dollar and pays eighty cents or whatever it might be, he'll keep twenty percent, let's say, of that dollar. The other eighty percent goes outside the economy to pay for that tire that he had brought in.

Now think about this, and it's kind of a concept. It's like our global economy, it's how productive we are, it's the gross national product. What is the gross national product of Churchill County? It's any goods or services that are produced here and sold outside that has *really* got a big impact on the overall economy. As an example, a bale of hay, if you take that bale of hay, even if you sell it to a local dairyman, the local dairyman

sells his milk to the outside. Even if you sell it to a local farmer that's feeding cattle, that cow eventually gets to the outside chain. So the agriculture segment of the economy for Churchill County is really important. It's very critical to the overall economy in that a brand new employee, let's say the base [Fallon Naval Air Station] hires a new employee. Now that employee might be paid \$30,000 or whatever it might be—it doesn't matter, I guess—but he's going to buy a house, he's going to buy a car, he's going to help the economy, he's going to buy food, probably out at the Navy base in the commissary, but anyway, he's going to help the economy. But his dollar, his contribution to the economy is not as important as the farmer's contribution to the economy, because he's buying a car that was produced outside this economy. In other words, he's helping Detroit or maybe Japan or wherever, but in effect, his dollar that he made here, part of his \$30,000 that he gets here goes immediately out. It goes to the bank, and then the bank pays for the car or however it works. His house payment is very important because it employs contractors to build that house and everything. So I'm not trying to diminish that. But still, it's not quite as important as keeping the farmer here, because he's got a renewable resource. He just keeps churning out these—instead of cars, it's bales of hay coming out of this community. I think the farmers are really, really important. I think

Kennametal⁵ is really, really important, because they produce something. They don't just provide a service, they're producing a product. I think the dairymen are really important, anybody that produces something that's sold outside. You see how that works?

THE PROPOSED FEDERAL PRISON COMPLEX

Seney: What about the new prison that may be coming? How do you feel about that, the prison complex?

Frey: I think that's going to help the economy, but it's going to help it in the way that the Navy base is helping our economy. And they're definite pluses, I think, and I kind of like the idea of the prison. My mother doesn't, and a lot of the older [people don't].

Seney: Why is that?

Frey: They just don't like to see the area grow, but I look at it as though we're going to grow no matter what, and we have to have good strong healthy industries in here. And the prison, the average salary for that prison is going to be around thirty-some thousand dollars, so I think that's good for our economy. It's better than bringing in low-income housing and

5. Kennametal is a high-tech tool manufacturer in Fallon, Nevada, see www.kennametal.com.

bringing in welfare people. I think we need a positive influx of good strong companies or businesses to help our economy. I definitely don't want to see agriculture go. I honestly do not think that you could take agriculture out of here without a huge impact. Let's say take agriculture out of here and replace it with the prison and say there's no effect on the economy. There's going to be a *huge* effect on the economy.

Let me explain it this way: If we were to say to all the government employees, "Instead of paying you \$50,000 annual salary, we're going to make an agreement with you that we're only going to pay you \$30,000 and you don't have to pay any sales tax, you don't have to pay any taxes at all, income taxes or anything." If they made that agreement, it wouldn't hurt any of the governmental agencies because all they're doing now is giving them \$20,000 extra, and they're bringing it back in, aren't they? Think of that. It's not going to hurt the farmer any, because all it is a transaction between a government employee and the government. I mean it just goes from the government's pocket, that \$20,000, to the governmental employee, and then back, doesn't it? So that government employee indirectly made no contribution to the taxing system, but who really makes it? Who really, really contributes to our economy? Think about that. Who supports the government? Because you could make that deal

with all these governmental employees throughout the United States, and you have no effect on the government, you have no effect on the governmental employee, and you have no effect on the private sector. But guess what, the private sector pays for the government, don't they? They really do. So if you pull the private sector agriculture out of here, think about this, you really do have a drain. I don't know on the local economy, but every time you eliminate a private, independent person, you're taking one less taxpayer away—a *true* taxpayer. Because I think that the governmental employees are only paying taxes as a show of good faith, or a show that they're paying their way. Does that make sense?

THE IMPORTANCE OF THE FARMING CULTURE

Seney: Let me shift the question a little bit away from economy and money, and that is to quality of life and what you might think of as "culture" in a sense. Is there a difference between having a bunch of farmers and their families, and the kind of attitude and outlook and style of life they bring, as opposed to a bunch of prison guards and administrators and *their* families and what they bring?

Frey: Yes. I will tell you what an independent person like a farmer would think. Most guys will say that most

farmers can do just about anything. They're very good at welding, they're very good at electrical work—they *have* to be, because they can't afford to bring in a veterinarian *all* the time. They have to know something about that. They have to know how to be a plumber, they have to know a little bit about everything. They may not be really highly proficient at everything, but I built the gazebo out there. That gazebo is kind of my little pride and joy, and I know there's some flaws in it, but I know where they are, you might not be able to see them, or you *may* see them. But the point is, I want my children—I'm a CPA [certified public accountant], and I used to help run MGM [Metro Goldwin Mayer casino] up in Reno, I was the controller, I had sixty-four people working for me, and the majority of the people that I had worked in a specific area—they either wrote checks all day long—the accounts payable clerk would prepare checks, she would verify invoices, she'd make sure that the purchase orders were right, she'd make sure that the receiving reports were there, that we got the goods and services, and it was time to pay that vendor. Okay, she had *one* job to do. To me that's really boring. She was paid really well. I wish I could pay all my farm help that well for just one specific thing, but my farm help has to know all these other different things. They have to know how to repair a cement ditch or build a fence or help weld.

Seney: What kind of a person does that make?

Frey: Very independent. You don't need the "butcher, baker, and candlestick maker" all the time, because you can do all of that. And that makes a very strong America, I think.

And we're losing a lot of that. What people need in this world is to grow their own vegetables to see how hard it is. They need to start doing that again. And they're going to eventually have to do it, because the national debt is going to sink us. Really, I think. I don't see any way out of it. I owe \$240,000, my family probably owes \$240,000 of that national debt, and there's no way I can pack that, and you can't pack it, no one can pack it, and we're going to give it to our grandchildren and our children to take care of, and it's not going to work. *We're* the government. We can't escape it. They say that we owe that to ourselves. Now we're getting off the subject here.

Seney: A little, but that's alright. One of the things we get in these interviews is not just information, but one's feelings, and the strength of one's feelings, so I don't want to necessarily discourage you from expressing that, because the frustration is part of the mix of information we're getting here. But let me ask about a couple more of these specific things.

DETERMINING WHAT WATER RIGHTS ARE WORTH

One thing I want to talk about is acquisition methods and appraisals in terms of what these water rights are worth. And you have some quarrels with the Fish and Wildlife Service in terms of determining what the water rights might be worth, maybe even for both purchase and leasing. Tell me a little about that.

Frey: An acre-foot of water ought to be valued the same on the same river system, no matter where you're at, except for one point: if you're at the bottom of the stream, it probably takes two or three acre-feet to go by Reno before we get our acre-foot down here. We bought and paid for our water rights a long, long time ago. The government assured us that we were going to get an abundance of water. I imagine you've seen some of the literature, posters and stuff that were hung around town when they were trying to sell the water and water rights.

Seney: "Permanent and assured."

Frey: Yes, permanent and assured. If you were to take a look at the acre-foot of water that eventually reaches our farm, which the government, by the way, is to incur all the losses that are sustained in the delivery of that water, up into our headgate. (Seney: That was part of the agreement.) Yes. So in other words,

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when I call for five acre-feet of water, I get five acre-feet of water, *delivered*, whatever it costs the government to deliver it.

Seney: You mean, if it took fifteen acre-feet to get the five here.

Frey: To get it, that's a part of the system. That's part of what we were contracted for. We agreed to develop this land for that. Okay? So if an acre-foot of water up in Reno costs \$2,500-\$4,500, as an example, and it's somewhere in between there, generally a contractor, if he's going out to build a house or anything, he has to acquire enough water rights from someone to sustain that housing development, and usually it's like .72 to 1.3 acre-feet per household. So he goes out and acquires water rights, say, for \$3,000 an acre-foot. He takes that water right into Sierra Pacific, and Sierra Pacific charges that developer a fifty-one percent surcharge, or he has to pay another \$1,500 to have Sierra Pacific process that. And that fifty-one percent is really the gift tax that Sierra Pacific, I guess, has to pay, because it's gifted to them. So Sierra Pacific is out no money. They just got another acre-foot of water that they get to sell to someone. Okay? So the developer turns around and he goes and he tacks that \$4,500 onto the price of that house. Now if I were to say to you that you can have my water here

for \$4,500, but you can stop three acre-feet up there, it would be a great idea, wouldn't it? But the Federal government's trying to give us only \$500 an acre-foot for our water, and probably not even that.

Seney: And your argument is that this is all part of the same market here.

Frey: It sure is.

Seney: Could you sell it to that developer up in Reno?

Frey: Not now, not legally. I hope we cannot sell. I would hope we could lease.

Seney: But the only barrier is a legal barrier?

Frey: Yes.

Seney: That is, at this point, the Bureau of Reclamation won't permit you to do that.

Frey: And indirectly, they won't let us lease, although we've gotten an okay from TCID, we've got now an okay from the Department of Justice, and now we're waiting for a document from the Department of Interior. Bill Bettenberg's supposed to have been sending that thing over a year ago. I think it was June of '93 that we were told that they had agreed to allow us to lease.

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Seney: But again, at this point, say with the stroke of a pen the Bureau decided you could sell your water rights to developers in Reno, they'd be worth a lot more than you can sell them for now. (Frey: Yes.) So in a sense the Bureau is undercutting the market for your water by prohibiting you from doing that.

Frey: That's correct. And I think that that's very unfair.

Seney: Are they doing that, do you think, to keep the price low for the Fish and Wildlife Service?

Frey: Oh sure! Sure they are. They're going to try to tap in and acquire as much water as they can and suppress the market price. And that's what I tried to tell Mike Harmonus when he was out here. I said, "You know who you ought to be investigating is the Department of Interior, because they're doing exactly what they're accusing *us* of doing, because this, this, and this." And I think I explained it very well to him when we analyzed it. It doesn't make any sense, again, that they need to *permanently* take it away from us—especially when you have certain years that will produce over two *million* acre-feet of water, and we're flooded from here to sixty miles up to Lovelock. It doesn't make sense.

Seney: Now, if an acre-foot of water is purchased on the Project, those O&M costs have to be continued to

be paid, although you don't pay O&M costs here, do you?

Frey: I do.

Seney: You do?!

Frey: Yes, I do.

SOME WATER RIGHTS ARE STILL VESTED RIGHTS

Seney: What didn't you pay, because this had vested water rights?

Frey: Okay, we had vested water rights

Seney: So you didn't pay the construction part of it.

Frey: Right. We agreed to—in fact, I didn't agree to that, or my dad, Mr. Douglas did, and there's documents in the files that will prove this—he surrendered his vested water rights in exchange for more *valuable*—I think the way the document reads—water that could be supplied at a more even rate. He was enticed to do that. Now there's a few other people in the Newlands Project that didn't agree to that: one of them's Howard Wolf, or the people that owned that water right before. And I think another one is Hammy [Ira Hamlin] Kent. He has some vested water rights that aren't in the Newlands Project. So

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they're truly Carson River water rights. But Mr. Douglas was enticed into turning over his vested water rights.

END SIDE 1, TAPE 2. SEPTEMBER 30, 1994.

BEGIN SIDE 2, TAPE 2. SEPTEMBER 30, 1994.

Seney: Who were the people that didn't turn over their vested water rights? One of the Kents, is it?

Frey: Yeah, Hammy Kent, and then Howard Wolf has some water rights that are vested, but they're not in the Newlands Project.

Seney: How do they get their water?

Frey: Through the Newlands Project. They're both on the other side of the Newlands Project. I believe Howard Wolf's and Hammy Kent's, the Fish and Wildlife are targeting those water rights to acquire them, because they're kind of at the bottom end of the system, and it takes a lot of water—it's very costly to get their water to them.

Seney: In this fifty-seven percent year, did they get a full allocation, having vested rights?

Frey: I believe so, they should have gotten them.

Seney: They would have gotten full allocation wouldn't they?

Frey: Well, no, they would have only gotten fifty-seven percent. I think they "piggyback" (chuckles) if you want to call it. You may have to check on that. I'm not positive. I think they have a right—their vested water rights take priority over the Newlands rights, but I don't think that they forced the issue, although I think legally they probably could.

Seney: They could, couldn't they, probably.

Frey: They're very honorable, both of them, very honorable gentlemen, and they recognize that this is a short water year, and they accept the fifty-seven percent allocation that TCID has given, and so they take a lesser position, I guess you would call it. They could force, probably, and get their right first.

Seney: And the Mr. Kent you mentioned is probably part of the Kent family that's been here for such a long time.

Frey: Yes.

DEED RESTRICTIONS ON THE LAND WHERE
WATER RIGHTS HAVE BEEN SOLD

Seney: Let me ask you a couple of other things about some

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of the things you've mentioned in here. One of the things is deed restrictions that the Nature Conservancy and the Fish and Wildlife are putting on water-righted land when they buy the water rights. Then a restriction goes on the deed that water rights can't ever be put back on there again, and you have a quarrel with that.

Frey: Well, I think that that is a very poor requirement, because you may find a marginal farmer on exceptionally good land, selling his water rights, and you may have a very exceptional farmer on some very marginal land next door, and it's to everybody's advantage to have the exceptional farmer move his water rights over to the exceptional farmland. You see what I'm getting at? And so this law, or this ruling, is very counterproductive.

Seney: There was another point you made here too, and that is when you have these abundant water years, you can go ahead and flood those fields, get rid of some of that water there, keep from sending it all the way to Lovelock, I guess. (Frey: That's true.) And that would help the weed problem and the erosion problem and the dust problem.

Frey: And it'd help build up the water table for the neighbors next door that have private wells and things like that. I think we need to manage our

water more, a lot better than we do. If you look at it the way you manage the water better is you need to acquire it through leasing, and then you can manage it. You don't necessarily need it every year, you don't lease it every year. And then the farmer can continue farming. It's just a matter of using common sense.

CROPS AS FEED FOR WILDLIFE

Seney: One of the points that maybe we only slightly alluded to is wildlife feed. You begin to eliminate the agriculture and

Frey: Yeah, I think that's really important. This year we had thousands and thousands of dove out here on this grain field.

Seney: Do you care about that? Does that bother you?

Frey: I *love* it! This was after we harvested. As the combine comes through, it'll knock a certain percentage of the grain off, and you'll see thousand of dove come in, and you'll see thousands and thousands of the Canadian geese in here. You can go out there right now—just, in fact, yesterday, we had a hunter out there. Louie Cazinni [phonetic spelling], another farmer down the road, just loves to come over and go hunting. I think he's been over here four or five times in the last month.

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Seney: Do you take a little percentage of the kill there as a fee?

Frey: (laughs) No, I don't. I guess I should. No, I haven't. The coach of the Churchill County High School's basketball team, Coach [first name?] Pender [phonetic spelling], came out and he did give me a few birds, and I really liked that. They make good polenta, or sauce for the polenta. It's very good meat. But he did give me some birds, like four or five of them, which was really nice.

Seney: We talked about the environment business, the dust and the pollution and the invasion of weeds and so forth on adjoining farms. We have pretty much, in one way or another, discussed all the things that you have mentioned in your position paper, where you give your position and then the solution as you see it from here. Anything that we've missed?

THE IMPORTANCE OF MAINTAINING THE PROJECT

Frey: No, the main thing is, it's not necessary to completely dismantle this Project to get the water. We can manage that water better. That's probably my most important point, is keep this farmer right on his farm and hopefully my neighbor will stay there and manage the water better through leasing, because it definitely does not have to be acquired

every year. And I think the government has attempted to squeeze us every way they could. They're, of course, trying to buy it, they're trying to steal it indirectly.

Seney: Through OCAP [operating criteria and procedures], you mean?

Frey: Through OCAP and through this recoupment.

Seney: And abandonment, I suppose.

Frey: And abandonment.

Seney: And one of the things you did object to was the spy satellites and aerial photography. They're looking for abandonment there, are they not?

Frey: Yes. And by the way, we've had the Pyramid Lake Tribe's attorney, Mr. Pelcyger, out here, and their engineer, Ali Sherudi. They both came out, they looked at their spy satellite pictures (chuckles), if you want to call it that. They made a determination in their office that we had ground that we weren't irrigating. That I personally wasn't irrigating, and I had them come out, and they were very nice, very cooperative, both of them. They're very fine gentlemen as far as I'm concerned. And I took them out and I *showed* them where they were wrong, and they agreed. And it was really nice. It was heart

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warming to think that these gentlemen could come out and I showed them. I said, "Here's the ground that's on your satellite, that shows up that I'm not irrigating," and there's plants growing on it. The problem was, is that the spy satellite was picking up some alkaline ground. It shows up white on the spy satellite. So when they took the picture, they overlaid this water right map over the picture, and they say, "Well, this area is water-righted but Charlie Frey is not irrigating it." They wanted almost fifty acres of my ground, and I said, "There is no way, look at this." And we took them out and showed them and they agreed. I thought that was good, that they at least recognized that they did have a problem. They were pretty fair about that. But I envision them as nothing more than a little boy running up to your car, you know, when you park your car down on a busy street in Los Angeles or somewhere, and a little boy comes up and says, "Excuse me, sir, would you like me to protect your car? I'll do it for twenty dollars." And you look at your car, it's a brand new car, got nice tires on it, look across the street, and you see these thugs sitting over there. What do you do? You pull out twenty bucks, you give it to the guy, say, "Why sure my son, you can protect my car." You have no choice. It's a form of extortion, but you got to do it, right? It's like paying insurance, isn't it? That's kind of the way I (chuckles) look at this whole

thing.

THE PERSONAL EXPERIENCE OF WORKING
ON THE LEASING IDEA

Seney: Let me ask you, with the investigation and all, how has this been personally to work on this leasing business?

Frey: I started in 1986 working on this thing. (Seney: Eight years ago.) Yeah, really working hard and kind of came up with the concept. And I've been babysitting it for a long time. It's been very, very stressful, because you hit certain highs, and then you just get knocked down, like with the Department of Justice. There's been a lot of hurdles that we've had to climb, but the main point is that we're trying to get some good out of this Public Law 101-618, and we're trying to save our tails, and we don't think that there's any other way to do it. You know, if you look at it out there, you own your car, and there's only three ways I could get it. I can steal it, I can manipulate it away from you probably some way—I don't know how that would be, but maybe entice you to take one of my tractors that's worth nothing. Or I could probably lease it from you. But there's no other ways I can get it. And these are personal property rights and these farmers are getting really frustrated. And what I see is my neighbor farmers just getting fed up with it. They're

getting fed up with the whole governmental system.

Seney: Do you think that maybe this is in the thinking of the Bureau of Reclamation and the Department of Justice and the Department of the Interior?, that you stress these guys enough, we may be able to get them to give up these water rights.

Frey: I think so. I think they're going to put so many obstacles in front of them, and so many ridiculous requirements that they're going to just give up. They run into some really hard, strong people, and they know it—very, very strong, independent-thinking people. And they also run into them in the logging industry, they run into them in the cattle industry, like in the rangeland reform acts and things like that. These farmers are not going to give up that easy. They may get totally disgruntled, but they just think that their government has turned against them. And what really is ridiculous is these are hard, hard-working people that just want to be left alone. They want to be recognized—like in other countries the farmer is put up on a real high pedestal. We're *not* used car salesmen. We're not the scum of the earth. We should be really patted on the back.

The American public just doesn't realize how easy they have it. They're only paying nineteen

percent for food. What more do they want? We give them a good product, give them a good service. And they ought to leave us alone. They ought to recognize that we need the water to grow the crop to feed them. It makes a lot of sense, but they don't look at it that way. I think the message needs to be put out there. It's like this, Don: My dad said it really well when Senator Edward Kennedy came out and he was doing some work with the Pyramid Lake Indians in 1966 to '69, somewhere in there, and my dad was giving his testimony, and he said that one acre-foot of water can produce about a hundred pounds of beef in the Newlands Project, and it can only produce less than one pound of fish if it goes to Pyramid Lake, and that's a fact. Senator Kennedy came back and said, "Well, this is not an economic issue, it's an emotional issue between the Pyramid Lake Indians and the Newlands farmers," because we've taken the water away. Well my dad come back and says, "I didn't take the water away, the *government* took the water away. *They* sold it to me, and now they want to steal it back." And economically it does not make good sense to do that. Now, they can eliminate the Newlands Project in a minute and it won't make one bit of difference to the whole world—I know that for a fact. I mean, it's not going to hurt the agriculture area in the United States one bit. I mean, it'd be a little drop in the bucket. It wouldn't even be a scratch on the forehead, but they keep doing it to everybody, all

the farmers, and all the lumbermen, and the spotted owl problem, and the range people. They're going to make a *big* dent. They're going to kill the golden goose.

THE SETTLEMENT II NEGOTIATIONS

Seney: Let me ask you about the Settlement II negotiations, which have started. Did you go to the meeting last week?

Frey: No, I didn't.

Seney: Is the Truckee-Carson Leasing Authority involved? You told me, I think, maybe before we began, that Ernie Shank is really kind of representing your interests through the Newlands Water Protective Association?

Frey: TCLA is not involved, nor did they want to be involved, because of this investigation that they had by the Department of Justice, and our attorney's advised us just to stay buried.

Seney: Even though the investigation is over now.

Frey: Well, it just came to an end. But we never even tried to position ourselves so we could voice our concerns because of that.

Seney: Anybody going to be putting your leasing proposal on the table?

Frey: We hope so. We're going to try to get it back together and get working. We've got to start standing up on our feet now and get going again.

Seney: Now that the air is cleared and the investigation is over, (Frey: Yeah.) what's your gut feeling about these negotiations?

Frey: I don't like the word "negotiation," and the reason is because there's no way I can negotiate my neighbor's water rights away from him or for him. There's nobody that can negotiate mine away. I can only negotiate my water rights. And like I told Mr. Pelcyger, I said, "You're going to have to come to each and every farmer, just like you're coming to me, and solve a problem one at a time, because TCID does not have the authority." Everybody thinks TCID has the authority to handle the water issues—well, they *don't*, because the farmer himself owns those, just like you own your car. And TCID is nothing more than an agent working for the BoR who is responsible for delivering the water. If you think about it, that's TCID's sole purpose—it's not to represent the water users or anybody else. Now they've done a really good job of trying to protect our interests, but that's not their main job. Their main job is to serve their principal, their principal is

BoR. And they have to follow BoR's directive, and when it goes against the farmers' grain, they still have to follow BoR's directive or they're not going to be the agent for BoR.

So the word "negotiation"—getting back to the water negotiations—I think all it is to draw out whatever the community's interests are, draw out What does the community want? It's a fact-finding mission. They can't negotiate anything, they don't have anything to negotiate with. But I'm glad they're doing it, and thank God we have those people that are doing it.

Seney: Let me ask you whether or not you think that this negotiation, whatever it should be called, will be successful, that there'll be some resolution that'll come out of it.

Frey: I'm hoping that it'll be successful in that it'll bring the people together and make the people realize how important agriculture is to this community. In other words, they'll begin to realize what kind of effect we have on the economy, what kind of effect we have on the underground aquifers, how important it is to everyone here. But I don't think that they can come up with a settlement, because they don't have anything to negotiate. But I think these people are very, very gracious for their time and effort that

they're devoting for this. (Seney: This is the Lahontan Valley Environmental Alliance?) Yeah. And they're very community-minded people that are truly trying to achieve some type of settlement, but that settlement has to take place by the people that own the assets. I can't negotiate my neighbor's property away, and he can't negotiate mine—I hope not anyway. Because when it comes down to that, I mean, we've lost all of our personal property rights then. That's just not "the American way," I guess. (chuckles)

Seney: Okay, well that's really all the questions I have. I think we got everything. Anything else on the leasing we missed? I think we got all the points on the way it works and the background to it and what you hope to achieve through it.

Frey: No, I think we covered most of it.

Seney: Well, great, I really appreciate it. And on behalf of the Bureau I really thank you for taking the time to tell us about these matters.

Frey: You bet. Sorry I was late.

Seney: Oh, don't worry about that. Thanks again.

END SIDE 2, TAPE 2. SEPTEMBER 30, 1994.
END OF INTERVIEW.

Bureau of Reclamation History Program