



# RE-Act: Reclamation Efficiency Act of 2015

## Proposed Tools for Managing Water Resources in the Drought Impacted West

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**NORTH BAY WATER REUSE PROGRAM**  
*Water Supply Reliability through Regional Reuse*

# RE-Act: Reclamation Efficiency Act of 2015

- The RE-Act proposal aggregates and amends existing Reclamation authorities to provide assistance to water managers across the West:
  - Includes innovative RIFIA loan proposal – provide loans to cover up to 49% project costs
  - Increases maximum competitive grants for small-scale water storage, conveyance and, water recycling projects up to \$20M or 25% of project costs
  - New Transfer of Title Authority language



# Other Key Provisions in RE-Act

- Deauthorization process to create budget offset:
  - Expedited process to deauthorize Reclamation projects and programs no longer viable
  - Reclamation would work with Congress and project/program sponsors to identify projects and programs no longer viable
  - Create a budget offset (savings) to pay for:
    - Competitive grant programs
    - Guaranteed and secured loan program
- Congressional oversight – Grants
  - Before final grant awards are made, recommendations would be submitted to congressional committees of jurisdiction
  - Encourage congressional consultation on funding priorities



# RE-Act/RIFIA Loans

- New Reclamation financing tool - for water infrastructure projects in Western States (including Title XVI Projects) that provides:
  - Credit assistance for up to 49% of total project costs with a repayment period of up to 35 years at Treasury interest rates
  - Ability to defer initiation of repayment for up to 5-years following substantial completion of a project
  - Annual debt service savings of 10-20% or more
  - Improved flexibility and cost-savings in comparison to municipal financing



# RE-Act/RIFIA Loans

- 💧 Who's Eligible? - Water management and supply improvements, energy efficiency or hydropower, water reuse/desalination, or other projects that complement other federal interests
- 💧 Projects must be in Western States – includes Alaska and Hawaii
- 💧 Congressional Budget Office (CBO) only scores the subsidy associated with risk exposure
- 💧 Huge leveraging of small federal investment



# Additional RE-Act/RIFIA Loan Benefits

- 💧 No requirement to borrow for a debt service reserve fund (Muni Bonds)
- 💧 A 5-year or longer deferral on initiation of repayment
- 💧 Amortized over 35-years rather than 30-year maximum for municipal bonds
- 💧 Ability to refinance existing water infrastructure debt





# Difference between RE-Act/RIFIA Loans and WIFIA Loans

- 💧 WIFIA loans cannot be matched with municipal financing
- 💧 WIFIA loans cannot be used to support water storage projects beyond those otherwise eligible under the drinking water SRF
  - Generally limited to above ground, contained storage
- 💧 RE-Act/RIFIA loans can be used to refinance existing debt, if refinancing creates additional capacity to invest more in water infrastructure; WIFIA is silent on this authority
- 💧 RE-Act/RIFIA loans will not compete with funds available to the SRFs



# Transfer of Title Authority

- Allow transfer of title to a Reclamation project or a component of a Reclamation project to a non-federal entity where certain requirements are met
  - Construction and other obligations have been, or will be, paid out by non-federal project beneficiaries
- Allow non-federal operating entity to obtain loan guarantee under RE-Act/RIFIA that does not constitute 'third-party' finance obligation
- Transfer subject to federal environmental requirements
  - NEPA
  - ESA
  - National Historic Preservation Act





# Grants for Small-scale Storage, Integrated Regional Water Management and Recycling projects

- Allows participation with local water management agencies to develop storage and conveyance facilities and other water supply infrastructure improvements
- Provides authority to participate in projects with cost-shared grants of up to \$20M per project or 25% of total, whichever is less



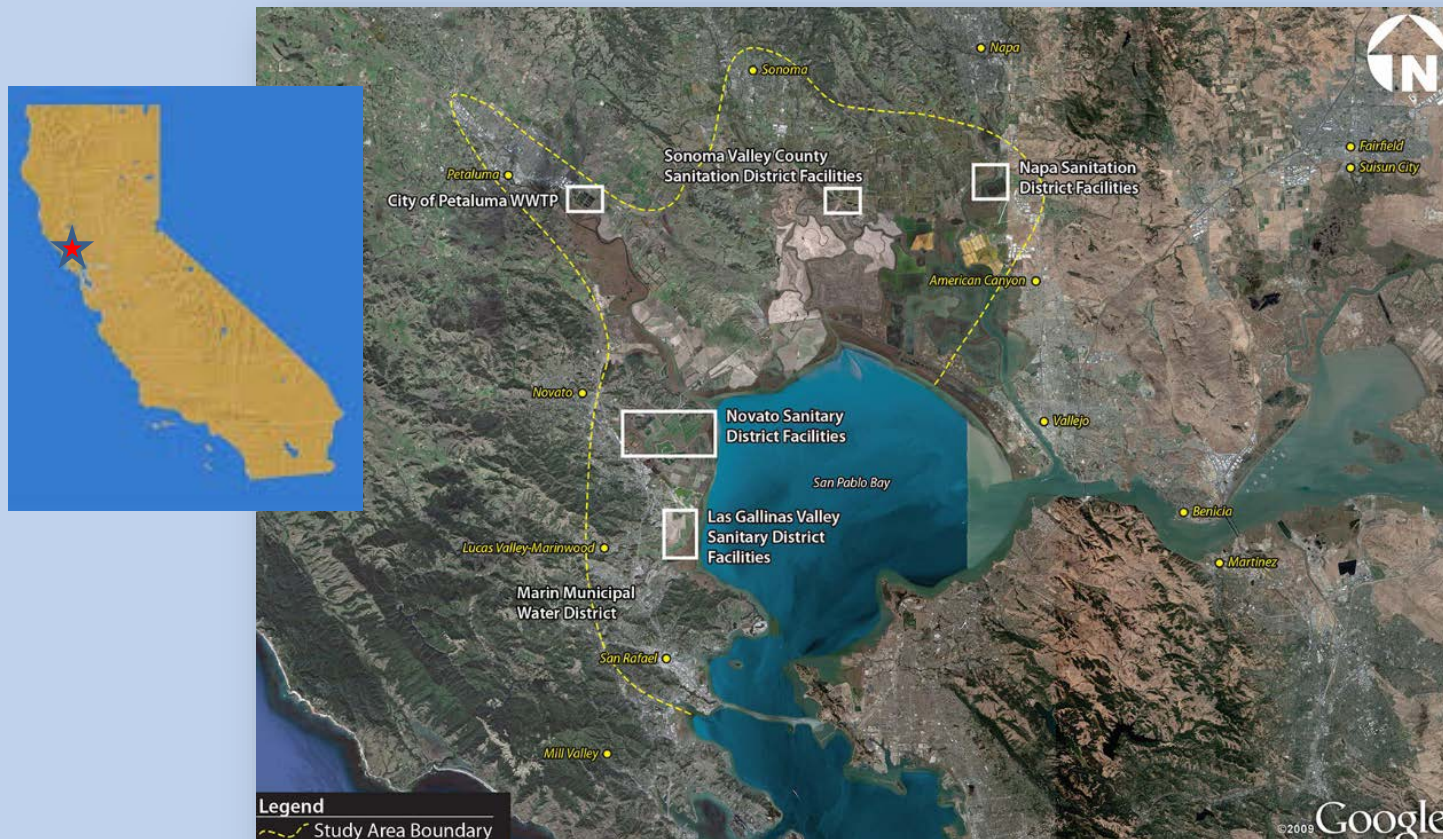
## Title XVI Reform

- 💧 Authorize Reclamation to provide assistance to currently unauthorized water reuse and desalination projects
- 💧 Eligibility contingent upon completed feasibility study
- 💧 Secretary authorized to provide same level assistance as provided under Title XVI: 25% of total project costs or \$20M, whichever is less



# Case Study from Northern California North Bay Water Reuse Program

- 10 members agencies; 3 counties and 7 water and wastewater districts
- Portions of Marin, Sonoma and Napa Counties around San Pablo Bay



# Why We are Advocating for RE-Act

- 💧 We have a 2-phased regional water recycling program
- 💧 Phase 1 is valued at \$100M in infrastructure implemented with:
  - \$25M in USBR Title XVI funds
  - \$4.8M in CA Prop 50 and 84 funds
  - \$74.2M in local rate payer funds



# Why We are Advocating for RE-Act

- 💧 Phase 2 is currently being studied
- 💧 Identified an additional 25,000 AFY of recycled water that can be captured, stored and put to beneficial use
- 💧 Initial cost estimates value Phase 2 infrastructure at \$250M
- 💧 We need funding tools that provide financial assistance to implement Phase 2 projects





# RE-Act/RIFIA Loan Program

- 💧 A \$95M project would qualify to borrow 49% or \$46.5M

Loan amount	\$46,500,000
RE-Act Loan interest rate: June 17, 2015	3.15%
30-year Municipal Bond rate (Revenue Bond Index)	4.55%
RE-Act Loan Annual Debt Service	\$2,399,872.90
30-year Municipal Bond Annual Debt Service	\$2,839,581.60
Annual Savings vs 30-year Municipal Bond	\$ 439,708.70
<b>Savings</b>	<b>15.48%</b>



# RE-Act Transfer of Title Authority

- 💧 Provo River Water Users Association PRCEP
  - Provo River Canal Enclosure Project (PRCEP)
  - 2004 federal legislation authorizing the transfer of title for the Provo Reservoir Canal & corridor and other property from Reclamation
  - Reclamation interpretation of the language of the federal Provo River Project Transfer Act delayed title transfer
  - Further federal legislation was enacted to finalize the transfer
- 💧 RE-Act language would allow the Secretary to make these Title Transfers without need for complicated legislative process (still subject to tacit approval by Congress)





# RE-Act Grants for Small-scale Storage, Integrated Regional Water Management and Recycling projects

- **Small-scale storage and distribution project - \$11.5M**
  - Could benefit from a grant for 25% of the project cost or \$2.875M in assistance
  - The remaining \$8.625M would be financed by state grants and local ratepayers



# Maximizing RE-Act Funding Tools

- Project would qualify for both the Small-scale Storage, Recycling and, Integrated Water Management Projects and RIFIA/RE-Act loans which could provide assistance with the balance of the project financing

Total Project Cost	\$49,800,000
Grant Assistance (\$20M or 25% of project cost)	\$12,450,000
Balance	\$37,350,000
RE-ACT/RIFIA loan amount (49% of balance above)	\$18,301,500
RE-Act/RIFIA loan interest rate: June 17, 2015	3.15%
30-year Municipal Bond rate (Revenue Bond Index)	4.55%
RIFIA/RE-Act loan Annual Debt Service	\$944,543
30-year Municipal Bond Annual Debt Service	\$1,117,604
Annual Savings vs 30-year Municipal Bond	\$ 173,060
Potential Savings	15.48%



# Building Support for RE-Act

- Outreach to Key Members of the Western Water Community
  - WaterReuse: Nationally, CA and AZ
  - WSWC in South Lake Tahoe
  - Assn of California Water Agencies
  - Family Farm Alliance
  - The North Bay Water Reuse Authority
  - Other state water agency associations in coming months



# Summary: Past and Current Federal Legislation

- 💧 Various aspects and versions of RE-Act are included in:
  - H.R. 6992, “Reclamation Title Transfer Act of 2008”, introduced by Rep. McMorris Rodgers
  - Water Resource Reform and Development Act (WRRDA) of 2014 – Title V(C) Water Infrastructure Finance and Innovation Act (WIFIA)
  - “Water 21” bills (S. 176 and H.R. 291), introduced by Senator Boxer and Representative Napolitano
  - H.R. 2983, the Drought Recovery and Resilience Act of 2015, introduced by Rep. Jared Huffman, Ranking Member of the House Natural Resources Subcommittee on Water and Power



# Invitation and Questions

- We invite you to work with us in advocating for the tools in RE-Act
  - Letters to your Congressional representatives advocating support for new water infrastructure funding and financing tools:
    - Federal Direct and Guaranteed Loans (RIFIA)
    - Transfer of Title to Reclamation Facilities or Elements of Facilities
    - Cost-Shared Competitive Grants for Small-scale Storage, Integrated Regional Water Management and Water Recycling projects
    - Title XVI Reform – Give unauthorized water reuse projects a chance to compete for funds

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