



# WATERREUSE®

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April 12, 2018

Ms. Amanda Erath

Bureau of Reclamation

84-51000

PO Box 25007

Denver, CO 80225-0007

Dear Ms. Amanda Erath:

The WaterReuse Association (WRA) appreciates the opportunity to submit comments on the Bureau of Reclamation's (Reclamation) Title XVI Water Reclamation and Reuse Program Project Evaluation Criteria for 2018.

WRA is the nation's only trade association solely dedicated to advancing laws, policy, funding, and public acceptance of recycled water. As the only federal program that provides funding specifically for water recycling projects, WRA is a strong supporter of the Title XVI program. The program is a highly successful federal cost-share program that has directly invested \$692 million in federal funds to leverage over \$2.07 billion of local investments in water recycling. WRA is also excited about the increased funding of \$54.4 million for the program in FY18, which will help the acceleration of the implementation of additional critically important water recycling projects throughout the West.

WRA supports the efforts to review the Title XVI evaluation criteria, but believes that the criteria can be further adjusted to better reflect the diversity of feasible projects throughout the West.

One concern is regarding **Evaluation Criteria 4, "Economic Benefits,"** which as currently written, may lead to a limited evaluation of project benefits by focusing on cost per acre-foot and traditional economic analysis models. These measures and analyses do not accurately account for the cost-effectiveness and economic benefits of water recycling projects that provide multiple and secondary benefits beyond the direct benefits associated with increasing water supply.

The full benefits of reuse projects are unlikely to be captured by **Subcriterion 3b, "Economic Analysis"**. The criterion states that "points will be awarded based on the analysis of the Project's benefits relative to the Project's costs." However, reuse projects often have multiple benefits such as combatting seawater intrusion, reducing nutrient pollution, reducing groundwater demand, local economic benefits from the secure water supply, and more that are not captured by traditional engineering economic cost-benefit

analysis models. The criterion does ask to describe these other benefits, but such a qualitative description of these other benefits may not properly convey the extent and value of these project benefits to the local community and broader region. We encourage Reclamation to clarify that quantified direct, indirect, and induced benefits of each project will be considered. Indirect benefits are the secondary changes in economic activity resulting from the investment in the water supply system, beyond the value of the direct influx of funds. Induced benefits includes the increased sales within the region from household spending derived from direct and indirect economic activity resulting from the investment in the water reuse project. These benefits should be considered in the same way that direct benefits are evaluated.

Additionally, attributing points to a project based solely upon cost per acre-foot may have unintended consequences of putting newer and smaller projects at a disadvantage in comparison to existing projects. The initial fixed costs of construction are reflected in the cost of water for new projects while those costs are not reflected in the cost of water for expansions at existing facilities. The cost per acre-foot can vary widely depending on the individual project's characteristics and context and thus may not always be an effective indicator to compare the cost-effectiveness and value of different projects.

The Fiscal Year 2018 omnibus appropriations package included report language that reflects these concerns and directs Reclamation to review the evaluation criteria so that project economic benefits can be measured in ways beyond cost per acre-foot of water to allow a more equitable comparison of projects.

We are also concerned about the possible subjectivity that could result from the **Economic Benefits criterion's** requirement that an applicant compare its project to "a nonreclaimed water alternative." It may be preferable for a standard to be put in place to guide this point of comparison, to ensure that the alternative presented is itself both valid and viable, as well as the actual approach that would likely be pursued if the recycling project did not go forward. In addition, this would help to ensure that projects in the same regions and/or watersheds are being fairly compared in the funding evaluation process.

Furthermore, we are concerned about the new **Criterion 4, Department of Interior (DOI) Priorities** - particularly the weight (10 points) given to this criterion. Although we support the DOI priorities, these priorities should already be reflected in the Title XVI application criteria making the need for this new criterion unclear. Additionally, many of these priorities are not relevant to water programs like Title XVI as they address issues such as hunting, grazing, timber, and more. Having these wide-ranging DOI priorities as part of the Title XVI application could lead to a more subjective evaluation of projects.

We support the continued inclusion of **Subcriterion 5b, Benefits to Rural or Economically Disadvantaged Communities**, as part of evaluation criteria. However, we are concerned about the lower weight given to this Subcriterion this year and ask that the weight be increased. Funding opportunities are critical for economically disadvantaged communities that face serious challenges between maintaining affordable water rates and investing in key water infrastructure projects like



water recycling. Additionally, we recommend that the definition of “communities” include census tracts and neighborhoods within urban areas.

Lastly, we ask that Reclamation consider adding the **“Readiness to Proceed” Subcriterion**, which was included in the 2017 Funding Opportunity Announcement (FOA) for authorized Title XVI projects, to this year’s FOA. It is important to ensure that funding goes to projects that are shovel ready so that Title XVI funds are allocated efficiently.

Thank you again for the chance to comment on the updated evaluation criteria. WRA believes that these modifications to the evaluation criteria can help support a more diverse set of water recycling projects across the West and help innovative projects serving multiple regions and purposes better compete for Title XVI funding. We look forward to working with Reclamation going forward in finalizing the 2018 Title XVI project evaluation criteria.

Sincerely,



Patricia Sinicropi

Executive Director

WateReuse Association

