

Drought Resiliency and Water Supply Infrastructure Act

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Section 3: Surface and Groundwater Storage and Supporting Projects

Subsection (a): Definitions

- Defines “federally owned storage project” to include the construction, expansion, upgrade or capital repair of the following facilities to which the United States holds title:
 - A surface storage facility; and
 - A facility conveying water to a surface or groundwater storage facility.
- Defines “non-federal storage project” to include the construction, expansion, upgrade or capital repair by a state, Indian tribe, or water district(s) of:
 - A surface or groundwater storage facility; or
 - A facility conveying water to a surface or groundwater storage facility.

Subsection (b): Grants

- Authorizes grants to federally owned and non-federal storage projects.

Subsection (c): Federally owned storage projects

- Authorizes up to a 50% federal cost-share for such projects.
- Establishes conditions for federal construction funding.
- Requires compliance with environmental laws.
- As a precondition for expansion of a federally owned storage project, requires the agreement of any single entity with a contract for 60% or more of the capacity or yield of the project, or any entity that has contracted to carry out operations and maintenance of the project.

Subsection (d): Non-federal storage projects

- Authorizes up to a 25% federal cost-share for such projects.
- Establishes conditions for federal design and study funding and construction funding.
- Requires compliance with environmental laws.
- Requires the Bureau of Reclamation within 180 days of enactment to develop draft guidelines for approving feasibility or equivalent studies for non-federal storage projects, to be finalized within a year of enactment.
 - The guidelines shall reflect Reclamation's role as a minority participant in the non-federal projects, with the federal taxpayer not responsible for any cost overruns.
 - The guidelines shall be based on Reclamation's guidelines for water recycling projects under the Title XVI program, which likewise involve a maximum 25% federal contribution to a project built by a non-federal entity.

Subsection (e): Rights to Use Capacity

- The Bureau of Reclamation and its cost-share partners shall enter into a mutual agreement regarding the rights to use the capacity of any federally owned or non-federal storage projects.

Subsection (f): Federal Benefits

- In determining federal benefits under this section, the Bureau of Reclamation may include benefits realized from having the operational flexibility to optimize meeting authorized project purposes in light of the hydrology of any given water year, including through the coordinated management of federal and non-federal facilities.

Subsection (g): Funding

- Authorizes \$670 million total over fiscal years 2020 through 2024.
- Congress appropriates storage funding through the annual appropriations process.
- Congress must approve the initial award of design and study funding and construction funding for each specific project through designating the project by name in an enacted appropriations bill.
 - Once Congress has provided such initial approvals, the Bureau of Reclamation can provide additional design and study funding and construction funding for specific projects without further Congressional approval.
- No more than 25% of authorized funding can be used for appraisal studies, feasibility studies, or other preliminary studies.

Subsection (h): Consistency with State Law

- Nothing in the section preempts or modifies any requirement that Reclamation act consistently with applicable state law.

Subsection (i): Partnership and Agreements Relating to Certain Water Storage Projects

- The Bureau of Reclamation may enter into a partnership with a joint powers authority to advance storage projects identified in the CALFED legislation.

Subsection (j): Calfed Reauthorization

- The CALFED legislation is reauthorized through fiscal year 2024.

Subsection (k): Conforming Amendment

- Because section 4007 of the Water Infrastructure Improvements for the Nation (WIIN) Act is extended and updated by this section, section 4007 is repealed.

Section 4: Water Recycling and Reuse

Subsection (a): Authorization of New Water Recycling and Reuse Projects

- This subsection amends the Title XVI competitive grant program for water recycling projects established in 2016 pursuant to the WIIN Act.
- The priorities for Reclamation's evaluation of projects in awarding grants are revised.
- Authorizes \$100 million total for fiscal years 2020 through 2024.
- Reclamation must release the funding opportunity announcement for grants not later than 75 days after enactment of the appropriations legislation funding the program.
- Congress appropriates funding for this competitive grant program through the annual appropriations process.
- Congress must approve the initial award of design and study funding and construction funding for each specific project through designating the project by name in an enacted appropriations bill.
 - Once Congress has provided such initial approvals, the Bureau of Reclamation can provide additional design and study funding and construction funding for specific projects without further Congressional approval.

Subsection (b): Limitation on Funding

- Raises the maximum federal funding contribution for each Title XVI project to \$30 million from \$20 million.
 - The cap remains \$20 million for projects that have received that amount as of December 31, 2020.
 - The maximum federal cost-share remains at 25%.

Section 5: Desalination

- This section amends and updates the competitive grant program for desalination projects established in 2016 pursuant to the WIIN Act.
- The program’s basic parameters remain the same.
- There are two changes to the definition of an eligible project:
 - The revised language makes clear that public private partnerships are eligible for funding as long as a state or local government entity pays either for the construction of the project or the water provided by the project.
 - The revised language also allows any “organization with water or power delivery authority” to apply for funding if that organization constructs, operates and maintains the project. This language comes from the definition of an “eligible applicant” in section 9502 of the Secure Water Act.
- Authorizes \$60 million total for fiscal years 2020 through 2024.
- Reclamation must release the funding opportunity announcement for grants not later than 75 days after enactment of the appropriations legislation funding the program.
- Congress appropriates funding for this competitive grant program through the annual appropriations process.
- Congress must approve the initial award of design and study funding and construction funding for each specific project through designating the project by name in an enacted appropriations bill.
 - Once Congress has provided such initial approvals, the Bureau of Reclamation can provide additional design and study funding and construction funding for specific projects without further Congressional approval.

Section 6: Reclamation Infrastructure Finance and Innovation Pilot Program

Subsection (a): Establishment

- Establishes the pilot program of financial assistance to eligible projects.

Subsection (b): Eligible Projects

- Defines eligible projects as projects that would contribute directly or indirectly to water supply in Reclamation states, plus Alaska and Hawaii.
- Includes projects that support an improvement to, or are associated with, a Bureau of Reclamation facility if
 - The eligible entity implements the project for non-federal purposes; and
 - The eligible entity secures substantial control over the operation, management and maintenance of the project.
- Applicants may combine one or more smaller projects to meet the minimum \$5 million project cost.

Subsection (c): Eligible Entities

- Includes any individuals or entities that have the capacity to contract with the United States under the Reclamation laws.

Subsection (d): Requirements

- Adopts the requirements of the Water Infrastructure Finance and Innovation Act (WIFIA) for determination of project eligibility and loan selection, and program administration.
- The roles of the Environmental Protection Agency (EPA) and the Bureau of Reclamation are to be defined by the agreement between the agencies required to be completed by October 23, 2019 pursuant to the 2018 Water Resources Development Act legislation. Under the agreement EPA will retain responsibility for administering any loans under the section.
- Requires compliance with all applicable environmental laws.

Subsection (e): Funding

- Authorizes \$150 million total for fiscal years 2020 through 2024, including:
 - \$125 million in federal outlays for supporting loans; and
 - \$25 million in administrative costs for Reclamation and EPA.

- The \$125 million in federal outlays would support \$8 to \$12 billion in loan amounts under OMB’s guidance for the parallel WIFIA program.
- A portion of the \$25 million in administrative costs could be used for technical assistance for small community projects, including paying a portion of the costs for acquiring rating opinion letters.

Section 7: Restoration and Environmental Compliance

Subsection (a): In General

- The Secretary of the Interior is authorized to participate in the following:
 - Environmental restoration activities benefitting listed species under the ESA that are affected by the operation of Reclamation water projects, or other species that benefit from Reclamation water deliveries;
 - Environmental compliance activities, including stream gauging, monitoring and other data collection to help fulfill Reclamation’s duties under the Endangered Species Act; and
 - Forest, meadow, or watershed restoration activity on federally-owned lands that improves the quality, timing or other attributes of runoff to a surface or groundwater facility, provided that:
 - Reclamation’s contribution to the total cost of the forest restoration project must be approximately the same or less than the proportion of water supply and water quality benefits to total project benefits, and
 - Federal water contractors are likely to receive at least part of the water benefits.

Subsection (b): Priority

- The Secretary must give priority under this section to projects that implement Congressional direction, are recommended by collaborative processes or plans, or implement settlements with State agencies or requirements under State water laws to restore species listed under the ESA that are adversely affected the operation of Reclamation’s water projects.

Subsection (c): Cost-share

- The Federal cost-share for projects under this section shall be no more than 50%, calculated at the program level for projects are part of a broader, cohesive program.

Subsection (d): Authorization of Appropriations

- Authorizes \$140 million total for fiscal years 2020 through 2024, including:
 - \$20 million total for forest restoration projects for fiscal years 2020 through 2021 (the environmental compliance and restoration activities other than forest restoration projects are already authorized through 2021); and

- \$120 million total for the section as a whole for fiscal years 2022 through 2024.

Section 8: Deauthorization of Certain Water Recycling Projects

- This section sets up a one-time process to deauthorize inactive recycling project authorizations where neither the federal government nor the project sponsor has spent any dollars on construction of the project in the past 10 years.
- The project sponsors would have an additional 2 ¾ years or longer after enactment of this Act to begin construction before their project would be deauthorized.

Section 9: Offsets

- This section would extend the existing WIIN Act provisions allowing water districts to prepay their outstanding capital debts to the United States and convert from water service contracts under section 9(e) of the Act of August 4, 1939 to repayment contracts under section 9(d) of that Act.
- This section is expected to bring in additional revenue to the Treasury over the next 10 years.

Section 10: Savings Language

- This section requires the Act to be implemented consistent with applicable State law, including State law, and Federal environmental law.