



RE-Act: Reclamation Efficiency Act of 2015

Proposed Tools for Managing Water Resources in the Drought Impacted West

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RE-Act: Reclamation Efficiency Act of 2015

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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 proposal – loans cover up to 49% project costs
 - Includes a budget offset
 - Increases maximum competitive grants for small water storage/water reuse and recycling projects to \$20M or 25% of project costs
 - Adds congressional oversight on grants
 - New Title Transfer language

RE-Act Water Management Tools

- 💧 New Water Infrastructure Funding/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



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 Loans

- New Reclamation financing tool - for water infrastructure projects in Western States (including Title XVI Projects) and 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 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 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 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 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 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 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
- Includes Title XVI-like water reuse, recycling and desalination projects – no need for additional project authorization from Congress
- Provides authority to participate in projects with cost-shared grants of up to \$20 million per project or 25% of total, whichever is less

North Bay Water Reuse Authority

Supervisor David Rabbitt, Sonoma County
Director, Sonoma County Water Agency
Chair, North Bay Water Reuse Authority



Who We Are

- 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 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 Prop 50 and 84 funds
 - \$74.2 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 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
Savings	15.48%

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



Building Support for RE-Act

- Outreach to Key Members of the Western Water Community
 - WSWC in South Lake Tahoe
 - Assn of California Water Agencies
 - National Water Resource Assn
 - WaterReuse: Nationally, CA and AZ
 - 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
 - Discussion draft of drought relief legislation released 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 of support for these concepts from
 - Individual Governors
 - Western States Water Council
 - Western Governors Association
 - Others

- 💧 For more information please contact:
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