Reclamation Reform and Infrastructure Finance and Innovation Act (RRIFIA)

Deauthorization of Reclamation Water and Related Resources Projects and Programs

The Reclamation Reform and Infrastructure Finance and Innovation Act (RRIFIA) would set up an expedited and definitive process to deauthorize Bureau of Reclamation (Reclamation) projects and programs that are no longer viable in order to create an opportunity (an offset under current budget score-keeping rules) to authorize Reclamation support for projects and programs to address current water infrastructure and related resource needs. The bill would require Reclamation to identify water and related resources projects and programs that are no longer viable and that should be deauthorized. Reclamation would be required to develop a report identifying any inactive projects and programs and project backlogs. Upon completion of the report and providing an opportunity for public review and comment, Reclamation would be required to submit a final deauthorization list to Congress for review and approval.

Projects and programs would be deemed no longer viable based upon criteria similar to those adopted as part of the Water Resources Reform and Development Act of 2014 (WRRDA), such as the following: a lack of non-federal support; an authorized purpose that is no longer relevant or feasible; or a lack of federal or non-federal resources.

Guaranteed and Secured Loans

Modeled after the successful and popular Transportation Infrastructure Finance and Innovation Act (TIFIA) program, which provides assistance to large-scale transportation projects and the Water Infrastructure Finance and Innovation Act (WIFIA) pilot program approved in WRRDA, RRIFIA would offer long-term, low-cost financing for a variety of water infrastructure projects (see Title II, Subtitle A of W 21 (H.R. 291 and S. 176)).

The bill would authorize Reclamation to provide secured loans, as well as guaranteed loans for the following purposes, among others: projects that reclaim and reuse municipal, industrial, domestic, and agricultural wastewater, and naturally impaired ground and surface waters, that the Secretary of the Interior, acting through the Bureau of Reclamation, is authorized to undertake; any water infrastructure project not specifically authorized by law that the Secretary determines would contribute to a safe, adequate water supply for domestic, agricultural, environmental, or municipal and industrial use; a project for enhanced energy efficiency or hydropower development in the operation of a water system; a new water infrastructure facility project, including a water conduit, pipeline, canal, pumping, power, and associated facilities; a brackish or sea water desalination facility; and a project for accelerated repair and replacement of an aging water distribution facility.

Funds, under the Act, would be available to finance the planning, design, and construction, as well as the acquisition of real property or an interest in real property if the acquisition is integral to an otherwise eligible project.

If the RRIFIA loan program were in place today, the interest rate would be approximately 2.32 percent. In comparison to today's rates, even for a local government that could secure a AAA rating for its bonds, RRIFIA would generate annual debt service savings of 7 to 8 percent over the same repayment period. The annual debt service savings would approach 21 percent, if financed over the longer RRIFIA repayment period. Similarly, RRIFIA would generate savings of about 16 percent in comparison to municipal bonds with a rating of AA- financed over the same repayment period and even greater savings over the longer, 35-year WIFIA repayment period.

RRIFIA offers the opportunity to greatly leverage the limited federal funds. $100 million a year would support $1 billion in water infrastructure financing and would likely result in only a two to three million dollar charge against federal outlays, making it a very cost-effective way for the federal government to provide much needed water infrastructure financing assistance in advance of extraordinary drought and chronic water shortages.

The "scoring" of outlays represents an estimation of the potential risk. The calculation will be determined by the Congressional Budget Office. It is not unreasonable to assume that there will be no outlays, however. The historical default rate on bonds associated with municipal water and sewer projects is very low, almost non-existent, .04 percent. Therefore, the risk of default on federal credit assistance is minimal.

Storage and Conveyance; Water Reuse and Integrated Regional Water Management Grants

RRIFIA would authorize the Bureau of Reclamation to participate as a technical and financial partner with state and local water management entities to develop storage and conveyance associated with water reuse projects (both authorized and unauthorized), regional integrated water management projects, authorized Reclamation projects, and for other similar projects. RRIFIA would provide authority for Reclamation to participate in these projects with cost-shared grants of up to $20 million or 50 percent of total project costs, whichever is less (similar to Title II, Subtitle B of W 21 (H.R. 291 and S. 176)).

Transfer Title to Certain Reclamation Facilities or Separable Elements of Such Facilities

RRIFIA would authorize the Secretary of the Interior, under specific conditions, to transfer to a non-federal entity title to a Reclamation project or a separable element thereof constructed by the United States and titled in the name of the United States where the project construction and other obligations have been paid out by the non-federal project beneficiaries, the project is in need of additional investment by the non-federal operating entity in order to continue to provide or enhance project purposes to project beneficiaries, the transfer meets all federal requirements (such as NEPA/ESA/etc.), and the congressional committees of jurisdiction do not object within 60-days of transfer. This will allow for the non-federal operating entity to obtain a loan guarantee under the Act that would not constitute a "third-party" financed obligation and would be favorably "scored" under congressional budget rules (see Title II, Subtitle C of W 21 (H.R. 291 and S. 176)).