



Phase 2 of the North Bay Water Reuse Program would utilize storage to expand distribution of recycled water.

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

RE-Act 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 un-

authorized), regional integrated water management projects, authorized Reclamation projects, and for other similar projects. RE-Act would provide authority for Reclamation to participate in these projects with cost-shared grants of up to \$20 million or 25 percent of total project costs, whichever is less.



Phase 2 has a strong storage component and will help significantly by building resiliency into the water supply and assisting with drought mitigation. These grants and loans will help to create storage projects that will capture highly-treated recycled water that is currently lost through discharge into the Bay.

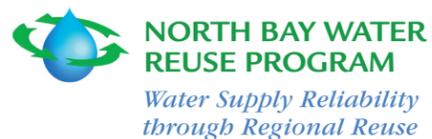


Transfer Title to Certain Reclamation Facilities or Separable Elements of Such Facilities

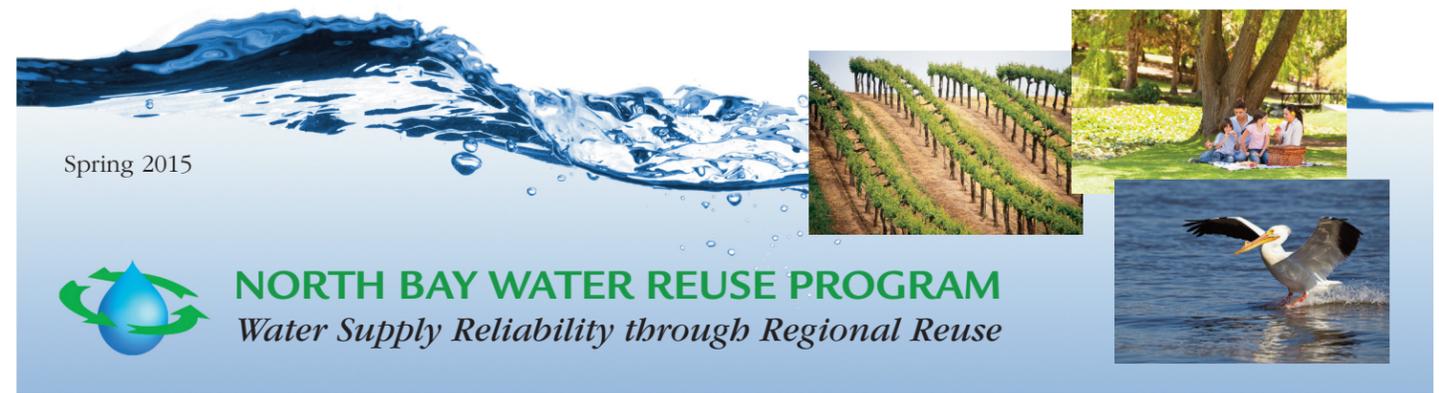
RE-Act would authorize the Secretary of the Interior, under specific conditions, to transfer title of a Reclamation project, or a separable element thereof, to a non-federal entity.

This includes projects 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. Generally, many of these projects are in need of additional investment by the non-federal operating entity in order to continue to provide or enhance project purposes to project beneficiaries.

To successfully complete the transfer, all federal requirements (such as NEPA/ESA/etc.) would be met and the congressional committees of jurisdiction must not object within 60-days of transfer. This will also 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.



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If enacted, RE-Act could provide funding for:

- Increased funding levels for authorized Title XVI water recycling projects
- A Guaranteed and Secured Loan Program to finance water management infrastructure
- Storage and Conveyance Grants for Water Reuse and Integrated Regional Water Management projects
- A new competitive grant program for un-authorized recycled water projects that have been determined feasible and demonstrated NEPA compliance

Reclamation Efficiency Act of 2015 (RE-Act)

The Bureau of Reclamation faces unprecedented demands on its projects and programs and RE-Act would provide both a new budget offset and new water infrastructure programs needed to assist Reclamation in addressing the critical water shortages due to western droughts.

Deauthorization of Reclamation Water and Related Resources Projects and Programs

RE-Act 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 opportunity (an offset under current budget score-keeping rules) and, in turn, authorize Reclamation support for new water infrastructure and related resource program 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, 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) and examples of these criteria are: 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.



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RE-Act
 offers the
 opportunity
 to greatly
 leverage
 limited
 federal
 funds.

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, RE-Act would offer long-term, low-cost financing for a variety of water infrastructure projects.

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, agricultural wastewater, and naturally impaired ground and surface waters.

The Secretary of the Interior, acting through the Bureau of Reclamation, would be 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 RE-Act loan program were in place today, the interest rate would be approximately 2.50 percent. Based on current municipal bond rates, even for a local government that could secure AA-rated municipal bond financing, RE-Act would generate approximately 10 percent in annual savings over a 30 year repayment period, and up to 19 percent in annual savings over a longer repayment period. Compared to an A-rated municipal bond, annual savings would be approximately 15 percent if financed over 30 years, and 23 percent if financed over 35 years.

RE-Act offers the opportunity to greatly leverage limited federal funds. A \$100 million a year program investment would support \$1 billion in water infrastructure financing and would likely result in 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.

Debt Service Savings Based on Various Interest Rates

Debt Service Savings on \$100 Million RE-Act Loan AA-Rated Municipal Bond

30-Year AA- Municipal Bond @ 3.35%	\$5,335,433
30-Year RE-Act Guaranteed Loan @ 2.50%	\$4,781,396
Annual Savings	\$554,037
30-Year Savings	\$16,621,114
Debt Service Savings, Percent	10.38%

Debt Service Savings on \$100 Million RE-Act Loan A-Rated Municipal Bond

30-Year A- Municipal Bond @ 3.65%	\$5,635,433
30-Year RE-Act Guaranteed Loan @ 2.50%	\$4,781,396
Annual Savings	\$854,037
30-Year Savings	\$25,621,114
Debt Service Savings, Percent	15.15%

Note: Figures for a RE-Act loan with a repayment period of 30 years are shown for comparison. The actual repayment period under RE-Act may be for up to 35 years. Figures assume amortization of principal over the life of the loan/bond and a fixed annual payment.

RE-Act Loan Benefits

More Money for Water Infrastructure at a Lower Cost and with Greater Flexibility

No requirement to borrow for a debt service reserve fund

Approximately a \$6 million savings on every \$100 million in municipal financing needed for water infrastructure improvements

Up to a 5-year deferral on initiation of repayment

Repayment would not start until substantial completion of the project or five years following receipt of financing, whichever occurs first

Amortized over 35-years rather than 30-year maximum for municipal bonds

Annual debt service savings and real savings when the net present value of money used to repay the debt is considered

Ability to refinance existing water infrastructure debt

RE-Act allows borrowers to refinance existing debt, if doing so will enable greater water infrastructure improvements

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\$100 million
 a year would
 support
\$1 billion
 in water
 infrastructure
 financing...