

**Statement of Kira L. Finkler, Deputy Commissioner
for External and Intergovernmental Affairs
Bureau of Reclamation
U.S. Department of the Interior
before the
Subcommittee on Water and Power
Committee on Energy and Natural Resources
United States Senate**

**April 27, 2010
S. 745**

Madam Chairwoman and Members of the Subcommittee, I am Kira Finkler, Deputy Commissioner for External and Intergovernmental Affairs at the Bureau of Reclamation (Reclamation). I am pleased to provide the views of the Department of the Interior (Department) on S. 745, the Magna Water District Water Reuse and Groundwater Recharge Project. For reasons I will discuss below, the Administration cannot support the bill.

S. 745 would amend the Reclamation Wastewater and Groundwater Study and Facilities Act (Public Law 102-575, 43 U.S.C. 390h *et seq.*), commonly called Title XVI, to authorize the Secretary of the Interior to participate in the design, planning, and construction of permanent facilities needed to establish recycled water distribution and wastewater treatment and reclamation facilities in the Magna Water District in Salt Lake County, Utah.

S. 745 authorizes a \$12 million (25 percent) Federal cost share for the project. The proposed project has an estimated total project cost of \$51 million and would reduce the District's reliance on high quality potable water by 580 million gallons (1,780 acre-feet) per year, currently used for non-potable water supply. Reclamation completed a review of the Magna Water District's Feasibility Study in July 2009, and made a finding that the District's report met the requirements of a feasibility study as defined under Section 1604 of Title XVI.

S. 745 would authorize the project under Title XVI for Federal funding not to exceed 25 percent or \$20 million, whichever is less.

While the Department supports efforts to increase local water supplies and increase recycled water use, this project would compete for funds with other needs within the Reclamation program, including other Title XVI projects currently under construction. In general, the Department supports the Title XVI Reclamation and Reuse program. The 2011 budget proposal includes funding for the Department's WaterSMART Program, and Title XVI is an important element of that program. Specifically, the 2011 budget proposal includes \$29 million for the Title XVI program, a 113% increase over the 2010 enacted level.

As part of this total, the Department is requesting \$20 million for Title XVI projects to be selected using criteria to identify activities most closely aligned with Title XVI statutory and program goals. On March 15, 2010, Reclamation posted an announcement inviting comment on

draft funding criteria for Title XVI projects. After these criteria are finalized with comments received up through April 16, Reclamation will review and rank Title XVI project proposals received based on those criteria subject to appropriations in fiscal year 2011.

Separately, in July of 2009, the Department announced the allocation of approximately \$135 million in grants for specific authorized Title XVI projects using funds from the American Recovery and Reinvestment Act, or ARRA. We recognize that water reuse is an essential tool in stretching the limited water supplies in the West, and I believe the FY 2011 Budget request on top of the ARRA funding has demonstrated the emphasis placed by this Administration on this Program. However, given that there are 53 already authorized Title XVI projects and numerous competing mission priorities and demands on Reclamation's budget, the Department cannot support the authorization of new Title XVI projects or extensions of existing authorized cost ceilings at this time.

Reclamation will, however, continue to work with project proponents to evaluate the completeness of feasibility studies of their projects.

Madam Chairwoman, this concludes my testimony. Thank you for the opportunity to comment on S. 745. I would be pleased to answer any questions at this time.

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**April 27, 2010
S. 1138**

Madam Chairwoman and Members of the Subcommittee, I am Kira Finkler, Deputy Commissioner for External and Intergovernmental Affairs at the Bureau of Reclamation (Reclamation). I am pleased to provide the views of the Department of the Interior (Department) on S. 1138, the Bay Area Regional Water Recycling Program (BARWRP) Expansion Act of 2009. For reasons I will discuss below, the Administration cannot support the bill.

S. 1138 would amend the Reclamation Wastewater and Groundwater Study and Facilities Act (Public Law 102-575, 43 U.S.C. 390h *et seq.*), commonly called Title XVI, to authorize the Secretary of the Interior to participate in the design, planning, and construction of six new permanent facilities needed to reclaim, reuse, and treat groundwater and wastewater in the greater San Francisco Bay Area. The legislation would also increase the Federal cost share for two previously-authorized Title XVI projects in the same area from \$10.5 million to \$16.3 million. S. 1138 would increase the number of BARWRP projects from eight to fourteen. These new projects are being implemented by the Central Contra Costa Sanitary District, the Dublin San Ramon Services District, the City of Petaluma, the City of Redwood City, the City of Palo Alto, and the Ironhouse Sanitary District. The Federal cost share increases would be for the Delta Diablo Sanitation District and the Santa Clara Valley Water District.

New Projects

The Central Contra Costa Sanitary District's Concord Recycled Water Project feasibility report has been reviewed by Reclamation; a feasibility certification is expected to be made in April 2010.

The Dublin San Ramon Services District's Central Dublin Recycled Water Distribution and Retrofit Project's feasibility materials were determined complete in December 2009.

The City of Petaluma's Petaluma Recycled Water Project, Phase 2A, 2B, and 3 has not been determined to have a complete feasibility study. The City expects to submit feasibility materials by June 2010.

The City of Redwood City has not submitted a complete feasibility report, financial capability information, or a NEPA compliance document for Reclamation's review and determination for

the Central Redwood City Recycled Water Project. The City is currently updating its city-wide General Plan; it is planned to be adopted by City Council in summer of 2010. Planning for the Central Redwood City project, including preparation of a feasibility report will begin after adoption of the General Plan.

The City of Palo Alto's Recycled Water Pipeline Project has not been determined to have a complete feasibility study. The City has not submitted financial capability information. The City anticipates submitting feasibility study materials by June 2010. The City continues to work on a NEPA compliance document.

The Ironhouse Sanitary District has not submitted a feasibility report, financial capability information, or a NEPA compliance document for Reclamation's review and determination for the Antioch Recycled Water Project. The District anticipates their recycled water master plan will be completed by the end of summer 2010. This plan will be the basis of the feasibility report that will be submitted in 2011. NEPA related work is also anticipated for 2011.

Previously Authorized Projects – Increased Cost Share

Delta Diablo Sanitation District's Antioch Recycled Water Project is authorized for construction, has been determined to have completed the necessary feasibility studies; it is financially capable under the Title XVI program, and is NEPA compliant.

Santa Clara Valley Water District's South Bay Advanced Recycled Water Treatment Facility is authorized for construction, has been determined to have completed the necessary feasibility studies; it is financially capable under the Title XVI program, and is NEPA compliant.

S. 1138 would authorize these projects under Title XVI for Federal funding with project-specific maximum Federal cost shares that do not to exceed 25 percent of the estimated total project cost.

While the Department supports efforts to increase local water supplies and increase recycled water use, these projects would compete for funds with other needs within the Reclamation program, including other Title XVI projects currently under construction. In general, the Department supports the Title XVI Reclamation and Reuse program. The 2011 budget proposal includes funding for the Department's WaterSMART Program, and Title XVI is an important element of that program. Specifically, the 2011 budget proposal includes \$29 million for the Title XVI program, a 113% increase over the 2010 enacted level.

As part of this total, the Department is requesting \$20 million for Title XVI projects to be selected using criteria to identify activities most closely aligned with Title XVI statutory and program goals. On March 15, 2010, Reclamation posted an announcement inviting comment on draft funding criteria for Title XVI projects. After these criteria are finalized with comments received up through April 16, Reclamation will review and rank Title XVI project proposals received based on those criteria subject to appropriations in fiscal year 2011.

Separately, in July of 2009, the Department announced the allocation of approximately \$135

million in grants for specific authorized Title XVI projects using funds from the American Recovery and Reinvestment Act of 2009, or ARRA. We recognize that water reuse is an essential tool in stretching the limited water supplies in the West, and I believe the FY 2011 Budget request on top of the ARRA funding has demonstrated the emphasis placed by this Administration on this Program. However, given that there are 53 already authorized Title XVI projects and numerous competing mission priorities and demands on Reclamation's budget, the Department cannot support the authorization of new Title XVI projects or extensions of existing authorized cost ceilings at this time.

Reclamation will, however, continue to work with project proponents to evaluate the feasibility of their projects.

Madam Chairwoman, this concludes my testimony. Thank you for the opportunity to comment on S. 1138. I would be pleased to answer any questions at this time.

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**April 27, 2010
S. 1573**

Madam Chairwoman and Members of the Subcommittee, I am Kira Finkler, Deputy Commissioner for External and Intergovernmental Affairs at the Bureau of Reclamation (Reclamation). I am pleased to provide the views of the Department of the Interior (Department) on S. 1573, the City of Hermiston, Oregon, Water Recycling and Reuse Project. For reasons I will discuss below, the Administration cannot support the bill.

S. 1573 would amend the Reclamation Wastewater and Groundwater Study and Facilities Act (Public Law 102-575, 43 U.S.C. 390h *et seq.*), commonly called Title XVI, to authorize the Secretary of the Interior to participate in the design, planning, and construction of permanent facilities needed to reclaim and reuse wastewater in the City of Hermiston, Oregon. The project is being implemented by the City of Hermiston.

The City of Hermiston, located in north central Oregon, is one of the largest communities within Reclamation's Umatilla Project area. The project proposed by the City includes upgrades and construction at their existing wastewater treatment facility and construction of a delivery system that would deliver recycled water to the West Extension Irrigation District. The recycled water would be used by the District to irrigate agricultural lands. By 2031, it is estimated this proposed project would provide the District with an approximate 2,034 acre-feet of drought resistant water supply during the irrigation season. The current total estimated cost for this project is approximately \$25.8 million.

In January 2010, the City of Hermiston submitted their feasibility report to Reclamation for review under the Title XVI program. In April 2010, Reclamation's review team completed the review and made the certification that the proposed project "Meets Requirements" as defined under section 1604 of Public Law 102-575, as amended.

The City and Reclamation's Pacific Northwest Region are continuing to coordinate on actions that are necessary to be complete prior to implementation of the proposed project. This includes activities such as the determination of the project sponsor's financial capability, completion of Federal environmental compliance actions, water contracts, water rights, and entering into a land use agreement since the delivery pipe is to cross Reclamation land.

S. 1573 would authorize the City of Hermiston's project under Title XVI for Federal funding not

to exceed 25 percent of the total cost of the project.

While the Department supports efforts to increase local water supplies and increase recycled water use, this project would compete for funds with other needs within the Reclamation program, including other Title XVI projects currently under construction. In general, the Department supports the Title XVI Reclamation and Reuse program. The 2011 budget proposal includes funding for the Department's WaterSMART Program, and Title XVI is an important element of that program. Specifically, the 2011 budget proposal includes \$29 million for the Title XVI program, a 113% increase over the 2010 enacted level.

As part of this total, the Department is requesting \$20 million for Title XVI projects to be selected using criteria to identify activities most closely aligned with Title XVI statutory and program goals. On March 15, 2010, Reclamation posted an announcement inviting comment on draft funding criteria for Title XVI projects. After these criteria are finalized with comments received up through April 16, Reclamation will review and rank Title XVI project proposals received *through a public funding opportunity announcement* based on those criteria subject to appropriations in fiscal year 2011.

Separately, in July of 2009, the Department announced the allocation of approximately \$135 million in grants for specifically authorized Title XVI projects using funds from the American Recovery and Reinvestment Act, or ARRA. We recognize that water reuse is an essential tool in stretching the limited water supplies in the West, and I believe the FY 2011 Budget request on top of the ARRA funding has demonstrated the emphasis placed by this Administration on this Program. However, given that there are 53 already authorized Title XVI projects and numerous competing mission priorities and demands on Reclamation's budget, the Department cannot support the authorization of new Title XVI projects or extensions of existing authorized cost ceilings at this time.

Reclamation will, however, continue to work with project proponents to evaluate the completeness of feasibility studies of their projects.

Madam Chairwoman, this concludes my testimony. Thank you for the opportunity to comment on S. 1573. I would be pleased to answer any questions at this time.

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**April 27, 2010
HR 325**

Madam Chairwoman and Members of the Subcommittee, I am Kira Finkler, Deputy Commissioner for External and Intergovernmental Affairs at the Bureau of Reclamation. I am pleased to provide the views of the Department of the Interior (Department) on H.R. 325, the Avra/Black Wash Reclamation and Riparian Restoration Project Act. For reasons I will discuss below, the Administration cannot support the bill.

H.R. 325 would amend the Reclamation Wastewater and Groundwater Study and Facilities Act (Public Law 102-575, 43 U.S.C. 390h *et seq.*), commonly called Title XVI, to authorize the Secretary of the Interior to participate in the design, planning, and construction of permanent facilities needed to reclaim, reuse, and treat groundwater and wastewater in the Black Wash Sonoran Desert ecosystem, west of the metropolitan Tucson area in Arizona. The project is being implemented by Pima County.

Pima County is expanding the 1.5 million gallon per day (mgd) wastewater treatment facility to a capacity of 5 mgd. Currently, treated effluent is not reused. The proposed project would provide tertiary treatment and establish procedures to recharge the reclaimed water in ponds and the Black Wash. The treated effluent that was previously evaporated would instead recharge the aquifer, and state law would allow this recharge to be measured and stored as credits to be pumped at a later date. By recharging the water in the channel of Black Wash, riparian and wildlife habitat will be created, preserved and protected. The project includes plans to provide baseline ecological reconnaissance for monitoring of diversity and ecological health of the site.

Reclamation has been working with Pima County to review the technical, regulatory and contractual issues involved in the project but discussions have been preliminary. To date, the steps necessary to prepare a feasibility report that meet the requirements for feasibility of a Title XVI project have only briefly been discussed. Because the technical studies are not complete, the feasibility, environmental impacts and cost effectiveness for this project cannot be determined.

H.R. 325 would authorize the project under Title XVI for Federal funding not to exceed 25 percent of the total project cost or \$14 million, whichever is less.

While the Department supports efforts to increase local water supplies and increase recycled

water use, this project would compete for funds with other needs within the Reclamation program, including other Title XVI projects currently under construction. In general, the Department supports the Title XVI Reclamation and Reuse program. The 2011 budget proposal includes funding for the Department's WaterSMART Program, and Title XVI is an important element of that program. Specifically, the 2011 budget proposal includes \$29 million for the Title XVI program, a 113% increase over the 2010 enacted level.

As part of this total, the Department is requesting \$20 million for Title XVI projects to be selected using criteria to identify activities most closely aligned with Title XVI statutory and program goals. On March 15, 2010, Reclamation posted an announcement inviting comment on draft funding criteria for Title XVI projects. After these criteria are finalized with comments received up through April 16, Reclamation will review and rank Title XVI project proposals received based on those criteria subject to appropriations in fiscal year 2011.

Separately, in July of 2009, the Department announced the allocation of approximately \$135 million in grants for specific authorized Title XVI projects using funds from the American Recovery and Reinvestment Act, or ARRA. We recognize that water reuse is an essential tool in stretching the limited water supplies in the West, and I believe the FY 2011 Budget request on top of the ARRA funding has demonstrated the emphasis placed by this Administration on this Program. However, given that there are 53 already authorized Title XVI projects and numerous competing mission priorities and demands on Reclamation's budget, the Department cannot support the authorization of new Title XVI projects or extensions of existing authorized cost ceilings at this time.

Reclamation will, however, continue to work with project proponents to evaluate the completeness of feasibility studies of their projects.

Madam Chairwoman, this concludes my testimony. Thank you for the opportunity to comment on H.R. 325. I would be pleased to answer any questions at this time.

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**April 27, 2010
HR 637**

Madam Chairwoman and Members of the Subcommittee, I am Kira Finkler, Deputy Commissioner for External and Intergovernmental Affairs at the Bureau of Reclamation (Reclamation). I am pleased to provide the views of the Department of the Interior (Department) on H.R. 637, the South Orange County Recycled Water Enhancement Act. For reasons I will discuss below, the Administration cannot support the bill.

H.R. 637 would amend the Reclamation Wastewater and Groundwater Study and Facilities Act (Public Law 102-575, 43 U.S.C. 390h *et seq.*), commonly called Title XVI, to authorize the Secretary of the Interior to participate in the design, planning, and construction of permanent facilities needed to reclaim, reuse, and treat wastewater in the southern part of Orange County, California. The project is being implemented by the cities of San Juan Capistrano and San Clemente.

Reclamation has very little information regarding these two water recycling projects. Neither city has been in contact with Reclamation recently regarding these projects, and Reclamation does not have any information regarding the current project descriptions.

In 2006, during the CalFed/Title XVI review that was completed pursuant to P.L. 108-361, the City of San Juan Capistrano submitted project study materials for review. Reclamation's review determined that the report did not meet 6 of the 9 criteria that were required for a complete feasibility report. The City has not provided any additional information since that time. The City of San Clemente has not submitted any study materials or other information for review.

H.R. 637 would authorize the projects under Title XVI for Federal funding not to exceed 25 percent or \$18.5 million for the San Juan Capistrano project or \$5 million for the San Clemente project, whichever is less.

While the Department supports efforts to increase local water supplies and increase recycled water use, this project would compete for funds with other needs within the Reclamation program, including other Title XVI projects currently under construction. In general, the Department supports the Title XVI Reclamation and Reuse program. The 2011 budget proposal includes funding for the Department's WaterSMART Program, and Title XVI is an important element of that program. Specifically, the 2011 budget proposal includes \$29 million for the

Title XVI program, a 113% increase over the 2010 enacted level.

As part of this total, the Department is requesting \$20 million for Title XVI projects to be selected using criteria to identify activities most closely aligned with Title XVI statutory and program goals. On March 15, 2010, Reclamation posted an announcement inviting comment on draft funding criteria for Title XVI projects. After these criteria are finalized with comments received up through April 16, Reclamation will review and rank Title XVI project proposals received based on those criteria subject to appropriations in fiscal year 2011.

Water conservation is a laudable goal and is becoming increasingly important in the arid West. As such, it is critical that the competitive Title XVI grants be directed at those projects that will do the most to reduce present or anticipated water conflicts. Also, when looking at proposed Title XVI projects, the full range of benefits and costs should be assessed. The Administration supports those conservation projects that achieve water savings while not being overly energy intensive or creating adverse environmental or health effects.

Separately, in July of 2009, the Department announced the allocation of approximately \$135 million in grants for specific authorized Title XVI projects using funds from the American Recovery and Reinvestment Act, or ARRA. We recognize that water reuse is an essential tool in stretching the limited water supplies in the West, and I believe the FY 2011 Budget request on top of the ARRA funding has demonstrated the emphasis placed by this Administration on this Program. However, given that there are 53 already authorized Title XVI projects and numerous competing mission priorities and demands on Reclamation's budget, the Department cannot support the authorization of new Title XVI projects or extensions of existing authorized cost ceilings at this time.

Reclamation will, however, continue to work with project proponents to evaluate the completeness of feasibility studies of their projects.

Madam Chairwoman, this concludes my testimony. Thank you for the opportunity to comment on H.R. 637. I would be pleased to answer any questions at this time.

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**April 27, 2010
H.R. 1120**

Madam Chairwoman and Members of the Subcommittee, I am Kira Finkler, Deputy Commissioner for External and Intergovernmental Affairs at the Bureau of Reclamation (Reclamation). I am pleased provide the views of the Department of the Interior (Department) on H.R. 1120, the Central Texas Water Recycling Act of 2009. For reasons I will discuss below, the Administration cannot support the bill.

H.R. 1120 would amend the Reclamation Wastewater and Groundwater Study and Facilities Act (Public Law 102-575, 43 U.S.C. 390h *et seq.*), commonly called Title XVI, to authorize the Secretary of the Interior to participate in the design, planning, and construction of permanent facilities needed to reclaim and reuse water in McLennan County. The project is being implemented by the City of Waco.

The City of Waco (City) has projected a 12,000 acre-foot per year water deficit in 2060. The Brazos River Basin Regional Water Group, which includes the City of Waco and which reports water management recommendations to the State of Texas, recommended water reuse as an important management strategy in meeting this need. The City has identified numerous customers in the area with a total expected reuse demand of 3.0 million gallons per day. The City proposes to construct infrastructure to convey treated effluent to these customers.

The City submitted Title XVI feasibility materials to Reclamation on September 3, 2009, and an agency review team collaborated with the City on revising the report to meet Reclamation's Title XVI feasibility report requirements. Reclamation's team completed its review of the revised feasibility report and compared it to the criteria established in P.L. 102-575, as amended and Reclamation's Directives and Standards. Based on this review, the team recommended that the Great Plains Regional Director and the Policy and Administration Director concur that the feasibility report is complete. The Regional Director and Director of Policy and Administration provided concurrence on October 8 and October 13, 2009, respectively.

H.R. 1120 would authorize the project under Title XVI for Federal funding not to exceed 25 percent of the total project cost or \$20 million, whichever is less.

While the Department supports efforts to increase local water supplies and increase recycled water use, this project would compete with other Reclamation programs for funding, including

other Title XVI projects currently under construction. In general, the Department supports the Title XVI Reclamation and Reuse program. The 2011 budget proposal includes funding for the Department's WaterSMART Program, and Title XVI is an important element of that program. Specifically, the 2011 budget proposal includes \$29 million for the Title XVI program, a 113% increase over the 2010 enacted level.

As part of this total, the Department is requesting \$20 million for Title XVI projects to be selected using criteria to identify activities most closely aligned with Title XVI statutory and program goals. On March 15, 2010, Reclamation posted an announcement inviting comment on draft funding criteria for Title XVI projects. After these criteria are finalized with comments received up through April 16, Reclamation will review and rank Title XVI project proposals received based on those criteria subject to appropriations in fiscal year 2011.

Separately, in July of 2009, the Department announced the allocation of approximately \$135 million in grants for specific authorized Title XVI projects using funds from the American Recovery and Reinvestment Act, or ARRA. We recognize that water reuse is an essential tool in stretching the limited water supplies in the West, and I believe the FY 2011 Budget request on top of the ARRA funding has demonstrated the emphasis placed by this Administration on this Program. However, given that there are 53 already authorized Title XVI projects and numerous competing mission priorities and demands on Reclamation's budget, the Department cannot support the authorization of new Title XVI projects or extensions of authorized existing cost ceilings at this time.

Reclamation will, however, continue to work with project proponents to evaluate the completeness of feasibility studies of their projects.

Madam Chairwoman, this concludes my testimony. Thank you for the opportunity to comment on H.R. 1120. I would be pleased to answer any questions at this time.

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**H.R. 1393
April 27, 2010**

Madam Chairman, I am Deputy Commissioner Kira Finkler, Deputy Commissioner for External and Intergovernmental Affairs at the Bureau of Reclamation (Reclamation). I am pleased to present the views of the Department of the Interior (Department) on H.R. 1393, a bill to amend the Lower Rio Grande Valley Water Resources Conservation and Improvement Act of 2000 (Act) to authorize additional projects and activities. For reasons I will discuss below, the Administration cannot support the bill.

H.R. 1393 authorizes an additional 19 water conservation projects, which include the replacement of canals and laterals with pipelines, the lining of canals and laterals, the installation of water measurement and telemetry systems, the renovation and replacement of pumping plants, and other activities that will result in the conservation of water. The legislation would enable the Secretary to fund up to 50% of the total cost of these projects once they meet the review criteria and project requirements in the Act. The purpose of this bill is to provide water saving measures to areas in Texas that continue to suffer from drought.

The Department lauds local and state efforts to improve and encourage water efficiency and to responsibly manage water quantity in the border region. The Department testified in general support (with some suggested revisions) of the original legislation that became P.L. 106-576 and of the subsequent amendment (P.L. 107-351). Together, these laws authorized 19 projects with a cost ceiling of \$47,000,000. The amendments offered in H.R. 1393 appear to maintain the intent of the existing bill while authorizing an additional 19 projects with a cost ceiling of \$42,356,145. Reclamation's Fiscal Year 2011 appropriations request for this program is \$50,000, which does not include non-Federal funds. However, with the need to direct resources toward constructing ongoing projects, and to operate, maintain, and rehabilitate existing projects, we cannot support adding additional projects to the long list of already authorized projects awaiting Federal funding.

Implementation of P.L. 106-576

Since late December of 2000, when P.L. 106-576 was enacted, Reclamation has been working successfully and cooperatively with local entities in the Lower Rio Grande Valley, the Texas Water Development Board, and the Texas Agricultural Extension Service of Texas A&M University. The first requirement of the public law was issuance of criteria by which

Reclamation would administer the law and determine project eligibility for federal funding. These criteria were prepared, shared with state, local and other federal entities, and issued in late June 2001, within the six month timeframe required by the law.

Next, the irrigation districts involved with the 19 currently authorized projects and the Texas Water Development Board worked with Reclamation to begin planning, designing and construction of authorized projects. To date, Reclamation has approved 16 Project Reports and 13 of the projects have initiated construction, eight of which are substantially complete and under operation.

Project Scope and Cost

The emphasis placed by the Act on the initial 19 authorized projects is primarily on a project's scope, not upon its costs. For example, the scope of each authorized project is defined by the language in the Act itself and in the cited engineering report. In some cases, the specificity of this language has limited the authorization of (and therefore Reclamation's participation in) a project to only a portion of what an irrigation district has proposed to construct. The total project costs of each of these projects are not, however, specified in the legislation or in the cited engineering reports, but are determined once the authorized components are sufficiently developed in the Project Report and a project budget developed. In accordance with Section 4(b) of the Act, the Federal share of each project is then determined to be 50 percent of this total project cost.

In contrast, the emphasis that would be placed by H.R. 1393 on the second 19 projects considered for authorization would be on the project's cost, not upon its scope. Without changing the conditions for implementation of the first 19 projects, H.R. 1393 imposes different conditions for implementation on the proposed 19 projects. For example, unlike the previous two bills, Section 2(b) of H.R. 1393 would amend the Act to authorize virtually any project component that would result in the conservation of water or an improved supply of water, whether or not this component lies within the scope of the cited engineering report for that project. Also unlike the Act, H.R. 1393 would identify a maximum total cost for each project, half of the sum of which equals the identified ceiling. Furthermore, Section 3 of H.R. 1393 maintains separate ceilings for each of the groups of projects; namely, \$47,000,000 (2001 dollars) for projects 1 thru 19, and \$42,356,145 (2004 dollars) for projects 20 thru 38.

These differences, while not affecting the requirements for project qualification, would require somewhat different treatment of projects with regard to determining scope and cost, depending upon specific project authorizations.

Cost Indexing

After the budget authority for these 19 projects is given, H.R. 1393 includes the phrase "2004 dollars" in parentheses. This is similar to the language included in Section 4 (c) of the original

Act, as amended. To eliminate any question about Reclamation's authority to index costs for either group of 19 projects, Reclamation recommends that Section 4 (c) of the Lower Rio Grande Valley Water Resources Conservation and Improvement Act of 2000 (Public Law 106-576; 114 Stat. 3067) be amended by replacing these two phrases with the following: "plus or minus such amounts, if any, as may be justified by reason of ordinary fluctuations in construction costs as indicated by engineering cost indexes applicable to the types of construction involved herein."

Project Planning

The proposed legislation pre-authorizes projects that have had limited, if any, involvement from the Bureau of Reclamation in the project planning and development process, and which have not undergone Administration review. Although the Administration supports the efforts of local project beneficiaries to address their local water needs, we cannot support authorization nor provide funding for projects that have not undergone rigorous Administration review.

Conclusion

Madam Chairwoman, we recognize the importance of improving the efficiency of use and delivery of water in this part of the country. However, given the numerous other requirements on Reclamation's budget, such as funding the ongoing operation, maintenance, and rehabilitation of our existing projects and funding for ongoing authorized rural water projects and Native American settlements, we are unable to fund the activities that are already authorized. . The Federal government strives to leverage its resources to those projects that have benefits that exceed costs and foster locally-based solutions that do not require Federal investment in perpetuity.

In addition to the specific provisions identified in this testimony, Reclamation would be happy to work with the Committee to address any questions that may arise through the legislative process.

Madam Chairwoman, this concludes my testimony. I am pleased to answer any questions.

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**April 27, 2010
HR 2522**

Madam Chairwoman and Members of the Subcommittee, I am Kira Finkler, Deputy Commissioner for External and Intergovernmental Affairs at the Bureau of Reclamation (Reclamation). I am pleased to provide the views of the Department of the Interior (Department) on H.R. 2522, a proposal to raise the ceiling on the Federal share of the cost of the Calleguas Municipal Water District (District) Recycling Project. For reasons I will discuss below, the Administration cannot support the bill.

H.R. 2522 would amend the Reclamation Wastewater and Groundwater Study and Facilities Act (Public Law 102-575, 43 U.S.C. 390h *et seq.*), commonly called Title XVI, to increase the ceiling on the Federal share of the costs of the Calleguas project to \$60 million. This project is authorized by Section 1616 of Title XVI, and the Federal share of this project is currently limited to 25 percent of the total cost, or a maximum contribution of \$20 million.

The District submitted a feasibility study as required by the Title XVI statute, and it was certified as complete in April of 2000. The feasibility study included nine distinct components: five wastewater reclamation and reuse projects, three brackish groundwater recovery projects, and a regional brine disposal project. A cooperative agreement was executed in September 2000, to provide Federal funding for one of the wastewater reclamation and reuse projects known as the Conejo Creek Diversion Project. This project was completed in September, 2003, and is currently producing about 9,000 acre-feet of recycled water annually. The total Federal share for this component was almost \$1.7 million.

In January, 2003, a cooperative agreement was executed to provide federal funding for the Regional Brine Line component. To date, Reclamation has provided about \$10 million to the District as the federal share of costs for this facility, which will provide a means to dispose of brine wastes from facilities such as brackish groundwater recovery projects throughout Ventura County. In addition, Reclamation has executed a cooperative agreement with the District to provide about \$5 million from the American Recovery and Reinvestment Act (ARRA) for a specific reach of the Brine Line.

The Regional Brine Line is being constructed in three phases, starting with Phase 1 near the coast, and progressing inland. The current estimated cost of Phase 1, which includes an ocean

outfall, is about \$76 million. The 25 percent federal share of Phase 1 would be \$19 million, which would obviously be reduced slightly because Reclamation has already provided \$1.7 million for the Conejo Creek Diversion Project. The last reach of Phase 1 is the ARRA-funded section, which is scheduled to be completed in 2011, after which this reach will be placed in operation.

Due to the current ceiling, there would be no additional Federal funds available for Phases 2 and 3, which together are estimated to cost about \$145 million; nor for any of the remaining seven projects that were identified in the feasibility study due to the current ceiling.

H.R. 1219 would authorize an additional \$40 million for the Calleguas project under Title XVI, which would establish the Federal funding as not to exceed 25 percent or \$60 million, whichever is less.

While the Department supports efforts to increase local water supplies and increase recycled water use, this project would compete for funds with other needs within the Reclamation program, including other Title XVI projects currently under construction. In general, the Department supports the Title XVI Reclamation and Reuse program. The 2011 budget proposal includes funding for the Department's WaterSMART Program, and Title XVI is an important element of that program. Specifically, the 2011 budget proposal includes \$29 million for the Title XVI program, a 113% increase over the 2010 enacted level.

As part of this total, the Department is requesting \$20 million for Title XVI projects to be selected using criteria to identify activities most closely aligned with Title XVI statutory and program goals. On March 15, 2010, Reclamation posted an announcement inviting comment on draft funding criteria for Title XVI projects. After these criteria are finalized with comments received up through April 16, Reclamation will review and rank Title XVI project proposals received based on those criteria subject to appropriations in fiscal year 2011.

Separately, in July of 2009, the Department announced the allocation of approximately \$135 million in grants for specific authorized Title XVI projects using funds from the American Recovery and Reinvestment Act, or ARRA. We recognize that water reuse is an essential tool in stretching the limited water supplies in the West, and I believe the FY 2011 Budget request on top of the ARRA funding has demonstrated the emphasis placed by this Administration on this Program. However, given that there are 53 already authorized Title XVI projects and numerous competing mission priorities and demands on Reclamation's budget, the Department cannot support the authorization of new Title XVI projects or extensions of existing cost ceilings at this time.

Reclamation will, however, continue to work with project proponents to evaluate the completeness of feasibility studies of their projects.

Madam Chairwoman, this concludes my testimony. Thank you for the opportunity to comment on H.R. 2522. I would be pleased to answer any questions at this time.