

1 Title: To establish a water innovative financing program, and for other purposes.  
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3

4 Be it enacted by the Senate and House of Representatives of the United States of America in  
5 Congress assembled,

## 6 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

7 (a) Short Title.—This Act may be cited as the “Reclamation Efficiency Act of 2015” or “RE-  
8 ACT”.

9 (b) Table of Contents.—The table of contents of this Act is as follows:

10 Sec.1.Short title; table of contents.  
11

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# TITLE I—DEAUTHORIZATION OF INACTIVE PROJECTS AND PROGRAMS.

## SEC. 101. DEAUTHORIZATION OF INACTIVE PROJECTS.

(a) Purposes.--The purposes of this section are--

(1) to identify water resources development programs and projects authorized by Congress that are no longer viable for construction due to--

(A) a lack of local support;

(B) a lack of available Federal or non-Federal resources; or

(C) an authorizing purpose that is no longer relevant or feasible;

(2) to create an expedited and definitive process to deauthorize water resources development programs and projects that are no longer viable for construction; and

(3) to allow the continued authorization of water resources development programs and projects that are viable for construction.

(b) Comprehensive Status Reports.--

(1) Minimum funding list.--At the end of each fiscal year, the Secretary shall submit to the Committee on Energy and Natural Resources of the Senate and the Committee on Committee on Natural Resources of the House of Representatives, and make available on a publicly accessible Internet site in a manner that is downloadable, searchable, and sortable, a list of—

(A) Programs, projects, or separable elements of programs and projects authorized for construction for which funding has been obligated during the current fiscal year or any of the 6 preceding fiscal years;

(B) the amount of funding obligated for each such program, project, or separable element per fiscal year

(C) the current phase of each such program, project, and separable element; and

1 (D) the amount required to complete the current phase of each such program,  
2 project, or separable element.

3  
4 (2) Comprehensive backlog report.--

5 (A) In general.--The Secretary shall compile and publish a complete list of all  
6 programs, projects, and separable elements of programs and projects of the  
7 Bureau of Reclamation that are authorized for construction but have not  
8 been completed.

9 (B) Required information.--The Secretary shall include on the list developed  
10 under subparagraph (A) for each program, project, and separable element  
11 on that list--

12 (i) the date of authorization of the program, project, or separable  
13 element, including any subsequent modifications to the original  
14 authorization;

15 (ii) the original budget authority for the program, project, or separable  
16 element;

17 (iii) a brief description of the program, project, or separable element;

18 (iv) the estimated date of completion of the program, project, or  
19 separable element;

20 (v) the estimated cost of completion of the program, project, or  
21 separable element; and

22 (vi) any amounts appropriated for the program, project, or separable  
23 element that remain unobligated.

24 (C) Publication.--

25 (i) In general.--Not later than 1 year after the date of enactment of this  
26 paragraph, the Secretary shall submit a copy of the list developed  
27 under subparagraph (A) to--

28 (I) the Committee on Energy and Natural Resources of the  
29 Senate and the Committee on Natural Resources of the  
30 House of Representatives; and

31 (II) the Director of the Office of Management and Budget.

32 (ii) Public availability.--Beginning on the date the Secretary submits  
33 the report to Congress under clause (i), the Secretary shall make a  
34 copy of the list available on a publicly accessible Internet site in a  
35 manner that is downloadable, searchable, and sortable.”  
36

37 (c) Interim Deauthorization List.--

38 (1) In general.--The Secretary shall develop an interim deauthorization list that identifies  
39 each water resources development program or project, or separable element of a  
40 program or project, authorized for construction before March 30, 2009, for which--

1 (A) construction was not initiated before the date of enactment of this Act; or  
2 (B) construction was initiated before the date of enactment of this Act, but for  
3 which no funds, Federal or non-Federal, were obligated for construction of  
4 the program, project, or separable element of the program or project  
5 during the current fiscal year or any of the 6 preceding fiscal years.  
6

7 (2) Special rule for projects receiving funds for post-authorization study.--A program,  
8 project, or separable element of a program or project may not be identified on the  
9 interim deauthorization list, or the final deauthorization list developed under  
10 subsection (d), if the program, project, or separable element received funding for a  
11 post-authorization study during the current fiscal year or any of the 6 preceding fiscal  
12 years.  
13

14 (3) Public comment and consultation.--

15 (A) In general.--The Secretary shall solicit comments from the public and the  
16 Governors of each applicable State on the interim deauthorization list  
17 developed under paragraph (1).  
18 (B) Comment period.--The public comment period shall be 90 days.  
19

20 (4) Submission to congress; publication.--Not later than 90 days after the date of  
21 submission of the list required by subsection (b), the Secretary shall--

22 (A) submit the interim deauthorization list to the Committee on Energy and  
23 Natural Resources of the Senate and the Committee on Natural Resources  
24 of the House of Representatives; and

25 (B) publish the interim deauthorization list in the Federal Register.  
26

27 (d) Final Deauthorization List.--

28 (1) In general.--The Secretary shall develop a final deauthorization list of each water  
29 resources development program or project, or separable element of a program or  
30 project, described in subsection (c)(1) that is identified pursuant to this subsection.  
31

32 (2) Identification of projects.--

33 (A) Criteria for inclusion.--

34 (i) In general.--The Secretary shall identify programs, projects, and  
35 separable elements of programs and projects for inclusion on the  
36 final deauthorization list that are no longer viable for construction  
37 due to--

38 (I) a lack of local support;

39 (II) a lack of available Federal or non-Federal resources; or

- 1 (III) an authorizing purpose that is no longer relevant or  
2 feasible;
- 3 (ii) Factors to consider.--The Secretary may identify programs,  
4 projects, and separable elements of programs and projects for  
5 exclusion from the final deauthorization list if the Secretary  
6 determines, on a case-by-case basis, that a project or separable  
7 element of a project is critical for interests of the United States,  
8 based on the possible impact of the project or separable element of  
9 the project on public health and safety, the national economy, or  
10 the environment.
- 11 (iii) Consideration of public comments.--In making determinations  
12 under clause (i) and clause (ii), the Secretary shall consider any  
13 comments received under subsection (c)(3).
- 14 (B) Appendix.--The Secretary shall include as part of the final deauthorization  
15 list an appendix that--
- 16 (i) identifies each program, project, and separable element of a  
17 program or project on the interim deauthorization list developed  
18 under subsection (c) that is not included on the final  
19 deauthorization list; and
- 20 (ii) describes the reasons why the program, project, or separable  
21 element is not included.
- 22
- 23 (3) Submission to congress; publication.--Not later than 120 days after the date on  
24 which the public comment period under subsection (c)(3) expires, the Secretary  
25 shall--
- 26 (A) submit the final deauthorization list and the appendix to the final  
27 deauthorization list to the Committee on Energy and Natural Resources of  
28 the Senate and the Committee on Natural Resources of the House of  
29 Representatives; and
- 30 (B) publish the final deauthorization list and the appendix to the final  
31 deauthorization list in the Federal Register.
- 32
- 33 (e) Deauthorization; Congressional Review.--
- 34 (1) In general.--After the expiration of the 180-day period beginning on the date of  
35 submission of the final deauthorization report under subsection (d), a program,  
36 project, or separable element of a program or project identified in the report is hereby  
37 deauthorized, unless Congress passes a joint resolution disapproving the final  
38 deauthorization report prior to the end of such period.
- 39
- 40 (2) Non-federal contributions.--

(A) In general.--A program, project, or separable element of a program or project identified in the final deauthorization report under subsection (d) shall not be deauthorized under this subsection if, before the expiration of the 180-day period referred to in paragraph (1), the non-Federal interest for the program, project, or separable element of the project provides sufficient funds to complete the program, project, or separable element of the project.

(f) General Provisions.--

(1) Definitions.--In this section:

(A) Secretary.—The term “Secretary” means the Secretary of the Interior

(B) Post-authorization study.--The term “post-authorization study” means--

(i) a review conducted by the Bureau of Reclamation including an initial appraisal that--

(I) demonstrates a Federal interest; and

(II) requires additional analysis for the project or separable element.

(C) Water resources development program or project.--The term “water resources development program or project” includes any water and related resource project or program of the Bureau of Reclamation.

(2) Treatment of project modifications.--For purposes of this section, if an authorized water resources development program, project, or separable element of the program or project has been modified by an Act of Congress, the date of the authorization of the program, project, or separable element shall be deemed to be the date of the most recent such modification.

## TITLE II—STORAGE, INTEGRATED WATER MANAGEMENT AND RECYCLING

### SEC. 201. DEFINITIONS.

In this title:

(1) ELIGIBLE ENTITY.—The term “eligible entity” means—

(A) a corporation;

(B) a partnership;

(C) a joint venture;

(D) a trust;

(E) a Federal, State, or local governmental entity, agency, or instrumentality; and

(F) a conservancy district, irrigation district, canal company, mutual water company, water users' association, Indian tribe, agency created by interstate compact, or any other entity that has the capacity to contract with the United States under Federal reclamation law.

(2) FEDERAL CREDIT INSTRUMENT.—The term “Federal credit instrument” means a secured loan or loan guarantee authorized to be made available under this title with respect to a project.

(3) INVESTMENT-GRADE RATING.—The term “investment-grade rating” means a rating of BBB minus, Baa3, bbb minus, BBB (low), or higher as assigned by a rating agency to project obligations.

(4) LENDER.—

(A) IN GENERAL.—The term “lender” means any non-Federal qualified institutional buyer (as defined in section 230.144A(a) of title 17, Code of Federal Regulations (or a successor regulation) (commonly known as “Rule 144A(a) of the Securities and Exchange Commission” and issued under the Securities Act of 1933 (15 U.S.C. 77a et seq.))).

(B) INCLUSIONS.—The term “lender” includes—

(i) a qualified retirement plan (as defined in section 4974 of the Internal Revenue Code of 1986) that is a qualified institutional buyer; and

(ii) a governmental plan (as defined in section 414 of the Internal Revenue Code of 1986) that is a qualified institutional buyer.

(5) LOAN GUARANTEE.—The term “loan guarantee” means any guarantee or other pledge by the Secretary to pay all or part of the principal of, and interest on, a loan or other debt obligation issued by an obligor and funded by a lender.

(6) OBLIGOR.—The term “obligor” means an eligible entity that is primarily liable for payment of the principal of, or interest on, a Federal credit instrument.

(7) PROJECT OBLIGATION.—

(A) IN GENERAL.—The term “project obligation” means any note, bond, debenture, or other debt obligation issued by an obligor in connection with the financing of a project.

(B) EXCLUSION.—The term “project obligation” does not include a Federal credit instrument.

(8) RATING AGENCY.—The term “rating agency” means a credit rating agency registered with the Securities and Exchange Commission as a nationally recognized statistical rating organization (as defined in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a))).

(9) RECLAMATION STATE.—The term “Reclamation State” means any of the States of—

(A) Arizona;

(B) California;  
(C) Colorado;  
(D) Idaho;  
(E) Kansas;  
(F) Montana;  
(G) Nebraska;  
(H) Nevada;  
(I) New Mexico;  
(J) North Dakota;  
(K) Oklahoma;  
(L) Oregon;  
(M) South Dakota;  
(N) Texas;  
(O) Utah;  
(P) Washington; and  
(Q) Wyoming.

(10) SECRETARY.—The term “Secretary” means the Secretary of the Interior.

(11) SECURED LOAN.—The term “secured loan” means a direct loan or other debt obligation issued by an obligor and funded by the Secretary in connection with the financing of a project under subtitle A.

(12) SUBSIDY AMOUNT.—The term “subsidy amount” means the amount of budget authority sufficient to cover the estimated long-term cost to the Federal Government of a Federal credit instrument, as calculated on a net present value basis, excluding administrative costs and any incidental effects on Governmental receipts or outlays in accordance with the Federal Credit Reform Act of 1990 (2 U.S.C. 661 et seq.).

(13) SUBSTANTIAL COMPLETION.—The term “substantial completion”, with respect to a project, means the earliest date on which a project is considered to perform the functions for which the project is designed.

## Subtitle A—Innovative Financing

### SEC. 211. PURPOSES.

The purposes of this subtitle are—

(1) to promote increased development of critical water resources infrastructure by establishing additional opportunities for financing water resources projects;

(2) to attract new investment capital to infrastructure projects that are capable of generating revenue streams through user fees or other dedicated funding sources;



(3) to complement existing Federal funding sources and address budgetary constraints on Bureau of Reclamation programs; and

(4) to leverage private investment in water resources infrastructure.

## SEC. 212. AUTHORITY TO PROVIDE ASSISTANCE.

(a) In General.—The Secretary may provide financial assistance under this subtitle to carry out projects within—

(1) any Reclamation State;

(2) any other State in which the Bureau of Reclamation is authorized to provide project assistance; and

(3) the States of Alaska and Hawaii.

(b) Selection.—In selecting projects to receive financial assistance under subsection (a), the Secretary shall ensure diversity with respect to—

(1) project types; and

(2) geographical locations.

## SEC. 213. APPLICATIONS.

To be eligible to receive assistance under this subtitle, an eligible entity shall submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require.

## SEC. 214. ELIGIBILITY FOR ASSISTANCE.

(a) Eligible Projects.—The following projects may be carried out using assistance made available under this subtitle:

(1) A project for the reclamation and reuse of municipal, industrial, domestic, and agricultural wastewater, and naturally impaired ground and surface waters, which the Secretary, acting through the Commissioner of Reclamation, is authorized to undertake.

(2) Any water infrastructure project not specifically authorized by law that—

(A) the Secretary determines, through the completion of an appraisal investigation and feasibility study, would contribute to a safe, adequate water supply for domestic, agricultural, environmental, or municipal and industrial use; and

(B) is otherwise eligible for assistance under this title.

(3) A project for enhanced energy efficiency in the operation of a water system.

(4) A project for accelerated repair and replacement of an aging water distribution facility.

(5) A brackish or sea water desalination project.

(6) Acquisition of real property or an interest in real property for water storage, reclaimed or recycled water, or wastewater, if the acquisition is integral to a project described in paragraphs (1) through (5).

(7) A combination of projects, each of which is eligible under paragraphs (1) through (6), for which an eligible entity or group of eligible entities submits a single application.

(b) Activities Eligible for Assistance.—For purposes of this subtitle, an eligible activity with respect to an eligible project under subsection (a) includes the cost of—

(1) development-phase activities, including planning, feasibility analysis, revenue forecasting, environmental review, permitting, preliminary engineering and design work, and other preconstruction activities;

(2) construction, reconstruction, rehabilitation, and replacement activities;

(3) the acquisition of real property (including water rights, land relating to the project, and improvements to land), environmental mitigation, construction contingencies, and acquisition of equipment;

(4) capitalized interest necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses, and other carrying costs during construction; and

(5) refinancing interim construction funding, existing long-term project obligations, or a secured loan or loan guarantee made under this subtitle.

## SEC. 215. DETERMINATION OF ELIGIBILITY AND PROJECT SELECTION.

(a) Eligibility Requirements.—To be eligible to receive financial assistance under this subtitle, a project shall meet the following criteria, as determined by the Secretary:

(1) CREDITWORTHINESS.—

(A) IN GENERAL.—Subject to subparagraph (B), the project shall be creditworthy, as determined by the Secretary, who shall ensure that any financing for the project has appropriate security features, such as a rate covenant, to ensure repayment.

(B) PRELIMINARY RATING OPINION LETTER.—The Secretary shall require each applicant to provide a preliminary rating opinion letter from at least 1 rating agency indicating that the senior obligations of the project (which may be the Federal credit instrument) have the potential to achieve an investment-grade rating.

(2) ELIGIBLE PROJECT COSTS.—The eligible project costs of a project shall be reasonably anticipated to be not less than \$20,000,000.

(3) DEDICATED REVENUE SOURCES.—The Federal credit instrument for the project shall be repayable, in whole or in part, from dedicated revenue sources that also secure the project obligations.

(4) PUBLIC SPONSORSHIP OF PRIVATE ENTITIES.—In the case of a project carried out by an entity that is not a State or local government or an agency or instrumentality of a State or local government, the project shall be publicly sponsored.

(b) Selection Criteria.—

(1) ESTABLISHMENT.—The Secretary shall establish criteria for the selection of projects that meet the eligibility requirements of subsection (a), in accordance with paragraph (2).

(2) CRITERIA.—The selection criteria shall include the following:

(A) The extent to which the project is nationally or regionally significant.

(B) The extent to which assistance under this section would foster innovative public-private partnerships and attract private debt or equity investment.

(C) The likelihood that assistance under this section would enable the project to proceed at an earlier date than the project would otherwise be able to proceed.

(D) The extent to which the project uses new or innovative approaches.

(E) The amount of budget authority required to fund the Federal credit instrument made available under this subtitle.

(F) The extent to which the project helps maintain or protect the environment.

(c) Receipt of Other Federal Funding.—Receipt of a Federal grant or contract or other Federal funding to support an eligible project shall not preclude the project from being eligible for assistance under this subtitle.

(d) Federal Requirements.—

(1) EFFECT OF SECTION.—Nothing in this section supersedes the applicability of other requirements of Federal law (including regulations).

(2) NEPA.—A Federal action carried out regarding a loan or loan guarantee provided under this subtitle shall not be considered to be a Federal action for purposes of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

## SEC. 216. SECURED LOANS.

(a) Agreements.—

(1) IN GENERAL.—Subject to paragraphs (2) through (4), the Secretary may enter into agreements with 1 or more obligors to make secured loans, the proceeds of which shall be used—

(A) to finance eligible project costs of any project selected under section 215;

(B) to refinance interim construction financing of eligible project costs of any project selected under section 215; or

(C) to refinance long-term project obligations or Federal credit instruments, if that refinancing provides additional funding capacity for the completion, enhancement, or expansion of any project that—

(i) is selected under section 215; or

(ii) otherwise meets the requirements of section 215.

(2) LIMITATION ON REFINANCING OF INTERIM CONSTRUCTION FINANCING.—A secured loan under paragraph (1) shall not be used to refinance interim construction financing under paragraph (1)(B) later than 1 year after the date of substantial completion of the applicable project.

(3) RISK ASSESSMENT.—Before entering into an agreement under this subsection for a

1 secured loan, the Secretary, in consultation with the Director of the Office of Management  
2 and Budget and each rating agency providing a preliminary rating opinion letter under  
3 section 215(a)(1)(B), shall determine an appropriate capital reserve subsidy amount for the  
4 secured loan, taking into account each such preliminary rating opinion letter.

5 (4) INVESTMENT-GRADE RATING REQUIREMENT.—The execution of a secured loan under  
6 this section shall be contingent on receipt by the senior obligations of the project of an  
7 investment-grade rating.

8 (b) Terms and Limitations.—

9 (1) IN GENERAL.—A secured loan provided for a project under this section shall be  
10 subject to such terms and conditions, and contain such covenants, representations,  
11 warranties, and requirements (including requirements for audits), as the Secretary  
12 determines to be appropriate.

13 (2) MAXIMUM AMOUNT.—The amount of a secured loan under this section shall not  
14 exceed the lesser of—

15 (A) an amount equal to 49 percent of the reasonably anticipated eligible project  
16 costs; and

17 (B) if the secured loan does not receive an investment-grade rating, the amount of  
18 the senior project obligations of the project.

19 (3) PAYMENT.—A secured loan under this section—

20 (A) shall be payable, in whole or in part, from State or local taxes, user fees, or other  
21 dedicated revenue sources that also secure the senior project obligations of the relevant  
22 project;

23 (B) shall include a rate covenant, coverage requirement, or similar security feature  
24 supporting the project obligations; and

25 (C) may have a lien on revenues described in subparagraph (A), subject to any lien  
26 securing project obligations.

27 (4) INTEREST RATE.—The interest rate on a secured loan under this section shall be not  
28 less than the yield on United States Treasury securities of a similar maturity to the maturity  
29 of the secured loan on the date of execution of the loan agreement.

30 (5) MATURITY DATE.—The final maturity date of a secured loan under this section shall  
31 be not later than 35 years after the date of substantial completion of the relevant project.

32 (6) NONSUBORDINATION.—A secured loan under this section shall not be subordinated to  
33 the claims of any holder of project obligations in the event of bankruptcy, insolvency, or  
34 liquidation of the obligor of the project.

35 (7) FEES.—The Secretary may establish fees, as provided for in section 217(b) of this  
36 subtitle, at a level sufficient to cover all or a portion of the costs to the Federal Government  
37 of making a secured loan under this section.

38 (8) NON-FEDERAL SHARE.—The proceeds of a secured loan under this section may be  
39 used to pay any non-Federal share of project costs required if the loan is repayable from  
40 non-Federal funds.

(9) MAXIMUM FEDERAL INVOLVEMENT.—For each project for which assistance is provided under this subtitle, the total amount of Federal assistance from all sources, including the assistance provided under this subtitle, shall not exceed 80 percent of the total project cost.

(c) Repayment.—

(1) SCHEDULE.—The Secretary shall establish a repayment schedule for each secured loan provided under this section, based on the projected cash flow from project revenues and other repayment sources.

(2) COMMENCEMENT.—Scheduled loan repayment of principal or interest on a secured loan under this section shall commence not later than 5 years after the date of substantial completion of the project.

(3) DEFERRED PAYMENTS.—

(A) AUTHORIZATION.—If, at any time after the date of substantial completion of a project for which a secured loan is provided under this section, the project is unable to generate sufficient revenues to pay the scheduled loan repayments of principal and interest on the secured loan, the Secretary may allow the obligor, subject to subparagraph (C), to add unpaid principal and interest to the outstanding balance of the secured loan.

(B) INTEREST.—Any payment deferred under subparagraph (A) shall—

(i) continue to accrue interest in accordance with subsection (b)(4) until fully repaid; and

(ii) be scheduled to be amortized over the remaining term of the secured loan.

(C) CRITERIA.—

(i) IN GENERAL.—Any payment deferral under subparagraph (A) shall be contingent on the project meeting such criteria as the Secretary may establish.

(ii) REPAYMENT STANDARDS.—The criteria established under clause (i) shall include standards for reasonable assurance of repayment.

(4) PREPAYMENT.—

(A) USE OF EXCESS REVENUES.—Any excess revenues that remain after satisfying scheduled debt service requirements on the project obligations and secured loan and all deposit requirements under the terms of any trust agreement, bond resolution, or similar agreement securing project obligations may be applied annually to prepay a secured loan under this section without penalty.

(B) USE OF PROCEEDS OF REFINANCING.—A secured loan under this section may be prepaid at any time without penalty from the proceeds of refinancing from non-Federal funding sources.

(d) Sale of Secured Loans.—

(1) IN GENERAL.—Subject to paragraph (2), as soon as practicable after the date of substantial completion of a project and after providing a notice to the obligor, the Secretary may sell to another entity or reoffer into the capital markets a secured loan for a project

1 under this section, if the Secretary determines that the sale or reoffering can be made on  
2 favorable terms.

3 (2) CONSENT OF OBLIGOR.—In making a sale or reoffering under paragraph (1), the  
4 Secretary may not change the original terms and conditions of the secured loan without the  
5 written consent of the obligor.

6 (e) Loan Guarantees.—

7 (1) IN GENERAL.—The Secretary may provide a loan guarantee to a lender in lieu of  
8 making a secured loan under this section, if the Secretary determines that the budgetary cost  
9 of the loan guarantee is substantially the same as that of a secured loan.

10 (2) TERMS.—The terms of a loan guarantee provided under this subsection shall be  
11 consistent with the terms established in this section for a secured loan, except that the rate  
12 on the guaranteed loan and any prepayment features shall be negotiated between the obligor  
13 and the lender, with the consent of the Secretary.

14 **SEC. 217. PROGRAM ADMINISTRATION.**

15 (a) Requirement.—The Secretary shall establish a uniform system to service the Federal credit  
16 instruments made available under this subtitle.

17 (b) Capital Reserve Fund.—

18 (1) IN GENERAL.—There is hereby established in the Treasury of the United States the  
19 Reclamation Loan Finance Capital Reserve Fund, which shall be available for deposit of  
20 capital reserve fees provided for under this subsection. Amounts deposited shall be credited  
21 as offsetting collections.

22 (2) CAPITAL RESERVE FEES.—To the extent required by appropriations Acts, the  
23 Secretary may assess, collect and spend capital reserve fees at a level that is sufficient to  
24 cover—

25 (A) the costs of services of expert firms retained pursuant to subsection (d); and

26 (B) all or a portion of the costs to the Federal Government of servicing the Federal credit  
27 instruments provided under this subtitle, including all or a portion of the outlays associated  
28 with the provision of the Federal credit instruments under this subtitle. The capital reserve  
29 fees shall be established at amounts that will result in the collection, during each fiscal year,  
30 of an amount that can be reasonably expected to equal the outlays associated the provision  
31 of the Federal credit instruments under this subtitle.

32 (c) Servicer.—

33 (1) IN GENERAL.—The Secretary may appoint a financial entity to assist the Secretary in  
34 servicing the Federal credit instruments provided under this subtitle.

35 (2) DUTIES.—A servicer appointed under paragraph (1) shall act as the agent for the  
36 Secretary.

37 (3) FEE.—A servicer appointed under paragraph (1) shall receive a servicing fee, subject  
38 to approval by the Secretary.

39 (d) Assistance From Experts.—The Secretary may retain the services, including counsel, of

1 any organization or entity with expertise in the field of municipal and project finance to assist in  
2 the underwriting and servicing of Federal credit instruments provided under this subtitle.

## 3 **SEC. 118. STATE AND LOCAL PERMITS.**

4 The provision of financial assistance for a project under this subtitle shall not—

5 (1) relieve any recipient of the assistance of any obligation to obtain any required State or  
6 local permit or approval with respect to the project;

7 (2) limit the right of any unit of State or local government to approve or regulate any rate  
8 of return on private equity invested in the project; or

9 (3) otherwise supersede any State or local law (including any regulation) applicable to the  
10 construction or operation of the project.

## 11 **SEC. 219. REGULATIONS.**

12 The Secretary may promulgate such regulations as the Secretary determines to be appropriate  
13 to carry out this subtitle.

## 14 **SEC. 220. LIMITATION ON USE OF AUTHORITY.**

15 Notwithstanding any other provision of law, nothing in this subtitle applies to any  
16 Sacramento-San Joaquin Delta conveyance facility included within an approved Bay Delta  
17 Conservation Plan.

## 18 **SEC. 221. FUNDING.**

19 (a) In General.—There is authorized to be appropriated to the Secretary to carry out this  
20 subtitle \$150,000,000 for each of fiscal years 2016 through 2020, to remain available until  
21 expended.

22 (b) Administrative Costs.—Of the funds made available to carry out this subtitle, the Secretary  
23 may use for the administration of this subtitle not more than \$2,200,000 for each of fiscal years  
24 2016 through 2020.

## 25 **SEC. 222. REPORT TO CONGRESS.**

26 Not later than 2 years after the date of enactment of this Act, and every 2 years thereafter, the  
27 Secretary shall submit to the Committee on Energy and Natural Resources of the Senate and the  
28 Committee on Natural Resources of the House of Representatives a report summarizing the  
29 financial performance of the projects that are receiving, or have received, assistance under this  
30 subtitle, including an assessment of whether the objectives of this subtitle are being met.

## 31 **Subtitle B—Storage; Water Reuse and Integrated Regional** 32 **Water Management**

## 33 **SEC. 131. WATER STORAGE PROJECTS.**

34 (a) Agreements.—The Secretary may enter into a cost-shared financial assistance agreement  
35 with any non-Federal entity in a Reclamation State or the States of Alaska and Hawaii to carry

1 out the planning, design, and construction of any permanent water storage and conveyance  
2 facility used to regulate and maximize the water supply arising from a project that is eligible for  
3 assistance under this title or any other provision of law—

4 (1) to recycle impaired surface water and ground water; or

5 (2) to use integrated and coordinated water management on a watershed or regional scale.

6 (b) Financial Assistance.—In providing financial assistance under this section, the Secretary  
7 shall give priority to storage and conveyance components that—

8 (1) ensure the efficient and beneficial use of water or reuse of recycled water;

9 (2) consistent with Secretarial Order No. 3297, dated February 22, 2010, support  
10 sustainable water management practices and the water sustainability objectives of 1 or more  
11 offices of the Department of the Interior or any other Federal agency;

12 (3)(A) increase the availability of usable water supplies in a watershed or region to  
13 benefit people, the economy, and the environment; and

14 (B) include adaptive measures needed to address climate change, drought and future  
15 demands;

16 (4) where practicable—

17 (A) provide flood control or recreation benefits; and

18 (B) include the development of incremental hydroelectric power generation;

19 (5) include partnerships that go beyond political and institutional jurisdictions to support  
20 the efficient use of the limited water resources of the United States and the applicable  
21 region; and

22 (6) generate environmental benefits, such as benefits to fisheries, wildlife and habitat, and  
23 water quality and water-dependent ecological systems, as well as water supply benefits to  
24 agricultural and urban water users.

25 (c) Federal Share.—The Federal share of the cost of a project carried out under subsection (a)  
26 shall be—

27 (1) equal to the lesser of—

28 (A) 25 percent of total cost of the project; or

29 (B) \$20,000,000, adjusted for inflation; and

30 (2) nonreimbursable.

31 (d) Non-Federal Share.—The non-Federal share of the cost of a project carried out under  
32 subsection (a) may include in-kind contributions to the planning, design, and construction of a  
33 project.

34 (e) Title and Costs.—A non-Federal entity entering into a financial assistance agreement under  
35 this section shall—

36 (1) hold title to all facilities constructed under this section; and

37 (2) be solely responsible for the costs of operating and maintaining those facilities.



1 (f) Approval.—The Secretary may enter into financial assistance agreements under this  
2 section, if—

3 (1) annually or at such frequency as the Secretary deems appropriate, the Secretary  
4 notifies the Committee on Energy and Natural Resources of the Senate, the Committee on  
5 Natural Resources of the House of Representatives, the Committee on Appropriations of  
6 the Senate, and the Committee on Appropriations of the House of Representatives of the  
7 intent to enter into such agreements;

8 (2) No objection is raised by any such committee within 45 days of notification.  
9

## 10 SEC. 232. AUTHORIZATION OF APPROPRIATIONS.

11 There is authorized to be appropriated \$300,000,000 to carry out this subtitle.

### 12 Subtitle C—Title Transfers

## 13 SEC. 241. AUTHORIZATION TO TRANSFER TITLE.

14 The Secretary may transfer to any non-Federal operating entity title to any Reclamation  
15 project or facility, or any separable element of such a project or facility, that is authorized before  
16 the date of enactment of this Act, if—

17 (1) all previous Federal construction contract obligations or other related repayment  
18 contracts or agreements associated with the project have been paid out by a non-Federal  
19 project beneficiary;

20 (2)(A) a project facility or separable element of such a facility is in need of rehabilitation  
21 or improvement, as determined by the Secretary; and

22 (B) the non-Federal operating entity is otherwise eligible for a secured loan or loan  
23 guarantee under this title;

24 (3) the title transfer meets all applicable Federal laws and regulations, as determined by  
25 the Secretary; and

26 (4)(A) the Secretary notifies the Committee on Energy and Natural Resources of the  
27 Senate and the Committee on Natural Resources of the House of Representatives of the  
28 intent to transfer by not later than 60 days before the date of such intended transfer; and

29 (B) no objection to the transfer is raised by any such committee.