



Topic: **Authority Board Agenda Item 7-1**

2018 Jan 22

Subject: **Letter of support for HR 434**

Requested Action:

Consider approving a letter of support for HR 434 and to request the House subcommittee on Water, Power and Oceans hold a committee hearing on the legislation, that if it became law, would provide financial assistance to eligible water infrastructure projects.

Detailed Description/Background:

Rep. Jeff Denham (CA-10) has introduced HR 434 - New Water Available To Every Reclamation State Act (New WATER). This bill authorizes the Department of the Interior, for 15 years after this bill's enactment, to provide financial assistance, such as secured loans or loan guarantees, to entities that contract under federal reclamation law to carry out water projects within the 17 western states served by the Bureau of Reclamation, and other states where the Bureau is authorized to provide project assistance.

Prior Authority Board Action:

None.

Fiscal Impact/Funding Source:

None.

Staff Contact:

Kevin Spesert

Attachments:

Attachment 7-1A – Draft Letter of Support



January 22, 2018

The Honorable Doug Lamborn
Chairman, Subcommittee on Water, Power and Oceans
Committee on Natural Resources
1324 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Lamborn:

On behalf of the Sites Project Authority (Authority), I am writing to urge the House Natural Resources Subcommittee on Water, Power and Oceans hold a hearing on H.R. 434, the New Water Available To Every Reclamation State Act (New WATER Act), introduced by Rep. Jeff Denham.

The New WATER Act would authorize the Bureau of Reclamation to provide non-Federal entities with access to low-cost, long-term financing for much needed water infrastructure investments, including surface water and groundwater storage projects as well as other water management improvement projects. If the New WATER Act were in place today, the program would provide water project sponsors with access to federally-backed loans that could cover up to 49 percent of total project costs, with a repayment period of up to 35 years at a rate of approximately 2.82 percent.

For a project like the Sites Project, which will add 1.3 to 1.8 million acre-feet of off stream surface water storage north of the Delta and greatly increase the reliability of statewide water supplies for environmental, agricultural and urban uses; the New WATER Act could reduce the annual repayment cost of water by 20-25 percent or more; making this new water supply more affordable to increase local participation in the project.

The New WATER Act provides this critically important assistance at little to no cost to the Treasury. For example, authorizing \$175 million in budget authority for the new loan program, would support over \$11.4 billion in low-cost, long-term financing, with actual out of pocket costs to the Treasury of less than \$10 million.

The bill also has many other important benefits including: eliminating any requirement to borrow a debt service reserve fund (a savings of \$6 million on every \$100 million financed); deferring the initiation of repayment for up to five years following substantial completion of the project (allows a project to be fully operational, generating revenue, before requiring the initiation of repayment); and, granting non-Federal sponsors the authority to refinance existing water infrastructure debt, if doing so will enable greater water infrastructure improvements (old, expensive debt frequently inhibits non-Federal entities from making additional water infrastructure improvements).



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Again, the Authority strongly urges your Subcommittee to hold a hearing on H.R. 434 and take quick action on this important legislation. We believe the financing tools authorized in H.R. 434 will help to advance the Sites Project and other similar projects, thereby securing water sustainability and benefitting our western economies and the environment.

Sincerely,

Fritz Durst
Chair

cc: California Congressional Delegation

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