



June 10, 2016

The Honorable Lisa Murkowski  
Chairman  
Committee on Energy and Natural Resources  
United States Senate  
Washington, D.C. 20515

The Honorable Maria Cantwell  
Ranking Member  
Committee on Energy and Natural Resources  
United States Senate  
Washington, D.C. 20515

**SUBJECT: COMPREHENSIVE DROUGHT LEGISLATION**

Dear Chairman Murkowski and Ranking Member Cantwell:

We commend the Senate Energy and Natural Resources Committee for its efforts to craft comprehensive drought legislation that would support innovative and significant federal assistance solutions to the water needs in California and elsewhere in the west.

We encourage your Committee to authorize new federally-backed tools to help local agencies advance critically important water supply projects, including surface water storage, groundwater storage, water reuse and recycling and other water supply management projects that can build a more drought resilient water supply infrastructure across the West. Specifically, we enthusiastically support proposals included in S. 2533 and H.R. 5247 advanced by Senator Dianne Feinstein and Representative John Garamendi that seek to:

- (1) authorize the Reclamation Infrastructure Financing and Innovation Act (RIFIA), a new, innovative, federally-backed, low-interest, long-term loan program through the Bureau of Reclamation;
- (2) expand the WaterSMART program to allow the Bureau of Reclamation to use this highly successful program to provide a more robust level of competitive cost-shared partnerships (the lesser of \$20 million or 25 percent of total project costs) for a wide range of water supply and water management projects, including small-scale storage, conveyance, integrated regional water management and water recycling and reuse; and
- (3) reform of the Bureau of Reclamation's Title XVI water recycling and reuse program to allow unauthorized Title XVI projects to compete for construction assistance under the program.

In combination, these new tools will significantly accelerate non-federal investments in much needed water supply infrastructure in California and west-wide.

RIFIA, in a similar manner to grants, offers great savings for non-federal agencies investing in new water infrastructure, and it does so with minimal impact on the federal budget. If RIFIA were in place today, the interest rate for water infrastructure loans would be approximately 2.75 percent, with a repayment period of up to 35-years and the ability for borrowers to defer the initiation of repayment for up to five years following substantial completion of the project. Based on current municipal bond rates (even for a local government that could secure AA rated municipal bond financing), RIFIA would generate just under 10 percent in annual savings over a 30-year repayment period, and just over 20 percent in annual debt service savings over the longer 35-year repayment period allowed under RIFIA.

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RIFIA also offers the opportunity to cost-effectively leverage limited federal funds. The \$200 million in budget authority that has been proposed by Senators Feinstein and Boxer, for example, would support more than \$13 billion in federally-backed water infrastructure financing and over \$27 billion in new water infrastructure spending, with federal outlays (real federal spending) of only \$6 to \$8 million.

We also support efforts to seek new ways to streamline the environmental review process for new water supply infrastructure investments, such as the Sites Project, which could add more than 1 million acre feet of water to the available water supply in our State. We support proposals to address many of these challenges by establishing a lead agency to coordinate all federal environmental reviews related to a surface water storage project and directing that a schedule be established and strictly adhered to by Reclamation for the completion of all environmental review processes. And, any environmental streamlining process must include not only Federal projects, but projects, like Sites, which are being developed by non-federal entities in cooperation with Reclamation and other Federal agencies on non-federal lands.

We encourage you to move forward with your deliberations as soon as practicable, and please do not hesitate to let us know how we may be of assistance as you carry out your important work to help the West become more drought resilient.

Thank you for your consideration of our recommendations.

Sincerely,

Valerie Nera  
Policy Advocate  
California Chamber of Commerce

cc: Congressman Rob Bishop, Chairman, House Committee on Natural Resources  
Congressman Raul Grijalva, Ranking Member, House Committee on Natural  
California Congressional Delegation