

**Water and Power Subcommittee Hearing**

Thursday, July 27, 2006

**Chair, National Legislative Committee Mr. Richard Atwater**

WateReuse Association

---

**Testimony**

***The Bureau of Reclamation's Reuse and Recycling Program  
(Title XVI of P.L. 102-575)  
S. 3639***

**Submitted to:**

**Honorable Lisa Murkowski  
Chairwoman  
Subcommittee on Water & Power  
Committee on Energy and Natural Resources  
United States Senate**

**Presented by:**

**Mr. Richard Atwater  
Chief Executive Officer  
Inland Empire Utilities Agency  
On behalf of the  
WateReuse Association**

July 27, 2006

***Introduction***

Madam Chairman and members of the Subcommittee, the WateReuse Association is pleased to have the opportunity to present this testimony on S. 3639 to reauthorize the Bureau of Reclamation's Reuse and Recycling Program (Title XVI) in ensuring an adequate water supply for the nation in the 21<sup>st</sup> century. I am Richard Atwater, Chairman of the WateReuse Association's National Legislative Committee, and I am representing the Association today.

I want to thank the Chairman and Senator Feinstein for introducing S. 3639 to streamline the review criteria and enhance the cost-effectiveness of the Bureau of Reclamation's Title XVI Water Reuse and Recycling Program.

As a way of introduction, the WateReuse Association (WateReuse) is a non-profit organization whose mission is to advance the beneficial and efficient use of water

resources through education, sound science, and technology using reclamation, recycling, reuse, and desalination for the benefit of our members, the public, and the environment. Across the United States and the world, communities are facing water supply challenges due to increasing demand, drought, and dependence on a single source of supply. WateReuse address these challenges by working with local agencies to implement water reuse and desalination projects that resolve water resource issues and create value for communities. The vision of WateReuse is to be the leading voice for reclamation, recycling, reuse, and desalination in the development and utilization of new sources of high quality water.

I am also Chief Executive Officer of Inland Empire Utilities Agency (IEUA), located in Chino, California. By implementing aggressive conservation programs and using innovative recycling and desalting technologies to reuse our water supplies, we have reduced our potable water demand by 20% over the past five years. IEUA is a municipal water district that distributes imported water from the Metropolitan Water District of Southern California and provides municipal/industrial wastewater collection and treatment services to more than 800,000 people within a 242 square mile area in the western portion of San Bernardino County. The Inland Empire region is the "economic engine" of California and among the top 10 job creating regions in the US.

The IEUA service area population is expected to double during the next 20 years. About 7,000 new homes each year are being built in the IEUA service area. Inland Empire is **not** depending on new imported supplies from the Colorado River or Northern California through the CALFED Bay-Delta Program to meet our future water supply needs. Instead, we have developed an integrated water resources plan that will develop 95,000 acre-feet of new recycled water, desalinate over 50,000 acre-feet of brackish groundwater supplies, and, with the Metropolitan Water District of Southern California, develop 150,000 acre-feet of conjunctive use in the Chino groundwater basin. These will be the primary new water supplies to meet the rapidly growing needs of the Inland Empire region of Southern California.

A critical partner in making these new local water supplies available in our region is the Federal government. Pending in Congress are Title XVI bills that would authorize a \$20 million grant to provide a 10% Federal cost-share for the IEUA regional water recycling project of 95,000 acre-feet (total cost is \$200 million). Without a doubt this cost-sharing arrangement to develop a critical new supply for a rapidly growing region without asking for more supplies from the Colorado River or Northern California (CALFED) is incredibly cost-effective when compared to the other supply options available in the CALFED Bay-Delta Program.

On behalf of the Association's Board of Directors, I want to commend you, Madam Chairman, for convening this hearing regarding S. 3639. The hearing is especially timely, given the increasing number of challenges facing local agencies in their continuing quest to ensure adequate water supplies in the future.

***The Bureau of Reclamation's Title XVI Reuse and Recycling Program***

Today, the West faces two daunting challenges simultaneously. The first is drought and the impacts of continued climate gyration – wild swings in previously established weather patterns. The second is the unprecedented growth throughout the Western States. Population continues to not just grow, but accelerate throughout the West! The Title XVI Water Recycling Program enables water users in the West to stretch existing supplies through the application of reclamation, reuse, recycling and desalination technologies. Title XVI was initially authorized in 1992, following a severe multi-year drought in California and other Western States. A drought of equal severity reduced the mighty Colorado River to record lows only a few years ago. We must find ways to expand the nation's water supplies, and do so without generating regional or environmental conflicts. Reusing our existing supplies and stretching those supplies is a significant part of the solution. The Title XVI program provides the authority and framework to accomplish these water resource development objectives to meet the needs of our cities and urban areas, our farms and ranches, and our diverse environment.

This legislation clarifies and makes permanent the U.S. Department of the Interior and Bureau of Reclamation's Title XVI water reuse/reclamation/recycling grant authority for the development of new sources of water. In so doing, this proposed legislation will help state and local governments and water departments and agencies develop new water and reliable water supplies.

The bill amends the Reclamation and Wastewater and Groundwater Study and Facilities Act (1992) to provide new standards and procedures for the review of water reclamation and reuse projects by the Interior Department's Bureau of Reclamation. Additionally, the legislation sets forth specific criteria to assist Congress in the evaluation and selection of projects for Federal grant funding and sets the Federal cost share at 20%. This is lower than the cost sharing requirement specified in the 1996 amendments to Title XVI, and represents the most cost-effective leveraging of Federal funds for any current Federal water resources investment!

We believe that S. 3639 addresses the important question of how to establish funding priorities. For the first time, a program is being established that provides a roadmap for the Secretary to determine if a project should be recommended for construction authorization. This would allow Subcommittees such as yours, Madam Chairman, to consider the value of a project to ameliorate a water supply shortage. Clearly, the ability to define priorities is critical to an enhanced Title XVI program and S. 3639 provides this framework.

### **Experiences with the Title XVI Program and Program Benefits**

The Association and its members have a long-standing and productive working relationship with the USBR and its Title XVI program. The Title XVI program has benefited many communities in the West by providing grant funds that made these projects more affordable. The Federal cost share – although a relatively small portion of the overall project cost – often makes the difference in determining whether a project qualifies for financing. In addition, the Federal funding and the imprimatur of the United States government typically results in a reduced cost of capital.

The Association believes, first and foremost, that the Title XVI program serves a Federal interest as discussed below. Although the level of funding that the program has received over the past decade has been limited, it is still an unqualified success. Simply stated, this is one program that represents a sound investment in the future of the West by the Federal government. It delivers multiple benefits to stakeholders throughout the West, ranging from municipal and industrial to agricultural needs. Through FY 2004, the Federal investment of \$272.5 million has been leveraged by a factor of approximately 5:1. According to a recently completed study by the Council on Environmental Quality (CEQ), the non-Federal investment to date during this same period amounted to \$1.085 billion.

In enumerating specific project benefits, we must not forget the intangible benefits that exist when this critical new water supply is brought on line in addition to the financial value of such projects. These benefits include the following:

- Environmental benefits realized through the conversion of treated wastewater into a valuable new water supply;
- Reduction of the quantity of treated wastewater discharged to sensitive or impaired surface waters;
- Alleviating the need to develop new costly water supply development projects unless they are a last resort (e.g., new dams and other expensive importation aqueducts);
- Reduced dependence on the Colorado River and on the CALFED Bay-Delta System, especially during drought years when conflicts on both of these water systems are particularly intense;
- Creation of a dependable and controllable local source of supply for cities in arid and semi-arid climates such as El Paso, Phoenix, and Las Vegas;
- Reduced demand on existing potable supplies; and
- Energy benefits, including reduced energy demand and transmission line constraints during peak use periods, realized by the replacement of more energy-intensive water supplies such as pumped imported water with less energy-intensive water sources such as recycled water.

A fundamental question is “why would we want to use valuable, high quality water from the Bureau of Reclamation’s Shasta Reservoir in Northern California or Lake Powell in Utah and pump and transport it over 500 miles to irrigate a park or golf course in the Los Angeles or San Diego metropolitan areas?” Also remember that the replacement of that imported water with local recycled water will save enough energy and related greenhouse gas impacts from reduced pumping equivalent to a 500 megawatt power plant! Obviously the energy and water policy issues facing the arid West clearly justify a “strategically” small grant

program to use recycled water as a means to continue to support the economic vitality of the major metropolitan areas throughout the Colorado and Rio Grande River basins.

### ***General Comments and Recommendations for S. 3639***

Overall S. 3639 provides a solid redirection of the Title XVI program. It ensures that locally developed and supported projects have a clear process to secure Federal construction authorization. As we have discussed, most recently during the Subcommittee on Water and Power's oversight hearing on February 28, one of the most vexing challenges of the existing Title XVI program is the uncertainty that USBR will provide timely reviews of a proposed project. The ability to invest responsibility with a local community should remedy this deficiency. We are also encouraged that the Secretary has clear deadlines to act on any proposal that is submitted. This is vital to a successful program. We also believe that the decision to limit federal support to 20% of a project's costs is reasonable and will allow local communities to commit expeditiously their share of a project's cost.

There are a limited number of issues contained in the draft legislation that we would like to highlight as critical to a successful Title XVI program. These are outlined below.

### ***Specific Issues of Concern***

1. The bill provisions dealing with "financially capable" and "technically viable" project sponsors should be clarified through report language to ensure an understanding that the Secretary is to provide a project sponsor with a determination that the project is viable within 30 days or the project is deemed to be viable. We believe that the success of Title XVI reforms hinge on compliance with this key deadline.
2. The checklist to determine viability is a clear and workable roadmap for project sponsors to submit required project data.
3. The bill appears to limit demonstrations activities to the Western States by virtue of the language in Section 1602 (Purposes; Definitions). We recommend that the Secretary be provided authority to conduct research and demonstration activities in any geographic area where technology demonstrations may prove most effective, provided they have direct application and benefit to the Western States.
4. We endorse the bill's provisions to require a project's value to be considered within the context of how it may contribute to improving a number of circumstances, including the environment. This clearly illustrates that any project priority will deliver multiple benefits.
5. The 10-year sunset provision for projects is an important element to ensure timely review and recommendations of a project.
6. The bill's transition process may inadvertently create unnecessary burdens. The

requirement to make existing projects submit new information pursuant to the new mandates would effectively change the rules, creating new costs and delays to the project sponsor. We strongly recommend that feasibility proposals that have already been submitted not be required to comply with new rules. If a concern exists over limiting the universe of proposals that would be grandfathered into the program under the old rules, we recommend establishing a date from which the new rules would apply.

## ***Conclusion***

Once again, the WaterReuse Association wants to thank you, Madam Chairman, for convening this hearing. We would be pleased to work with you in addressing critical issues related to water reuse and recycling, desalination, and water use efficiency. We are strongly supportive of the Subcommittee's efforts to ensure adequate and safe supplies of water in the future for the entire country.