

113TH CONGRESS
2^D SESSION

H. R. 5363

To establish a WaterSense program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 31, 2014

Mrs. NAPOLITANO (for herself, Ms. ROYBAL-ALLARD, Ms. CHU, Mr. DEFazio, Mrs. NEGRETE McLEOD, Mr. GARAMENDI, Mr. CÁRDENAS, Mr. LOWENTHAL, Ms. ESHOO, Ms. HAHN, Mrs. KIRKPATRICK, and Ms. LEE of California) introduced the following bill; which was referred to the Committee on Natural Resources, and in addition to the Committees on Transportation and Infrastructure, Energy and Commerce, and Science, Space, and Technology, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To establish a WaterSense program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Water in the 21st Century Act” or “W21”.

6 (b) TABLE OF CONTENTS.—The table of contents of
7 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Definition of Administrator.

TITLE I—CONSERVATION AND EFFICIENCY

Sec. 101. Water efficiency, conservation, and adaptation.

TITLE II—RECYCLING, STORAGE, AND INTEGRATED WATER
MANAGEMENT

Sec. 201. Definitions.

Subtitle A—Innovative Financing

- Sec. 211. Purposes.
- Sec. 212. Authority to provide assistance.
- Sec. 213. Applications.
- Sec. 214. Eligibility for assistance.
- Sec. 215. Determination of eligibility and project selection.
- Sec. 216. Secured loans.
- Sec. 217. Program administration.
- Sec. 218. State and local permits.
- Sec. 219. Regulations.
- Sec. 220. Funding.
- Sec. 221. Report to Congress.

Subtitle B—Integrated Regional Water Management, Reclamation, and
Recycling Projects

- Sec. 231. Water storage projects.
- Sec. 232. Authorization of appropriations.

Subtitle C—Title Transfers

- Sec. 241. Authorization to transfer title.

TITLE III—INNOVATION THROUGH RESEARCH, DATA, AND
TECHNOLOGY

- Sec. 301. Open water data system.
- Sec. 302. Water Resources Research Act amendments.
- Sec. 303. Reauthorization of Water Desalination Act of 1996.
- Sec. 304. Review of reservoir operations.

TITLE IV—DROUGHT PREPAREDNESS AND RESILIENCE

- Sec. 401. National drought resilience guidelines.
- Sec. 402. Drought preparedness for fisheries.

1 SEC. 2. DEFINITION OF ADMINISTRATOR.

- 2 In this Act, the term “Administrator” means the Ad-
3 ministrator of the Environmental Protection Agency.

1 **TITLE I—CONSERVATION AND**
2 **EFFICIENCY**

3 **SEC. 101. WATER EFFICIENCY, CONSERVATION, AND ADAP-**
4 **TATION.**

5 (a) WATERSENSE.—

6 (1) IN GENERAL.—There is established within
7 the Environmental Protection Agency a WaterSense
8 program to identify and promote water efficient
9 products, buildings, landscapes, facilities, processes,
10 and services so as—

11 (A) to reduce water use;

12 (B) to reduce the strain on water, waste-
13 water, and stormwater infrastructure;

14 (C) to conserve energy used to pump, heat,
15 transport, and treat water; and

16 (D) to preserve water resources for future
17 generations, through voluntary labeling of, or
18 other forms of communications about, products,
19 buildings, landscapes, facilities, processes, and
20 services that meet the highest water efficiency
21 and performance criteria.

22 (2) DUTIES.—The Administrator shall—

23 (A) establish—

24 (i) a WaterSense label to be used for
25 certain items; and

1 (ii) the procedure by which an item
2 may be certified to display the WaterSense
3 label;

4 (B) promote WaterSense-labeled products,
5 buildings, landscapes, facilities, processes, and
6 services in the marketplace as the preferred
7 technologies and services for—

8 (i) reducing water use; and

9 (ii) ensuring product and service per-
10 formance;

11 (C) work to enhance public awareness of
12 the WaterSense label through public outreach,
13 education, and other means;

14 (D) preserve the integrity of the
15 WaterSense label by—

16 (i) establishing and maintaining per-
17 formance criteria so that products, build-
18 ings, landscapes, facilities, processes, and
19 services labeled with the WaterSense label
20 perform as well or better than less water-
21 efficient counterparts;

22 (ii) overseeing WaterSense certifi-
23 cations made by third parties;

24 (iii) conducting reviews of the use of
25 the WaterSense label in the marketplace

1 and taking corrective action in any case in
2 which misuse of the label is identified; and

3 (iv) carrying out such other measures
4 as the Administrator determines to be ap-
5 propriate;

6 (E) regularly review and, if appropriate,
7 update WaterSense criteria for categories of
8 products, buildings, landscapes, facilities, proc-
9 esses, and services, at least once every 6 years;

10 (F) to the maximum extent practicable,
11 regularly estimate and make available to the
12 public the production and relative market
13 shares of, and the savings of water, energy, and
14 capital costs of water, wastewater, and
15 stormwater infrastructure attributable to the
16 use of WaterSense-labeled products, buildings,
17 landscapes, facilities, processes, and services, at
18 least annually;

19 (G) solicit comments from interested par-
20 ties and the public prior to establishing or re-
21 vising a WaterSense category, specification, in-
22 stallation criterion, or other criterion;

23 (H) provide reasonable notice to interested
24 parties and the public of any changes (including
25 effective dates), on the adoption of a new or re-

1 vised category, specification, installation cri-
2 terion, or other criterion, along with—

3 (i) an explanation of the changes; and

4 (ii) as appropriate, responses to com-
5 ments submitted by interested parties and
6 the public;

7 (I) provide appropriate lead time (as deter-
8 mined by the Administrator) prior to the appli-
9 cable effective date for a new or significant revi-
10 sion to a category, specification, installation cri-
11 terion, or other criterion, taking into account
12 the timing requirements of the manufacturing,
13 marketing, training, and distribution process
14 for the specific product, building and landscape,
15 or service category addressed;

16 (J) identify and, if appropriate, implement
17 other voluntary approaches in commercial, insti-
18 tutional, residential, industrial, and municipal
19 sectors to encourage recycling and reuse tech-
20 nologies to improve water efficiency or lower
21 water use; and

22 (K) if appropriate, authorize the
23 WaterSense label for use on products that are
24 labeled by the Energy Star program imple-

1 mented by the Administrator and the Secretary
2 of Energy.

3 (3) AUTHORIZATION OF APPROPRIATIONS.—

4 There are authorized to be appropriated to carry out
5 this section—

6 (A) \$5,000,000 for fiscal year 2015;

7 (B) \$10,000,000 for fiscal year 2016;

8 (C) \$15,000,000 for fiscal year 2017;

9 (D) \$20,000,000 for fiscal year 2018; and

10 (E) for each subsequent fiscal year, the ap-
11 plicable amount for the preceding fiscal year, as
12 adjusted to reflect changes for the 12-month
13 period ending the preceding November 30 in
14 the Consumer Price Index for All Urban Con-
15 sumers published by the Bureau of Labor Sta-
16 tistics of the Department of Labor.

17 (b) STATE RESIDENTIAL WATER EFFICIENCY AND
18 CONSERVATION INCENTIVES PROGRAM.—

19 (1) DEFINITIONS.—In this subsection:

20 (A) ELIGIBLE ENTITY.—The term “eligible
21 entity” means a State government, local or
22 county government, tribal government, waste-
23 water or sewerage utility, municipal water au-
24 thority, energy utility, water utility, or non-

1 profit organization that meets the requirements
2 of paragraph (2).

3 (B) INCENTIVE PROGRAM.—The term “in-
4 centive program” means a program for admin-
5 istering financial incentives for consumer pur-
6 chase and installation of water-efficient prod-
7 ucts, buildings (including new water-efficient
8 homes), landscapes, processes, or services de-
9 scribed in paragraph (2)(A).

10 (C) RESIDENTIAL WATER-EFFICIENT
11 PRODUCT, BUILDING, LANDSCAPE, PROCESS, OR
12 SERVICE.—

13 (i) IN GENERAL.—The term “residen-
14 tial water-efficient product, building, land-
15 scape, process, or service” means a prod-
16 uct, building, landscape, process, or service
17 for a residence or its landscape that is
18 rated for water efficiency and perform-
19 ance—

20 (I) by the WaterSense program;

21 or

22 (II) if a WaterSense specification
23 does not exist, by the Energy Star
24 program or an incentive program ap-
25 proved by the Administrator.

1 (ii) INCLUSIONS.—The term “residen-
2 tial water-efficient product, building, land-
3 scape, process, or service” includes—

4 (I) faucets;

5 (II) irrigation technologies and
6 services;

7 (III) point-of-use water treat-
8 ment devices;

9 (IV) reuse and recycling tech-
10 nologies;

11 (V) toilets;

12 (VI) clothes washers;

13 (VII) dishwashers;

14 (VIII) showerheads;

15 (IX) xeriscaping and other land-
16 scape conversions that replace irri-
17 gated turf;

18 (X) new water efficient homes
19 certified under the WaterSense pro-
20 gram;

21 (XI) green stormwater installa-
22 tions such as permeable pavement,
23 rain gardens, rain barrels, and green
24 roofs;

1 (XII) composting solutions com-
2 plementary to water use and water
3 quality; and

4 (XIII) other water-efficient prod-
5 ucts, services, processes, or behavioral
6 water efficiency solutions that address
7 the objectives of the WaterSense pro-
8 gram.

9 (D) WATERSENSE PROGRAM.—The term
10 “WaterSense program” means the program es-
11 tablished by subsection (a).

12 (2) ELIGIBLE ENTITIES.—An entity shall be eli-
13 gible to receive an allocation under paragraph (3) if
14 the entity—

15 (A) establishes (or has established) an in-
16 centive program to provide financial incentives
17 to residential consumers for the purchase of
18 residential water-efficient products, buildings,
19 landscapes, processes, or services;

20 (B) submits an application for the alloca-
21 tion at such time, in such form, and containing
22 such information as the Administrator may re-
23 quire; and

24 (C) provides assurances satisfactory to the
25 Administrator that the entity will use the allo-

1 cation to supplement, but not supplant, non-
2 Federal funds made available to carry out the
3 incentive program.

4 (3) AMOUNT OF ALLOCATIONS.—For each fiscal
5 year, the Administrator shall determine the amount
6 to allocate to each eligible entity to carry out para-
7 graph (4), taking into consideration—

8 (A) the population served by the eligible
9 entity during the most recent calendar year for
10 which data are available;

11 (B) the targeted population of the incen-
12 tive program of the eligible entity, such as gen-
13 eral households, low-income households, or first-
14 time homeowners, and the probable effective-
15 ness of the incentive program for that popu-
16 lation;

17 (C) for existing programs, the effectiveness
18 of the program in encouraging the adoption of
19 water-efficient products, buildings, landscapes,
20 facilities, processes, and services;

21 (D) any allocation to the eligible entity for
22 a preceding fiscal year that remains unused;
23 and

24 (E) the per capita water demand of the
25 population served by the eligible entity during

1 the most recent calendar year for which data
2 are available and the availability or reliability of
3 water supplies to the eligible entity.

4 (4) USE OF ALLOCATED FUNDS.—Funds allo-
5 cated to an eligible entity under paragraph (3) may
6 be used to pay up to 50 percent of the cost of estab-
7 lishing and carrying out an incentive program.

8 (5) ISSUANCE OF INCENTIVES.—

9 (A) IN GENERAL.—Financial incentives
10 may be provided to residential consumers that
11 meet the requirements of the applicable incen-
12 tive program.

13 (B) MANNER OF ISSUANCE.—An eligible
14 entity may—

15 (i) issue all financial incentives di-
16 rectly to residential consumers; or

17 (ii) with approval of the Adminis-
18 trator, delegate all or part of financial in-
19 centive administration to other organiza-
20 tions, including local governments, munic-
21 ipal water authorities, water utilities, and
22 nonprofit organizations.

23 (C) AMOUNT.—The amount of a financial
24 incentive shall be determined by the eligible en-
25 tity, taking into consideration—

1 (i) the amount of any Federal or
2 State tax incentive available for the pur-
3 chase of the residential water-efficient
4 product or service;

5 (ii) the amount necessary to change
6 consumer behavior to purchase water-effi-
7 cient products and services; and

8 (iii) the consumer expenditures for on-
9 site preparation, assembly, and original in-
10 stallation of the product.

11 (6) AUTHORIZATION OF APPROPRIATIONS.—

12 There are authorized to be appropriated to the Ad-
13 ministrator to carry out this subsection—

14 (A) \$100,000,000 for fiscal year 2015;

15 (B) \$150,000,000 for fiscal year 2016;

16 (C) \$200,000,000 for fiscal year 2017;

17 (D) \$150,000,000 for fiscal year 2018;

18 (E) \$100,000,000 for fiscal year 2019; and

19 (F) for each subsequent fiscal year, the ap-
20 plicable amount for the preceding fiscal year, as
21 adjusted to reflect changes for the 12-month
22 period ending the preceding November 30 in
23 the Consumer Price Index for All Urban Con-
24 sumers published by the Bureau of Labor Sta-
25 tistics of the Department of Labor.

1 (c) WATER SYSTEM MITIGATION AND ADAPTATION
2 GRANTS.—

3 (1) DEFINITIONS.—In this subsection:

4 (A) OWNER OR OPERATOR.—

5 (i) IN GENERAL.—The term “owner
6 or operator” means a person (including a
7 regional, State, local, municipal, or private
8 entity) that owns or operates a water sys-
9 tem.

10 (ii) INCLUSION.—The term “owner or
11 operator” includes a non-Federal entity
12 that has operational responsibilities for a
13 federally owned water system.

14 (B) WATER SYSTEM.—The term “water
15 system” means—

16 (i) a community water system (as de-
17 fined in section 1401 of the Safe Drinking
18 Water Act (42 U.S.C. 300f));

19 (ii) a publicly owned treatment works
20 (as defined in section 212 of the Federal
21 Water Pollution Control Act (33 U.S.C.
22 1292)), including a municipal separate
23 storm sewer system;

24 (iii) a decentralized wastewater treat-
25 ment system for domestic sewage;

1 (iv) a groundwater storage and re-
2 plenishment system; or

3 (v) a system for transport and deliv-
4 ery of water for irrigation or conservation.

5 (2) GRANTS.—Beginning in fiscal year 2015,
6 the Administrator shall make grants to owners or
7 operators of water systems to address any ongoing
8 or forecasted (based on the best available research
9 and data) climate-related impact on the water qual-
10 ity or quantity of a region of the United States, for
11 the purposes of mitigating or adapting to the im-
12 pacts of climate change.

13 (3) ELIGIBLE USES.—In carrying out this sub-
14 section, the Administrator shall make grants to as-
15 sist in the planning, design, construction, implemen-
16 tation, or maintenance of any program or project to
17 increase the resilience of a water system to climate
18 change by—

19 (A) conserving water or enhancing water
20 use efficiency, including through the use of
21 water metering to measure the effectiveness of
22 a water efficiency program;

23 (B) modifying or relocating existing water
24 system infrastructure made or projected to be
25 made inoperable by climate change impacts;

1 (C) preserving or improving water quality,
2 including through measures to manage, reduce,
3 treat, or reuse municipal stormwater, waste-
4 water, or drinking water;

5 (D) investigating, designing, or con-
6 structing groundwater remediation, recycled
7 water, or desalination facilities or systems;

8 (E) enhancing water management by in-
9 creasing watershed preservation and protection,
10 such as through the use of natural or engi-
11 neered green infrastructure in the management,
12 conveyance, or treatment of water, wastewater,
13 or stormwater;

14 (F) enhancing energy efficiency or the use
15 and generation of renewable energy in the man-
16 agement, conveyance, or treatment of water,
17 wastewater, or stormwater;

18 (G) supporting the adoption and use of ad-
19 vanced water treatment, water supply manage-
20 ment (such as reservoir reoperation), or water
21 demand management technologies, projects, or
22 processes (such as water reuse and recycling or
23 adaptive conservation pricing) that maintain or
24 increase water supply or improve water quality;

1 (H) modifying or replacing existing sys-
2 tems or constructing new systems for existing
3 communities or land currently in agricultural
4 production to improve water availability, stor-
5 age, or conveyance in a manner that—

6 (i) promotes more efficient use of
7 available water supplies; and

8 (ii) does not further exacerbate
9 stresses on ecosystems;

10 (I) supporting practices and projects, such
11 as improved irrigation systems, water banking
12 and other forms of water transactions, ground-
13 water recharge, stormwater capture, and reuse
14 or recycling of drainage water, to improve water
15 quality or promote more efficient water use, in-
16 cluding on land currently in agricultural pro-
17 duction;

18 (J) conducting and completing studies or
19 assessments to project how climate change may
20 impact the future operations and sustainability
21 of water systems;

22 (K) developing and implementing mitiga-
23 tion measures to rapidly address impacts on
24 water systems most susceptible to abrupt cli-
25 mate change, including those in the Colorado

1 River Basin and coastal regions at risk from
2 rising sea levels; or

3 (L) funding of transactions costs and cred-
4 it enhancement for pay-for-performance-based
5 public-private initiatives intended to advance
6 the eligible uses of the program or project.

7 (4) APPLICATION.—To be eligible to receive a
8 grant from the Administrator under paragraph (2),
9 the owner or operator of a water system shall submit
10 to the Administrator an application that—

11 (A) includes a proposal of the program,
12 strategy, or infrastructure improvement to be
13 planned, designed, constructed, implemented, or
14 maintained by the water system;

15 (B) cites the best available research or
16 data that demonstrates—

17 (i) the risk to the water resources or
18 infrastructure of the water system as a re-
19 sult of ongoing or forecasted changes to
20 the hydrological system brought about by
21 factors arising from climate change, in-
22 cluding rising sea levels and changes in
23 precipitation levels; and

24 (ii) how the proposed program, strat-
25 egy, or infrastructure improvement would

1 perform under the anticipated climate con-
2 ditions;

3 (C) explains how the proposed program,
4 strategy, or infrastructure improvement is ex-
5 pected to enhance the resiliency of the water
6 system, including source water protection for
7 community water systems, to these risks or re-
8 duce the direct or indirect greenhouse gas emis-
9 sions of the water system; and

10 (D) demonstrates that the program, strat-
11 egy, or infrastructure improvement is—

12 (i) consistent with any approved State
13 and tribal climate adaptation plan; and

14 (ii) not inconsistent with any ap-
15 proved natural resources plan.

16 (5) COMPETITIVE PROCESS.—

17 (A) IN GENERAL.—Each calendar year, the
18 Administrator shall conduct a competitive proc-
19 ess to select and fund applications under this
20 subsection.

21 (B) PRIORITY REQUIREMENTS AND
22 WEIGHTING.—In carrying out the process, the
23 Administrator shall—

24 (i) prioritize funding of applications
25 that are submitted by the owners or opera-

1 tors of water systems that are, based on
2 the best available research and data, at the
3 greatest and most immediate risk of facing
4 significant climate-related negative impacts
5 on water quality or quantity;

6 (ii) in selecting among the priority ap-
7 plications determined under clause (i), en-
8 sure that the final list of applications fund-
9 ed for each year includes a substantial
10 number that, to the maximum extent prac-
11 ticable, includes each eligible use described
12 in paragraph (3);

13 (iii) solicit applications from water
14 systems that are—

15 (I) located in all regions of the
16 United States; and

17 (II) facing varying risks as a re-
18 sult of climate change; and

19 (iv) provide for solicitation and con-
20 sideration of public input in the develop-
21 ment of criteria used in evaluating applica-
22 tions.

23 (6) COST SHARING.—

24 (A) FEDERAL SHARE.—The Federal share
25 of the cost of any program, strategy, or infra-

1 structure improvement that is the subject of a
2 grant awarded by the Administrator to a water
3 system under paragraph (2) shall not exceed 50
4 percent of the cost of the program, strategy,
5 and infrastructure improvement.

6 (B) CALCULATION OF NON-FEDERAL
7 SHARE.—In calculating the non-Federal share
8 of the cost of a program, strategy, or infra-
9 structure improvement proposed by a water sys-
10 tem through an application submitted by the
11 water system under paragraph (4), the Admin-
12 istrator shall—

13 (i) include the value of any in-kind
14 services that are integral to the completion
15 of the program, strategy, or infrastructure
16 improvement, as determined by the Admin-
17 istrator; and

18 (ii) not include any other amount that
19 the water system receives from a Federal
20 agency.

21 (7) LABOR STANDARDS.—

22 (A) IN GENERAL.—All laborers and me-
23 chanics employed on infrastructure improve-
24 ments funded directly by or assisted in whole or
25 in part by this subsection shall be paid wages

1 at rates not less than those prevailing for the
2 same type of work on similar construction in
3 the immediate locality, as determined by the
4 Secretary of Labor in accordance with sub-
5 chapter IV of chapter 31 of part A of subtitle
6 II of title 40, United States Code.

7 (B) AUTHORITY AND FUNCTIONS.—With
8 respect to the labor standards in this para-
9 graph, the Secretary of Labor shall have the
10 authority and functions set forth in Reorganiza-
11 tion Plan Numbered 14 of 1950 (64 Stat.
12 1267; 5 U.S.C. App.) and section 3145 of title
13 40, United States Code.

14 (8) LOCAL HIRING.—

15 (A) IN GENERAL.—The recipient of assist-
16 ance may advertise and award a contract for
17 construction containing requirements for the
18 employment of individuals residing in or adja-
19 cent to any of the areas in which the work is
20 to be performed under the contract, if—

21 (i) all or part of the construction work
22 performed under the contract occurs in an
23 area that has—

1 (I) a per capita income of 80 per-
2 cent or less of the national average
3 per capita income; or

4 (II) an unemployment rate that
5 is, for the most recent 24-month pe-
6 riod for which data are available, at
7 least 1 percent greater than the na-
8 tional average unemployment rate;

9 (ii) the estimated cost of the project
10 of which the contract is a part is greater
11 than \$1,000,000; and

12 (iii) the recipient does not hire indi-
13 viduals who do not have the necessary
14 skills to perform work in the applicable
15 craft or trade, except for individuals who
16 are subject to an apprenticeship program
17 or other training program meeting, as de-
18 termined by the Secretary.

19 (B) ADVERTISEMENT.—In advertising and
20 awarding a contract under this subsection, the
21 Secretary or recipient of assistance shall ensure
22 that the requirements contained in the adver-
23 tisement would not—

24 (i) compromise the quality of the
25 project;

1 (ii) unreasonably delay the completion
2 of the project; or

3 (iii) unreasonably increase the cost of
4 the project.

5 (9) EFFICIENT, INTEGRATED PROCUREMENT
6 FOR PROGRAMS JOINTLY FUNDED WITH THE DE-
7 PARTMENT OF HOUSING AND URBAN DEVELOP-
8 MENT.—

9 (A) DEFINITION OF ELIGIBLE PROJECT.—

10 In this paragraph, the term “eligible project”
11 means a project for which the amount of fund-
12 ing provided by the Department of Housing and
13 Urban Development is 10 percent or more of
14 the amount of funding provided under this sub-
15 section.

16 (B) PREFERENCES.—Notwithstanding the
17 competitive bidding requirements of this section
18 (including regulations), in the case of an eligible
19 project funded jointly with funding provided by
20 the Department of Housing and Urban Devel-
21 opment that is covered by section 3 of the
22 Housing and Urban Development Act of 1968
23 (82 Stat. 846; 12 U.S.C. 1701u), a contracting
24 agency may apply the preferences required for
25 the funding by the Department of Housing and

1 Urban Development under section 3 of that Act
2 (including regulations) with respect to the fund-
3 ing, to the elements of the project funded in
4 any part under this subsection.

5 (C) PERMISSIBLE RESTRICTIONS.—A State
6 or local law governing contracting practices that
7 prohibits the awarding of contracts to busi-
8 nesses that have solicited or made contributions
9 to political candidates, political parties, and
10 holders of public office shall not be considered
11 a violation of this section.

12 (10) REGULATIONS.—

13 (A) IN GENERAL.—Not later than 1 year
14 after the date of enactment of this Act, the Ad-
15 ministrator shall promulgate final regulations to
16 carry out this subsection.

17 (B) SPECIAL RULE FOR THE CONSTRUC-
18 TION OF TREATMENT WORKS.—In carrying out
19 this paragraph, the Administrator shall incor-
20 porate all relevant and appropriate require-
21 ments of title VI of the Federal Water Pollution
22 Control Act (33 U.S.C. 1381 et seq.) applicable
23 to the construction of treatment works that are
24 carried out under this subsection.

1 (11) REPORT TO CONGRESS.—Not later than 3
2 years after the date of enactment of this Act, and
3 every 3 years thereafter, the Administrator shall
4 submit to Congress a report on progress in imple-
5 menting this subsection, including information on
6 project applications received and funded annually.

7 (12) AUTHORIZATION OF APPROPRIATIONS.—
8 There are authorized to be appropriated to carry out
9 this subsection such sums as are necessary.

10 **TITLE II—RECYCLING, STORAGE,**
11 **AND INTEGRATED WATER**
12 **MANAGEMENT**

13 **SEC. 201. DEFINITIONS.**

14 In this title:

15 (1) ELIGIBLE ENTITY.—The term “eligible enti-
16 ty” means—

17 (A) a corporation;

18 (B) a partnership;

19 (C) a joint venture;

20 (D) a trust;

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

23 (F) a conservancy district, irrigation dis-
24 trict, canal company, mutual water company,
25 water users’ association, Indian tribe, agency

1 created by interstate compact, or any other en-
2 tity that has the capacity to contract with the
3 United States under Federal reclamation law.

4 (2) FEDERAL CREDIT INSTRUMENT.—The term
5 “Federal credit instrument” means a secured loan,
6 loan guarantee, or other credit enhancement author-
7 ized to be made available under this title with re-
8 spect to a project.

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

13 (4) LENDER.—

14 (A) IN GENERAL.—The term “lender”
15 means any non-Federal qualified institutional
16 buyer (as defined in section 230.144A(a) of
17 title 17, Code of Federal Regulations (or a suc-
18 cessor regulation) (commonly known as “Rule
19 144A(a) of the Securities and Exchange Com-
20 mission” and issued under the Securities Act of
21 1933 (15 U.S.C. 77a et seq.))).

22 (B) INCLUSIONS.—The term “lender” in-
23 cludes—

24 (i) a qualified retirement plan (as de-
25 fined in section 4974 of the Internal Rev-

1 enue Code of 1986) that is a qualified in-
2 stitutional buyer; and

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

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

12 (6) OBLIGOR.—The term “obligor” means an
13 eligible entity that is primarily liable for payment of
14 the principal of, or interest on, a Federal credit in-
15 strument.

16 (7) PROJECT OBLIGATION.—

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

21 (B) EXCLUSION.—The term “project obli-
22 gation” does not include a Federal credit in-
23 strument.

24 (8) RATING AGENCY.—The term “rating agen-
25 cy” means a credit rating agency registered with the

1 Securities and Exchange Commission as a nationally
2 recognized statistical rating organization (as defined
3 in section 3(a) of the Securities Exchange Act of
4 1934 (15 U.S.C. 78c(a))).

5 (9) RECLAMATION STATE.—The term “Rec-
6 lamation State” means any of the States of—

7 (A) Arizona;

8 (B) California;

9 (C) Colorado;

10 (D) Idaho;

11 (E) Kansas;

12 (F) Montana;

13 (G) Nebraska;

14 (H) Nevada;

15 (I) New Mexico;

16 (J) North Dakota;

17 (K) Oklahoma;

18 (L) Oregon;

19 (M) South Dakota;

20 (N) Texas;

21 (O) Utah;

22 (P) Washington; and

23 (Q) Wyoming.

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

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

6 (12) SUBSIDY AMOUNT.—The term “subsidy
7 amount” means the amount of budget authority suf-
8 ficient to cover the estimated long-term cost to the
9 Federal Government of a Federal credit instrument,
10 as calculated on a net present value basis, excluding
11 administrative costs and any incidental effects on
12 Governmental receipts or outlays in accordance with
13 the Federal Credit Reform Act of 1990 (2 U.S.C.
14 661 et seq.).

15 (13) SUBSTANTIAL COMPLETION.—The term
16 “substantial completion”, with respect to a project,
17 means the earliest date on which a project is consid-
18 ered to perform the functions for which the project
19 is designed.

20 **Subtitle A—Innovative Financing**

21 **SEC. 211. PURPOSES.**

22 The purposes of this subtitle are—

23 (1) to promote increased development of critical
24 water resources infrastructure by establishing addi-

1 tional opportunities for financing water resources
2 projects;

3 (2) to attract new investment capital to infra-
4 structure projects that are capable of generating rev-
5 enue streams through user fees or other dedicated
6 funding sources;

7 (3) to complement existing Federal funding
8 sources and address budgetary constraints on Bu-
9 reau of Reclamation programs; and

10 (4) to leverage private investment in water re-
11 sources infrastructure.

12 **SEC. 212. AUTHORITY TO PROVIDE ASSISTANCE.**

13 (a) IN GENERAL.—The Secretary may provide finan-
14 cial assistance under this subtitle to carry out projects
15 within—

16 (1) any Reclamation State;

17 (2) any other State in which the Bureau of
18 Reclamation is authorized to provide project assist-
19 ance; and

20 (3) the States of Alaska and Hawaii.

21 (b) SELECTION.—In selecting projects to receive fi-
22 nancial assistance under subsection (a), the Secretary
23 shall ensure diversity with respect to—

24 (1) project types; and

25 (2) geographical locations.

1 **SEC. 213. APPLICATIONS.**

2 To be eligible to receive assistance under this subtitle,
3 an eligible entity shall submit to the Secretary an applica-
4 tion at such time, in such manner, and containing such
5 information as the Secretary may require.

6 **SEC. 214. ELIGIBILITY FOR ASSISTANCE.**

7 (a) **ELIGIBLE PROJECTS.**—The following projects
8 may be carried out using assistance made available under
9 this subtitle:

10 (1) A project for the reclamation and reuse of
11 municipal, industrial, domestic, and agricultural
12 wastewater, and naturally impaired ground and sur-
13 face waters, which the Secretary, acting through the
14 Commissioner of Reclamation, is authorized to un-
15 dertake.

16 (2) Any water infrastructure project not specifi-
17 cally authorized by law that—

18 (A) the Secretary determines, through the
19 completion of an appraisal investigation and
20 feasibility study, would contribute to a safe,
21 adequate water supply for domestic, agricul-
22 tural, environmental, or municipal and indus-
23 trial use; and

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

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

3 (4) A project for accelerated repair and replace-
4 ment of an aging water distribution facility.

5 (5) A brackish or sea water desalination
6 project.

7 (6) Acquisition of real property or an interest
8 in real property for water storage, reclaimed or recy-
9 cled water, or wastewater, if the acquisition is inte-
10 gral to a project described in paragraphs (1)
11 through (5).

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

15 (b) ACTIVITIES ELIGIBLE FOR ASSISTANCE.—For
16 purposes of this subtitle, an eligible activity with respect
17 to an eligible project under subsection (a) includes the cost
18 of—

19 (1) development-phase activities, including plan-
20 ning, feasibility analysis, revenue forecasting, envi-
21 ronmental review, permitting, transaction costs, pre-
22 liminary engineering and design work, and other
23 preconstruction activities;

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

1 (3) the acquisition of real property (including
2 water rights, land relating to the project, and im-
3 provements to land), environmental mitigation, con-
4 struction contingencies, and acquisition of equip-
5 ment;

6 (4) capitalized interest necessary to meet mar-
7 ket requirements, reasonably required reserve funds,
8 capital issuance expenses, and other carrying costs
9 during construction;

10 (5) refinancing interim construction funding,
11 long-term project obligations, or a secured loan, loan
12 guarantee, or other credit enhancement made under
13 this subtitle;

14 (6) reimbursement or success payments to any
15 public or private entity that achieves predetermined
16 outcomes on a pay-for-performance or pay-for-suc-
17 cess basis; and

18 (7) grants, loans, or credit enhancement for
19 community development financial institutions, green
20 banks, and other financial intermediaries providing
21 ongoing finance for projects that meet the purposes
22 of this subtitle.

1 **SEC. 215. DETERMINATION OF ELIGIBILITY AND PROJECT**
2 **SELECTION.**

3 (a) **ELIGIBILITY REQUIREMENTS.**—To be eligible to
4 receive financial assistance under this subtitle, a project
5 shall meet the following criteria, as determined by the Sec-
6 retary:

7 (1) **CREDITWORTHINESS.**—

8 (A) **IN GENERAL.**—Subject to subpara-
9 graph (B), the project shall be creditworthy, as
10 determined by the Secretary, who shall ensure
11 that any financing for the project has appro-
12 priate security features, such as a rate cov-
13 enant, to ensure repayment.

14 (B) **PRELIMINARY RATING OPINION LET-**
15 **TER.**—The Secretary shall require each appli-
16 cant to provide a preliminary rating opinion let-
17 ter from at least 1 rating agency indicating that
18 the senior obligations of the project (which may
19 be the Federal credit instrument) have the po-
20 tential to achieve an investment-grade rating.

21 (2) **ELIGIBLE PROJECT COSTS.**—The eligible
22 project costs of a project and other projects in a wa-
23 tershed shall be reasonably anticipated to be not less
24 than \$10,000,000.

25 (3) **DEDICATED REVENUE SOURCES.**—The Fed-
26 eral credit instrument for the project shall be repay-

1 able, in whole or in part, from dedicated revenue
2 sources that also secure the project obligations.

3 (4) PUBLIC SPONSORSHIP OF PRIVATE ENTI-
4 TIES.—In the case of a project carried out by an en-
5 tity that is not a State or local government or an
6 agency or instrumentality of a State or local govern-
7 ment, the project shall be publicly sponsored.

8 (b) SELECTION CRITERIA.—

9 (1) ESTABLISHMENT.—The Secretary shall es-
10 tablish criteria for the selection of projects that meet
11 the eligibility requirements of subsection (a), in ac-
12 cordance with paragraph (2).

13 (2) CRITERIA.—The selection criteria shall in-
14 clude the following:

15 (A) The extent to which the project is na-
16 tionally or regionally significant.

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

21 (C) The likelihood that assistance under
22 this section would enable the project to proceed
23 at an earlier date than the project would other-
24 wise be able to proceed.

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

3 (E) The extent to which projects track evi-
4 dence about the effectiveness of the 1 or more
5 projects financed and the availability of the evi-
6 dence and project information to the public to
7 facilitate replication.

8 (F) The amount of budget authority re-
9 quired to fund the Federal credit instrument
10 made available under this subtitle.

11 (G) The extent to which the project helps
12 maintain or protect the environment.

13 (H) The extent to which the project sup-
14 ports the local economy and provides local jobs.

15 (c) RECEIPT OF OTHER FEDERAL FUNDING.—Re-
16 ceipt of a Federal grant or contract or other Federal fund-
17 ing to support an eligible project shall not preclude the
18 project from being eligible for assistance under this sub-
19 title.

20 (d) FEDERAL REQUIREMENTS.—

21 (1) EFFECT OF SECTION.—Nothing in this sec-
22 tion supersedes the applicability of other require-
23 ments of Federal law (including regulations).

24 (2) NEPA.—A Federal action carried out re-
25 garding a loan or loan guarantee provided under this

1 subtitle shall not be considered to be a Federal ac-
2 tion for purposes of the National Environmental
3 Policy Act of 1969 (42 U.S.C. 4321 et seq.).

4 **SEC. 216. SECURED LOANS.**

5 (a) AGREEMENTS.—

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

10 (A) to finance eligible project costs of any
11 project selected under section 206;

12 (B) to refinance interim construction fi-
13 nancing of eligible project costs of any project
14 selected under section 206; or

15 (C) to refinance long-term project obliga-
16 tions or Federal credit instruments, if that refi-
17 nancing provides additional funding capacity for
18 the completion, enhancement, or expansion of
19 any project that—

20 (i) is selected under section 206; or

21 (ii) otherwise meets the requirements
22 of section 206.

23 (2) LIMITATION ON REFINANCING OF INTERIM
24 CONSTRUCTION FINANCING.—A secured loan under
25 paragraph (1) shall not be used to refinance interim

1 construction financing under paragraph (1)(B) later
2 than 1 year after the date of substantial completion
3 of the applicable project.

4 (3) RISK ASSESSMENT.—Before entering into
5 an agreement under this subsection for a secured
6 loan, the Secretary, in consultation with the Director
7 of the Office of Management and Budget and each
8 rating agency providing a preliminary rating opinion
9 letter under section 206(a)(1)(B), shall determine an
10 appropriate capital reserve subsidy amount for the
11 secured loan, taking into account each such prelimi-
12 nary rating opinion letter.

13 (4) INVESTMENT-GRADE RATING REQUIRE-
14 MENT.—The execution of a secured loan under this
15 section shall be contingent on receipt by the senior
16 obligations of the project of an investment-grade rat-
17 ing.

18 (b) TERMS AND LIMITATIONS.—

19 (1) IN GENERAL.—A secured loan provided for
20 a project under this section shall be subject to such
21 terms and conditions, and contain such covenants,
22 representations, warranties, and requirements (in-
23 cluding requirements for audits), as the Secretary
24 determines to be appropriate.

1 (2) MAXIMUM AMOUNT.—The amount of a se-
2 cured loan under this section shall not exceed the
3 lesser of—

4 (A) an amount equal to 100 percent of the
5 reasonably anticipated eligible project costs; and

6 (B) if the secured loan does not receive an
7 investment-grade rating, the amount of the sen-
8 ior project obligations of the project.

9 (3) PAYMENT.—A secured loan under this sec-
10 tion—

11 (A) shall be payable, in whole or in part,
12 from State or local taxes, user fees, or other
13 dedicated revenue sources that also secure the
14 senior project obligations of the relevant
15 project;

16 (B) shall include a rate covenant, coverage
17 requirement, or similar security feature sup-
18 porting the project obligations; and

19 (C) may have a lien on revenues described
20 in subparagraph (A), subject to any lien secur-
21 ing project obligations.

22 (4) INTEREST RATE.—The interest rate on a
23 secured loan under this section shall be not more
24 than the yield on United States Treasury securities
25 of a similar maturity to the maturity of the secured

1 loan on the date of execution of the loan agreement,
2 as determined by the Secretary.

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

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

12 (7) FEES.—The Secretary may establish fees at
13 a level sufficient to cover all or a portion of the costs
14 to the Federal Government of making a secured loan
15 under this section.

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

20 (c) REPAYMENT.—

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

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

6 (3) DEFERRED PAYMENTS.—

7 (A) AUTHORIZATION.—If, at any time
8 after the date of substantial completion of a
9 project for which a secured loan is provided
10 under this section, the project is unable to gen-
11 erate sufficient revenues to pay the scheduled
12 loan repayments of principal and interest on the
13 secured loan, the Secretary may allow the obli-
14 gor, subject to subparagraph (C), to add unpaid
15 principal and interest to the outstanding bal-
16 ance of the secured loan.

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

19 (i) continue to accrue interest in ac-
20 cordance with subsection (b)(4) until fully
21 repaid; and

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

24 (C) CRITERIA.—

1 (i) IN GENERAL.—Any payment defer-
2 ral under subparagraph (A) shall be con-
3 tingent on the project meeting such cri-
4 teria as the Secretary may establish.

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

9 (4) PREPAYMENT.—

10 (A) USE OF EXCESS REVENUES.—Any ex-
11 cess revenues that remain after satisfying
12 scheduled debt service requirements on the
13 project obligations and secured loan and all de-
14 posit requirements under the terms of any trust
15 agreement, bond resolution, or similar agree-
16 ment securing project obligations may be ap-
17 plied annually to prepay a secured loan under
18 this section without penalty.

19 (B) USE OF PROCEEDS OF REFI-
20 NANCING.—A secured loan under this section
21 may be prepaid at any time without penalty
22 from the proceeds of refinancing from non-Fed-
23 eral funding sources.

24 (d) SALE OF SECURED LOANS.—

1 (1) IN GENERAL.—Subject to paragraph (2), as
2 soon as practicable after the date of substantial
3 completion of a project and after providing a notice
4 to the obligor, the Secretary may sell to another en-
5 tity or reoffer into the capital markets a secured
6 loan for a project under this section, if the Secretary
7 determines that the sale or reoffering can be made
8 on favorable terms.

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

14 (e) LOAN GUARANTEES.—

15 (1) IN GENERAL.—The Secretary may provide a
16 loan guarantee to a lender in lieu of making a se-
17 cured loan under this section, if the Secretary deter-
18 mines that the budgetary cost of the loan guarantee
19 is substantially the same as that of a secured loan.

20 (2) TERMS.—The terms of a loan guarantee
21 provided under this subsection shall be consistent
22 with the terms established in this section for a se-
23 cured loan, except that the rate on the guaranteed
24 loan and any prepayment features shall be nego-

1 tiated between the obligor and the lender, with the
2 consent of the Secretary.

3 **SEC. 217. PROGRAM ADMINISTRATION.**

4 (a) **REQUIREMENT.**—The Secretary shall establish a
5 uniform system to service the Federal credit instruments
6 made available under this subtitle.

7 (b) **FEEES.**—The Secretary may collect and spend
8 fees, contingent on authority being provided in appropria-
9 tions Acts, at a level that is sufficient to cover—

10 (1) the costs of services of expert firms retained
11 pursuant to subsection (d); and

12 (2) all or a portion of the costs to the Federal
13 Government of servicing the Federal credit instru-
14 ments provided under this subtitle.

15 (c) **SERVICER.**—

16 (1) **IN GENERAL.**—The Secretary may appoint
17 a financial entity to assist the Secretary in servicing
18 the Federal credit instruments provided under this
19 subtitle.

20 (2) **DUTIES.**—A servicer appointed under para-
21 graph (1) shall act as the agent for the Secretary.

22 (3) **FEE.**—A servicer appointed under para-
23 graph (1) shall receive a servicing fee, subject to ap-
24 proval by the Secretary.

1 (d) ASSISTANCE FROM EXPERTS.—The Secretary
2 may retain the services, including counsel, of any organi-
3 zation or entity with expertise in the field of municipal
4 and project finance to assist in the underwriting and serv-
5 icing of Federal credit instruments provided under this
6 subtitle.

7 (e) LOAN COORDINATION; INTERAGENCY COOPERA-
8 TION.—The Secretary—

9 (1) shall coordinate implementation of loan
10 guarantees under this section with the Administrator
11 to avoid duplication and enhance the effectiveness of
12 implementation of the State revolving funds estab-
13 lished under the Federal Water Pollution Control
14 Act (33 U.S.C. 1251 et seq.) and the Safe Drinking
15 Water Act (42 U.S.C. 300f et seq.);

16 (2) shall consult with the Secretary of Agri-
17 culture before promulgating criteria with respect to
18 financial appraisal functions and loan guarantee ad-
19 ministration for activities carried out under this sub-
20 title; and

21 (3) may enter into a memorandum of agree-
22 ment providing for Department of Agriculture finan-
23 cial appraisal functions and loan guarantee adminis-
24 tration for activities carried out under this subtitle.

1 **SEC. 218. STATE AND LOCAL PERMITS.**

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

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

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

10 (3) otherwise supersede any State or local law
11 (including any regulation) applicable to the construc-
12 tion or operation of the project.

13 **SEC. 219. REGULATIONS.**

14 The Secretary may promulgate such regulations as
15 the Secretary determines to be appropriate to carry out
16 this subtitle.

17 **SEC. 220. FUNDING.**

18 (a) IN GENERAL.—There is authorized to be appro-
19 priated to the Secretary to carry out this subtitle
20 \$50,000,000 for each of fiscal years 2015 through 2019,
21 to remain available until expended.

22 (b) ADMINISTRATIVE COSTS.—Of the funds made
23 available to carry out this subtitle, the Secretary may use
24 for the administration of this subtitle not more than
25 \$2,200,000 for each of fiscal years 2015 through 2019.

1 **SEC. 221. REPORT TO CONGRESS.**

2 Not later than 2 years after the date of enactment
3 of this Act, and every 2 years thereafter, the Secretary
4 shall submit to the Committee on Energy and Natural Re-
5 sources of the Senate and the Committee on Natural Re-
6 sources of the House of Representatives a report summa-
7 rizing the financial performance and on-the-ground out-
8 comes of the projects that are receiving, or have received,
9 assistance under this subtitle, including an assessment of
10 whether the objectives of this subtitle are being met.

11 **Subtitle B—Integrated Regional**
12 **Water Management, Reclama-**
13 **tion, and Recycling Projects**

14 **SEC. 231. WATER STORAGE PROJECTS.**

15 (a) AGREEMENTS.—The Secretary may enter into a
16 cost-shared financial assistance agreement with any non-
17 Federal entity in a Reclamation State or the State of Ha-
18 waii to carry out the planning, design, and construction
19 of any permanent water storage and conveyance facility
20 used solely to regulate and maximize the water supply
21 arising from a project that is eligible for assistance under
22 this title or any other provision of law—

23 (1) to recycle wastewater, impaired surface
24 water, and ground water; or

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

1 (b) FINANCIAL ASSISTANCE.—In providing financial
2 assistance under this section, the Secretary shall give pri-
3 ority to storage and conveyance components that—

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

6 (2) make maximum use of natural systems;

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

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

15 (B) include adaptive measures needed to ad-
16 dress climate change and future demands;

17 (5) where practicable—

18 (A) provide flood control or recreation ben-
19 efits; and

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

22 (6) include partnerships that go beyond political
23 and institutional jurisdictions to support the effi-
24 cient use of the limited water resources of the
25 United States and the applicable region;

1 (7) generate environmental benefits, such as
2 benefits to fisheries, wildlife and habitat, and water
3 quality and water-dependent ecological systems, as
4 well as water supply benefits to agricultural and
5 urban water users; and

6 (8) the financing of which leverages private and
7 other non-Federal resources.

8 (c) FEDERAL SHARE.—The Federal share of the cost
9 of a project carried out under subsection (a) shall be—

10 (1) equal to the lesser of—

11 (A) 50 percent of total cost of the project;

12 and

13 (B) \$15,000,000, adjusted for inflation;

14 and

15 (2) nonreimbursable.

16 (d) NON-FEDERAL SHARE.—The non-Federal share
17 of the cost of a project carried out under subsection (a)
18 may include in-kind contributions to the planning, design,
19 and construction of a project.

20 (e) TITLE AND COSTS.—A non-Federal entity enter-
21 ing into a financial assistance agreement under this sec-
22 tion shall—

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

1 (2) be solely responsible for the costs of oper-
2 ating and maintaining those facilities.

3 **SEC. 232. AUTHORIZATION OF APPROPRIATIONS.**

4 There is authorized to be appropriated \$150,000,000
5 to carry out this subtitle.

6 **Subtitle C—Title Transfers**

7 **SEC. 241. AUTHORIZATION TO TRANSFER TITLE.**

8 The Secretary may transfer to any non-Federal oper-
9 ating entity title to any Reclamation project or facility,
10 or any separable element of such a project or facility, that
11 is authorized before the date of enactment of this Act, if—

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

16 (2)(A) a project facility or separable element of
17 such a facility is in need of rehabilitation or im-
18 provement, as determined by the Secretary; and

19 (B) the non-Federal operating entity is other-
20 wise eligible for a loan guarantee under this title;

21 (3) the title transfer meets all applicable Fed-
22 eral laws and regulations, as determined by the Sec-
23 retary; and

1 (4)(A) the Secretary notifies each congressional
2 committee of jurisdiction of the transfer by not later
3 than 60 days before the date of the transfer; and

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

6 **TITLE III—INNOVATION**
7 **THROUGH RESEARCH, DATA,**
8 **AND TECHNOLOGY**

9 **SEC. 301. OPEN WATER DATA SYSTEM.**

10 (a) DEFINITIONS.—In this section:

11 (1) EDUCATIONAL INSTITUTION.—The term
12 “educational institution” means—

13 (A) a public or private elementary or sec-
14 ondary school;

15 (B) an institution of vocational, profes-
16 sional, or higher education (including a junior
17 college or teachers’ college); and

18 (C) an association of schools or institutions
19 described in subparagraphs (A) and (B).

20 (2) INDIAN TRIBE.—The term “Indian tribe”
21 has the meaning given that term in section 4 of the
22 Indian Self-Determination and Education Assistance
23 Act (25 U.S.C. 450b).

1 (3) SECRETARY.—The term “Secretary” means
2 the Secretary of the Interior, acting through the Di-
3 rector of the United States Geological Survey.

4 (4) STATE.—The term “State” means—

5 (A) a State;

6 (B) the District of Columbia;

7 (C) the Commonwealth of Puerto Rico;

8 and

9 (D) any other territory or possession of the
10 United States.

11 (5) SYSTEM.—The term “system” means the
12 open water data system established under subsection
13 (b).

14 (b) SYSTEM.—The Secretary shall establish and
15 maintain an open water data system within the United
16 States Geological Survey to advance the availability, time-
17 ly distribution, and widespread use of water data and in-
18 formation for water management, education, research, as-
19 sessment, and monitoring purposes.

20 (c) PURPOSES.—The purposes of the system are—

21 (1) to advance the quantification of the avail-
22 ability, use of, and risks to, water resources through-
23 out the United States;

24 (2) to increase accessibility to, and expand the
25 use of, water data and information in a standard,

1 easy-to-use format by Federal, State, local, and trib-
2 al governments, communities, educational institu-
3 tions, and the private sector; and

4 (3) to facilitate the open exchange of water in-
5 formation particularly in the face of climate change
6 and unprecedented drought.

7 (d) ACTIVITIES.—In carrying out this section, the
8 Secretary shall—

9 (1) integrate water data and information into a
10 interoperable, national, geospatially referenced water
11 data framework;

12 (2) identify new water data and information
13 needs, including data on surface and groundwater
14 quality and quantity, sediment, erosion, transport,
15 water chemistry, precipitation, reservoir storage,
16 water cycle, landscape variables, hydrography, cli-
17 mate and weather impacts, soil moisture, and human
18 use;

19 (3) leverage existing shared databases, infra-
20 structure, and tools to provide a platform for water
21 data and information innovation, modeling and data
22 sharing, and solution development;

23 (4) support water data and information shar-
24 ing, applied research, and educational programs of

1 State, local, and tribal governments, communities,
2 educational institutions, and the private sector; and

3 (5) promote cooperation and sharing of exper-
4 tise regarding water data and information among
5 State, local, and tribal governments, communities,
6 educational institutions, and the private sector.

7 (e) AUTHORIZATION OF APPROPRIATIONS.—There
8 are authorized to be appropriated to carry out this section
9 such sums as are necessary.

10 **SEC. 302. WATER RESOURCES RESEARCH ACT AMEND-**
11 **MENTS.**

12 (a) CONGRESSIONAL FINDINGS AND DECLARA-
13 TIONS.—Section 102 of the Water Resources Research
14 Act of 1984 (42 U.S.C. 10301) is amended—

15 (1) by redesignating paragraphs (7) through
16 (9) as paragraphs (8) through (10), respectively;

17 (2) in paragraph (8) (as so redesignated), by
18 striking “and” at the end; and

19 (3) by inserting after paragraph (6) the fol-
20 lowing:

21 “(7) additional research is required to increase
22 the effectiveness and efficiency of new and existing
23 treatment works through alternative approaches, in-
24 cluding—

25 “(A) nonstructural alternatives;

1 “(B) decentralized approaches;
2 “(C) water use efficiency and conservation;
3 and
4 “(D) actions to reduce energy consumption
5 or extract energy from wastewater;”.

6 (b) WATER RESOURCES RESEARCH AND TECH-
7 NOLOGY INSTITUTES.—Section 104 of the Water Re-
8 sources Research Act of 1984 (42 U.S.C. 10303) is
9 amended—

10 (1) in subsection (b)(1)—

11 (A) in subparagraph (B)(ii), by striking
12 “water-related phenomena” and inserting
13 “water resources”; and

14 (B) in subparagraph (D), by striking the
15 period at the end and inserting “; and”;

16 (2) in subsection (c)—

17 (A) by striking “From the” and inserting
18 “(1) IN GENERAL.—From the”; and

19 (B) by adding at the end the following:

20 “(2) REPORT.—Not later than December 31 of
21 each fiscal year, the Secretary shall submit to the
22 Committee on Environment and Public Works of the
23 Senate, the Committee on the Budget of the Senate,
24 the Committee on Transportation and Infrastructure
25 of the House of Representatives, and the Committee

1 on the Budget of the House of Representatives a re-
2 port regarding the compliance of each funding re-
3 cipient with this subsection for the immediately pre-
4 ceding fiscal year.”;

5 (3) by striking subsection (e) and inserting the
6 following:

7 “(e) EVALUATION OF WATER RESOURCES RESEARCH
8 PROGRAM.—

9 “(1) IN GENERAL.—The Secretary shall con-
10 duct a careful and detailed evaluation of each insti-
11 tute at least once every 3 years to determine—

12 “(A) the quality and relevance of the water
13 resources research of the institute;

14 “(B) the effectiveness of the institute at
15 producing measured results and applied water
16 supply research; and

17 “(C) whether the effectiveness of the insti-
18 tute as an institution for planning, conducting,
19 and arranging for research warrants continued
20 support under this section.

21 “(2) PROHIBITION ON FURTHER SUPPORT.—If,
22 as a result of an evaluation under paragraph (1), the
23 Secretary determines that an institute does not qual-
24 ify for further support under this section, no further
25 grants to the institute may be provided until the

1 qualifications of the institute are reestablished to the
2 satisfaction of the Secretary.”;

3 (4) in subsection (f)(1), by striking
4 “\$12,000,000 for each of fiscal years 2007 through
5 2011” and inserting “\$7,500,000 for each of fiscal
6 years 2015 through 2020”; and

7 (5) in subsection (g)(1), in the first sentence,
8 by striking “\$6,000,000 for each of fiscal years
9 2007 through 2011” and inserting “\$1,500,000 for
10 each of fiscal years 2015 through 2020”.

11 **SEC. 303. REAUTHORIZATION OF WATER DESALINATION**

12 **ACT OF 1996.**

13 Section 8 of the Water Desalination Act of 1996 (42
14 U.S.C. 10301 note; Public Law 104–298) is amended—

15 (1) in the first sentence of subsection (a), by
16 striking “2013” and inserting “2020”; and

17 (2) in subsection (b), by striking “for each of
18 fiscal years 2012 through 2013” and inserting “for
19 each of fiscal years 2015 through 2020”.

20 **SEC. 304. REVIEW OF RESERVOIR OPERATIONS.**

21 (a) IN GENERAL.—Not later than 1 year after receiv-
22 ing a request of a non-Federal sponsor of a reservoir, the
23 Secretary of the Army, in consultation with the Adminis-
24 trator of the National Oceanic and Atmospheric Adminis-
25 tration, shall review the operation of the reservoir, includ-

1 ing the water control manual and rule curves, using im-
2 proved weather forecasts and run-off forecasting methods,
3 including the Advanced Hydrologic Prediction System of
4 the National Weather Service and the Hydrometeorology
5 Testbed program of the National Oceanic and Atmos-
6 pheric Administration.

7 (b) DESCRIPTION OF BENEFITS.—In conducting the
8 review under subsection (a), the Secretary of the Army
9 shall determine if a change in operations, including the
10 use of improved weather forecasts and run-off forecasting
11 methods, will improve 1 or more of the core functions of
12 the Corps of Engineers, including—

13 (1) reducing risks to human life, public safety,
14 and property;

15 (2) reducing the need for future disaster relief;

16 (3) improving local water storage capability and
17 reliability in coordination with the non-Federal spon-
18 sor and other water users;

19 (4) restoring, protecting, or mitigating the im-
20 pacts of a water resources development project on
21 the environment; and

22 (5) improving fish species habitat or population
23 within the boundaries and downstream of a water
24 resources project.

1 (c) RESULTS REPORTED.—Not later than 90 days
2 after completion of a review under this section, the Sec-
3 retary shall submit a report to Congress regarding the re-
4 sults of the review.

5 (d) MANUAL UPDATE.—As soon as practicable, but
6 not later than 3 years after the date on which a report
7 under subsection (c) is submitted to Congress, pursuant
8 to the procedures required under existing authorities, if
9 the Secretary of the Army determines based on that report
10 that using improved weather and run-off forecasting meth-
11 ods improves 1 or more core functions of the Corps of
12 Engineers at a reservoir, the Secretary of the Army
13 shall—

14 (1) incorporate those methods in the operation
15 of the reservoir; and

16 (2) update the water control manual.

17 **TITLE IV—DROUGHT PREPARED-**
18 **NESS AND RESILIENCE**

19 **SEC. 401. NATIONAL DROUGHT RESILIENCE GUIDELINES.**

20 (a) IN GENERAL.—The Administrator, in conjunction
21 with the Secretary of the Interior, the Secretary of Agri-
22 culture, the Director of the National Oceanic and Atmos-
23 pheric Administration, and other appropriate Federal
24 agency heads along with State and local governments,
25 shall develop nonregulatory national drought resilience

1 guidelines relating to drought preparedness planning and
2 investments for communities, water utilities, and other
3 water users and providers.

4 (b) CONSULTATION.—In developing the national
5 drought resilience guidelines, the Administrator and other
6 Federal agency heads referred to in subsection (a) shall
7 consult with—

- 8 (1) State and local governments;
- 9 (2) water utilities;
- 10 (3) scientists;
- 11 (4) institutions of higher education;
- 12 (5) relevant private entities; and
- 13 (6) other stakeholders.

14 (c) CONTENTS.—The national drought resilience
15 guidelines developed under this section shall, to the max-
16 imum extent practicable, provide recommendations for a
17 period of 10 years that—

- 18 (1) address a broad range of potential actions,
19 including—
 - 20 (A) analysis of the impacts of climate
21 change and drought on the future effectiveness
22 of water management tools;
 - 23 (B) the identification of drought-related
24 water management challenges in a broad range
25 of fields, including—

- 1 (i) public health and safety;
- 2 (ii) municipal and industrial water
- 3 supply;
- 4 (iii) agricultural water supply;
- 5 (iv) water quality;
- 6 (v) ecosystem health; and
- 7 (vi) water supply planning;
- 8 (C) water management tools to reduce
- 9 drought-related impacts, including—
- 10 (i) water use efficiency through gal-
- 11 lons per capita reduction goals, appliance
- 12 efficiency standards, water pricing incen-
- 13 tives, and other measures;
- 14 (ii) water recycling;
- 15 (iii) groundwater clean-up and stor-
- 16 age;
- 17 (iv) new technologies, such as behav-
- 18 ioral water efficiency; and
- 19 (v) stormwater capture and reuse;
- 20 (D) water-related energy and greenhouse
- 21 gas reduction strategies; and
- 22 (E) public education and engagement; and
- 23 (2) include recommendations relating to the
- 24 processes that Federal, State, and local governments
- 25 and water utilities should consider when developing

1 drought resilience preparedness and plans, includ-
2 ing—

3 (A) the establishment of planning goals;

4 (B) the evaluation of institutional capacity;

5 (C) the assessment of drought-related risks
6 and vulnerabilities, including the integration of
7 climate-related impacts;

8 (D) the establishment of a development
9 process, including an evaluation of the cost-ef-
10 fectiveness of potential strategies;

11 (E) the inclusion of private entities, tech-
12 nical advisors, and other stakeholders in the de-
13 velopment process;

14 (F) implementation and financing issues;
15 and

16 (G) evaluation of the plan, including any
17 updates to the plan.

18 **SEC. 402. DROUGHT PREPAREDNESS FOR FISHERIES.**

19 (a) DEFINITIONS.—In this section:

20 (1) INDIAN TRIBE.—The term “Indian tribe”
21 has the meaning given the term in section 4 of the
22 Indian Self-Determination and Education Assistance
23 Act (25 U.S.C. 450b).

24 (2) QUALIFIED TRIBAL GOVERNMENT.—The
25 term “qualified tribal government” means a govern-

1 mental body of an Indian tribe that the Secretary of
2 the Interior determines—

3 (A) is involved in salmon management and
4 recovery activities under the Endangered Spe-
5 cies Act of 1973 (16 U.S.C. 1531 et seq.); and

6 (B) has the management and organiza-
7 tional capability to maximize the benefits of as-
8 sistance provided under this section.

9 (b) SALMON DROUGHT PLAN.—

10 (1) IN GENERAL.—Not later than January 1,
11 2016, the Director of the United States Fish and
12 Wildlife Service shall, in consultation with the Direc-
13 tor of the National Marine Fisheries Service, the
14 Commissioner of Reclamation, the Chief of Engi-
15 neers, and the head of the California Department of
16 Fish and Wildlife, prepare a salmon drought plan
17 for the State of California.

18 (2) CONTENTS.—The plan developed under
19 paragraph (1) shall—

20 (A) contribute—

21 (i) to the recovery of populations list-
22 ed as threatened or endangered under the
23 Endangered Species Act of 1973 (16
24 U.S.C. 1531 et seq.); and

1 (ii) to the goals of the Central Valley
2 Project Improvement Act (title XXXIV of
3 Public Law 102–575; 106 Stat. 4706); and

4 (B) include options to protect salmon pop-
5 ulations originating in the State of California,
6 with a particular focus on actions that can be
7 taken to aid salmon populations in the State of
8 California during the driest 12 years, such as—

9 (i) relocating the release location and
10 timing of hatchery fish to avoid predation
11 and temperature impacts;

12 (ii) barging hatchery release fish to
13 improve survival and reduce straying;

14 (iii) coordinating with water users, the
15 Commissioner of Reclamation, and the
16 head of the California Department of
17 Water Resources regarding voluntary
18 water transfers to determine if water re-
19 leased upstream to meet the needs of
20 downstream or South-of-Delta water users
21 can be managed in a way that provides ad-
22 ditional benefits for salmon;

23 (iv) hatchery management modifica-
24 tions, such as expanding hatchery produc-
25 tion during the driest years of fish listed

1 as endangered or threatened under the En-
2 dangered Species Act of 1973 (16 U.S.C.
3 1531 et seq.), if appropriate; and

4 (v) increasing rescue operations of up-
5 stream migrating fish.

6 (c) FUNDING.—

7 (1) IN GENERAL.—Out of any funds in the
8 Treasury not otherwise appropriated, the Secretary
9 of the Treasury shall transfer to the Director of the
10 United States Fish and Wildlife Service to carry out
11 this section \$3,000,000, to remain available until ex-
12 pended, for urgent fish, stream, and hatchery activi-
13 ties relating to extreme drought conditions, including
14 work carried out in conjunction with the Director of
15 the National Marine Fisheries Service, the Commis-
16 sioner of Reclamation, the Chief of Engineers, the
17 head of the California Department of Fish and
18 Wildlife, or a qualified tribal government.

19 (2) RECEIPT AND ACCEPTANCE.—The Director
20 of the United States Fish and Wildlife Service shall
21 be entitled to receive, shall accept, and shall use to
22 carry out this section the funds transferred under
23 paragraph (1), without further appropriation.

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