

# Union Calendar No. 217

107<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 3208

**[Report No. 107-360, Part I]**

To authorize funding through the Secretary of the Interior for the implementation of a comprehensive program in California to achieve increased water yield and environmental benefits, as well as improved water system reliability, water quality, water use efficiency, watershed management, water transfers, and levee protection.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 1, 2001

Mr. CALVERT (for himself and Mr. DOOLEY of California) introduced the following bill; which was referred to the Committee on Resources, and in addition to the Committee on Transportation and Infrastructure, 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

FEBRUARY 14, 2002

Reported from the Committee on Resources with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

FEBRUARY 14, 2002

Referral to the Committee on Transportation and Infrastructure extended for a period ending not later than March 14, 2002.

FEBRUARY 14, 2002

Referred to the Committee on Education and the Workforce for a period ending not later than March 14, 2002, for consideration of such provisions of the bill and amendment as fall within the jurisdiction of that committee pursuant to clause 1(e), rule X.

MARCH 14, 2002

The Committees on Transportation and Infrastructure and Education and the Workforce discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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# A BILL

To authorize funding through the Secretary of the Interior for the implementation of a comprehensive program in California to achieve increased water yield and environmental benefits, as well as improved water system reliability, water quality, water use efficiency, watershed management, water transfers, and levee protection.

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.**

4        *This Act may be cited as the “Western Water Security*  
 5        *Enhancement Act”.*

6        **SEC. 2. TABLE OF CONTENTS.**

7        *The table of contents for this Act is as follows:*

*Sec. 1. Short title.*

*Sec. 2. Table of contents.*

*Sec. 3. Purposes.*

*Sec. 4. Definitions.*

## TITLE I—WESTERN WATER SECURITY PROGRAM

*Sec. 101. Interim program activities and governance structure.*

*Sec. 102. Long-term governance and monitoring.*

*Sec. 103. California water supply security.*

*Sec. 104. Implementation of the CALFED program.*

*Sec. 105. Competitive grant program.*

*Sec. 106. Authorization and appropriation process.*

*Sec. 107. Annual reports.*

*Sec. 108. Treatment of funds.*

*Sec. 109. Land acquisition; management plan required for existing lands.*

*Sec. 110. Environmental justice.*

## TITLE II—SMALL RECLAMATION PROJECTS

*Sec. 201. Short title; references.*

*Sec. 202. Amendments to the Small Reclamation Projects Act of 1956.*

*Sec. 203. Additional appropriations.*  
*Sec. 204. Guidelines.*  
*Sec. 205. Effective date.*  
*Sec. 206. Limitation.*

### *TITLE III—MISCELLANEOUS*

*Sec. 301. Secretarial actions to reduce California's use of Colorado River water.*  
*Sec. 302. Willard Bay Reservoir enlargement study.*  
*Sec. 303. Amendments to the Federal Water Project Recreation Act.*  
*Sec. 304. Limitations on recovery of reimbursable expenses for valve rehabilitation project at the Arrowrock Dam, Boise Project, Idaho.*  
*Sec. 305. Contract assurances for payment of prevailing wages for laborers and mechanics.*

## **1 SEC. 3. PURPOSES.**

2       *The purposes of this Act are the following:*

3               *(1) To authorize funding, through the Secretary*  
 4       *of the Interior, for the implementation of a com-*  
 5       *prehensive program to achieve increased water yield*  
 6       *and water supply, improved water quality and en-*  
 7       *hanced environmental benefits as well as improved*  
 8       *water system reliability, water use efficiency, water-*  
 9       *shed management, water transfers, and levee protec-*  
 10       *tion for California.*

11              *(2) To implement the 4 primary objectives of the*  
 12       *CALFED program for California in accordance with*  
 13       *the solution principles set forth in the CALFED pro-*  
 14       *gram.*

15              *(3) To ensure that the Secretary of the Interior*  
 16       *and the Federal agencies, in cooperation with the*  
 17       *State, implement actions necessary to improve drink-*  
 18       *ing water quality pursuant to the record of decision,*  
 19       *including through financial and technical support of*

1        *local enhancement of water treatment infrastructure*  
 2        *and technology.*

3            (4) *To enhance water security in the Western*  
 4        *United States by authorizing a competitive grants*  
 5        *program and reauthorizing and amending the Small*  
 6        *Reclamation Projects Act of 1956.*

7    **SEC. 4. DEFINITIONS.**

8        *As used in this Act:*

9            (1) *BAY-DELTA SOLUTION AREA.*—*The term*  
 10        *“Bay-Delta solution area” means the Bay-Delta wa-*  
 11        *tershed and the San Francisco Bay/Sacramento-San*  
 12        *Joaquin Delta Estuary, California, and the areas in*  
 13        *which diverted/exported water is used.*

14          (2) *BAY-DELTA WATERSHED.*—*The term “Bay-*  
 15        *Delta watershed” means the Sacramento River-San*  
 16        *Joaquin River Delta, and the rivers and watersheds*  
 17        *that are tributary to that Delta.*

18          (3) *CALFED PROGRAM.*—*The term “CALFED*  
 19        *program” means the cooperative, interagency effort of*  
 20        *the State agencies and Federal agencies with manage-*  
 21        *ment or regulatory responsibilities for the Bay-Delta*  
 22        *solution area as set forth in the record of decision, in-*  
 23        *cluding complementary actions (as that term is de-*  
 24        *fin ed in the record of decision).*

1           (4) CONGRESSIONAL AUTHORIZING COMMIT-  
2       TEES.—*The term “congressional authorizing commit-*  
3       *tees” means the Committee on Energy and Natural*  
4       *Resources of the Senate and the Committee on Re-*  
5       *sources of the House of Representatives.*

6           (5) DELTA.—*The term “Delta” means the Sac-*  
7       *ramento River-San Joaquin River Delta in Cali-*  
8       *fornia as defined in California Water Code section*  
9       *12220.*

10          (6) ECOSYSTEM RESTORATION PROGRAM.—*The*  
11       *term “Ecosystem Restoration Program” means the*  
12       *program described in section 2.2.2 of the record of de-*  
13       *cision.*

14          (7) ENVIRONMENTAL WATER ACCOUNT.—*The*  
15       *term “Environmental Water Account” means the*  
16       *water account established by the Program agencies*  
17       *pursuant to the record of decision to provide water for*  
18       *the protection and recovery of species of fish listed*  
19       *under section 4(c) of the Endangered Species Act of*  
20       *1973 (16 U.S.C. 1533(c)).*

21          (8) FEDERAL AGENCIES.—*The term “Federal*  
22       *agencies” means the Federal agencies that are sig-*  
23       *natories to Attachment 3 of the record of decision.*

1           (9) *PROGRAM AGENCIES.*—*The term “Program*  
2           *agencies” means both the Federal agencies and the*  
3           *State agencies.*

4           (10) *RECLAMATION LANDS.*—*The term “Rec-*  
5           *lamation lands”—*

6                     *(A) means real property administered by*  
7                     *the Secretary, acting through the Commissioner*  
8                     *of Reclamation; and*

9                     *(B) includes all acquired and withdrawn*  
10                    *lands and water areas under the administrative*  
11                    *jurisdiction of the Bureau of Reclamation.*

12           (11) *RECORD OF DECISION.*—*The term “record*  
13           *of decision” means the record of decision issued Au-*  
14           *gust 28, 2000, pursuant to the National Environ-*  
15           *mental Policy Act of 1969 for the CALFED Bay-*  
16           *Delta Program Final Programmatic Environmental*  
17           *Impact Statement.*

18           (12) *RESTORATION FUND.*—*The term “restora-*  
19           *tion fund” means the Central Valley Project Restora-*  
20           *tion Fund established by section 3407 of the Central*  
21           *Valley Project Improvement Act (106 Stat. 4726).*

22           (13) *SECRETARY.*—*The term “Secretary” means*  
23           *the Secretary of the Interior.*

1           (14) *STATE AGENCIES.*—*The term “State agen-*  
 2           *cies” means the California State agencies that are*  
 3           *signatories to Attachment 3 of the record of decision.*

4           (15) *WATER SECURITY BOARD.*—*The term*  
 5           *“Water Security Board” means such board established*  
 6           *pursuant to section 102.*

7           (16) *WATER SUPPLY.*—*The term “water supply”*  
 8           *means a quantity of water that is developed or de-*  
 9           *rived from—*

10                   (A) *increased water yield;*

11                   (B) *recycling existing sources;*

12                   (C) *surface or groundwater storage;*

13                   (D) *conservation; or*

14                   (E) *other actions or water management*  
 15           *tools that improve the availability and reli-*  
 16           *ability of water supplies for beneficial uses in all*  
 17           *water year types, including critically dry years.*

18           (17) *WATER YIELD.*—*The term “water yield”*  
 19           *means a new quantity of water in storage that is reli-*  
 20           *ably available in critically dry years for beneficial*  
 21           *uses.*

***TITLE I—WESTERN WATER  
SECURITY PROGRAM***

***SEC. 101. INTERIM PROGRAM ACTIVITIES AND GOVERN-  
ANCE STRUCTURE.***

*(a) IN GENERAL.—The Federal agencies, in consulta-  
tion with State agencies, shall continue to operate under  
the interim governance structure as described in Attach-  
ment 3 of the record of decision, and in accordance with  
section 103 of this Act, until the date on which the Water  
Security Board is established under section 102.*

*(b) ALLOCATION OF FUNDING DURING INTERIM.—The  
Secretary shall ensure that during the period preceding es-  
tablishment of the Water Security Board under section 102,  
Federal funding is allocated such that—*

*(1) there is balanced progress toward increased  
water yield and water supply, improved water qual-  
ity, and enhanced environmental benefits; and*

*(2) adequate progress is made in improving  
water system reliability, water quality, water use effi-  
ciency, watershed management, water transfers, and  
levee protection, in accordance with the record of deci-  
sion.*

*(c) WATER SUPPLY AND WATER YIELD STUDIES.—*

*(1) IN GENERAL.—The Secretary, acting through  
the Bureau of Reclamation, shall conduct a study of*

1       *available water supplies and water yields and exist-*  
2       *ing demand and future needs—*

3               *(A) within the units of the Central Valley*  
4       *Project;*

5               *(B) within the area served by Central Val-*  
6       *ley Project agricultural water service contractors*  
7       *and municipal and industrial water service con-*  
8       *tractors; and*

9               *(C) within the Bay-Delta solution area.*

10       *(2) REPORT.—The Secretary shall submit a re-*  
11       *port to the congressional authorizing committees by*  
12       *not later than October 1, 2002, describing the findings*  
13       *of the study. The report shall describe—*

14               *(A) water yield and water supply improve-*  
15       *ments, if any, for Central Valley Project agricul-*  
16       *tural water service contractors and municipal*  
17       *and industrial water service contractors, that*  
18       *would result from projects described in the record*  
19       *of decision; and*

20               *(B) all feasible water management actions*  
21       *or projects that would improve water yield or*  
22       *water supply and that, if taken or constructed,*  
23       *would balance available water supplies and ex-*  
24       *isting demand for those contractors and other*

1           *water users of the Bay-Delta watershed with due*  
2           *recognition of water right priorities.*

3           (3) *FEASIBLE DEFINED.*—*For purposes of para-*  
4           *graph (2), the term “feasible” means capable of being*  
5           *accomplished in a reasonable period of time, taking*  
6           *into account economic, environmental, social, and*  
7           *technological factors and benefits.*

8           (d) *WATER QUALITY STUDIES.*—

9           (1) *STUDY.*—*The Secretary, in cooperation with*  
10          *the State, shall conduct a study to identify and rec-*  
11          *ommend drinking water quality improvement projects*  
12          *and programs to carry out under the CALFED pro-*  
13          *gram.*

14          (2) *REPORT.*—*The Secretary shall submit a re-*  
15          *port to the congressional authorizing committees by*  
16          *not later than October 1, 2002, describing the findings*  
17          *of the study.*

18          (e) *SUMMARY OF EXPENDITURES TO DATE.*—*The Di-*  
19          *rector of the Office of Management and Budget shall submit*  
20          *to the Congress, by not later than March 1, 2002, a report*  
21          *describing all Federal and State expenditures made before*  
22          *such date under the CALFED program and other Federal*  
23          *and State programs that may be complementary to the*  
24          *CALFED program.*

1 **SEC. 102. LONG-TERM GOVERNANCE AND MONITORING.**

2 (a) *ESTABLISHMENT OF THE WATER SECURITY*  
3 *BOARD.*—

4 (1) *IN GENERAL.*—*The Secretary shall cooperate*  
5 *with the State of California to develop a proposal*  
6 *to—*

7 (A) *establish an administrative entity, to be*  
8 *known as the “Water Security Board”, for man-*  
9 *aging CALFED program operations and imple-*  
10 *mentation of section 105 with respect to Cali-*  
11 *formia; and*

12 (B) *otherwise provide for the long-term im-*  
13 *plementation of the CALFED program.*

14 (2) *DEVELOPMENT AND SUBMITTAL OF PRO-*  
15 *POSAL.*—*For purposes of paragraph (1)—*

16 (A) *the Federal agencies shall participate*  
17 *with the State agencies and stakeholders to de-*  
18 *velop a proposal in accordance with this section*  
19 *to be authorized by the Congress and the Cali-*  
20 *formia Legislature before becoming effective; and*

21 (B) *the Secretary shall submit the proposal*  
22 *to the Congress and the California Legislature by*  
23 *October 1, 2002.*

24 (3) *PUBLIC PARTICIPATION.*—*The Federal agen-*  
25 *cies shall include broad public, tribal, and local gov-*  
26 *ernment involvement in the proposal. Meetings of*

1        *multiple State agencies and Federal agencies for de-*  
2        *velopment of the proposal shall be open to the public.*

3        *(b) PROGRAM ELEMENTS.—The proposal submitted by*  
4        *the Secretary under this section shall provide the following:*

5                *(1) Establishment of an administrative entity to*  
6        *be authorized under Federal and California State law*  
7        *which shall be known as the Water Security Board.*

8                *(2) The Water Security Board—*

9                        *(A) shall direct and oversee the implementa-*  
10                       *tion of the CALFED program and implementa-*  
11                       *tion of section 105 with respect to California;*  
12                       *and*

13                       *(B) may adopt and modify program ele-*  
14                       *ments as necessary to achieve the purposes of the*  
15                       *CALFED program.*

16                *(3) The Water Security Board shall ensure that*  
17        *all relevant Federal programs authorized under this*  
18        *Act and other preexisting authorities, including the*  
19        *restoration fund and other programs authorized by*  
20        *the Central Valley Project Improvement Act (106*  
21        *Stat. 4706 et seq.), coordinate and integrate*  
22        *goalsetting, funding, and implementation with*  
23        *CALFED programs to ensure the most biologically ef-*  
24        *fective and cost-effective expenditure of Federal funds*

1       *and resources for CALFED program-related activi-*  
2       *ties.*

3               *(4) The Water Security Board shall manage and*  
4       *allocate CALFED program funds to maintain bal-*  
5       *anced progress among all CALFED program ele-*  
6       *ments.*

7               *(5) The Water Security Board shall be comprised*  
8       *of representatives from each of the following groups:*

9                       *(A) The Federal agencies.*

10                      *(B) The State agencies.*

11                      *(C) Local governments and other interested*  
12       *persons.*

13               *(6) Each member of the Water Security Board*  
14       *who is a representative of a Federal agency or State*  
15       *agency shall be an official with a level of authority*  
16       *that is at least as great as the lowest level of author-*  
17       *ity of the Federal and State officials, respectively,*  
18       *that signed the record of decision.*

19               *(7) Mechanisms for funding, by the Program*  
20       *agencies, of activities under the proposal, including*  
21       *for the Ecosystem Restoration Program.*

22       *(c) PROMOTION OF PARTNERSHIPS.—The proposal*  
23       *submitted by the Secretary under this section shall provide*  
24       *the following:*

1           (1) *The Water Security Board shall seek out and*  
2           *promote partnerships with local interests and pro-*  
3           *grams that seek to integrate various management op-*  
4           *tions so as to maximize the final resource benefits.*

5           (2) *The Water Security Board shall cooperate*  
6           *and undertake joint activities with other persons, in-*  
7           *cluding local public agencies, Indian tribes, private*  
8           *water users, and landowners pursuant to the record*  
9           *of decision. Such activities shall include, but not be*  
10          *limited to, planning, design, technical assistance, con-*  
11          *struction projects, and the development of an inde-*  
12          *pendent peer review science program.*

13          (d) *MONITORING.—The proposal submitted by the Sec-*  
14          *retary under this section shall provide that the Water Secu-*  
15          *rity Board shall coordinate with the Program agencies to—*

16               (1) *ensure that ecological monitoring data col-*  
17               *lected for ecosystem restoration projects are inte-*  
18               *grated, streamlined, compatible, and designed to*  
19               *measure overall trends in ecosystem health in the*  
20               *Bay-Delta watershed;*

21               (2) *provide integrated monitoring plans and*  
22               *protocols to be used for gauging cost-effective perform-*  
23               *ance of projects; and*

1           (3) *ensure that the findings of such monitoring*  
2           *are used to modify and adopt elements of the*  
3           *CALFED program.*

4           (e) *OBJECTIVE REVIEW AND ANALYSIS.—The proposal*  
5           *submitted by the Secretary under this section shall provide*  
6           *that the Water Security Board shall ensure that—*

7                 (1) *all aspects of the CALFED program compo-*  
8                 *nents, including the competitive grants program*  
9                 *under section 105 with respect to California, use cred-*  
10                *ible and objective scientific review and economic anal-*  
11                *ysis;*

12               (2) *recommendations of the Water Security*  
13               *Board are based on the best available scientific infor-*  
14                *mation; and*

15               (3) *a science review board and independent peer*  
16                *review process for implementation of the proposal is*  
17                *established, including independent review of biological*  
18                *opinions.*

19           (f) *LAND PARTNERSHIPS AND ACQUISITIONS.—The*  
20           *proposal submitted by the Secretary under this section shall*  
21           *provide that—*

22               (1) *before obligating or expending Federal funds*  
23                *to acquire land for the Ecosystem Restoration Pro-*  
24                *gram, the Water Security Board shall first determine*  
25                *that existing Federal land, State land, or other land*

1        *acquired for ecosystem restoration with amounts pro-*  
2        *vided by the United States or the State of California*  
3        *is not available for that purpose;*

4            *(2) in determining whether to acquire land for*  
5        *the Ecosystem Restoration Program, the Water Secu-*  
6        *rity Board, through the Secretary, shall—*

7            *(A) consider the cumulative impacts on the*  
8            *local government and communities of transfer-*  
9            *ring the property into government ownership;*  
10          *and*

11           *(B) fully mitigate such impacts;*

12           *(3) the Water Security Board may not acquire*  
13        *land for any project if such acquisition, or any*  
14        *change in management of the land after such acquisi-*  
15        *tion, will have any significant unmitigated effect on*  
16        *surrounding landowners;*

17           *(4) the Water Security Board, through the Sec-*  
18        *retary, shall fully mitigate the adverse impacts of any*  
19        *conversion of agriculture land due to the implementa-*  
20        *tion of the CALFED program; and*

21           *(5) the Water Security Board shall partner with*  
22        *landowners and local agencies to develop cooperating*  
23        *landowner commitments that will meet coequal objec-*  
24        *tives of achieving local economic and social goals and*

1       *implementing the Ecosystem Restoration Program*  
2       *goals.*

3       (g) *COMPLIANCE WITH STATE LAW.—The proposal*  
4       *submitted by the Secretary under this section shall provide*  
5       *that the Federal agencies and the Water Security Board*  
6       *shall operate in compliance with California water law.*  
7       *Nothing in this Act shall be construed to invalidate or pre-*  
8       *empt State law.*

9       (h) *CONTINUED CONSULTATION AND NEGOTIATION RE-*  
10       *GARDING COST SHARING.—The Federal agencies shall con-*  
11       *tinue coordinated consultations and negotiations with the*  
12       *State of California pursuant to the cost sharing agreement*  
13       *required by section 78684.10 of California Senate Bill 900,*  
14       *Chapter 135, Statutes of 1996, signed by the Governor of*  
15       *California on July 11, 1996, and may enter into an agree-*  
16       *ment with the State for that purpose.*

17       (i) *SATISFACTION OF SOLUTION PRINCIPLES AND PRI-*  
18       *MARY OBJECTIVES.—The Secretary shall ensure that the*  
19       *proposal submitted under this section and other actions*  
20       *taken to implement the record of decision satisfy the solu-*  
21       *tion principles and primary objectives of the CALFED pro-*  
22       *gram.*

23       (j) *LIMITATION ON APPROPRIATIONS TO IMPLEMENT*  
24       *CALFED PROGRAM.—No amounts may be appropriated*  
25       *for any fiscal year after fiscal year 2004 to implement the*

1 *CALFED* program, including under any other provision of  
 2 this title, and no amounts may be appropriated from the  
 3 restoration fund after such fiscal year, if there has not been  
 4 enacted by the Congress a law authorizing implementation  
 5 of the proposal submitted by the Secretary under this sec-  
 6 tion.

7 **SEC. 103. CALIFORNIA WATER SUPPLY SECURITY.**

8 (a) *WATER SYSTEM IMPROVEMENTS.*—

9 (1) *IN GENERAL.*—The Federal agencies, acting  
 10 through the *CALFED* program, shall develop a bal-  
 11 anced and timely program to achieve for agricultural  
 12 and urban uses throughout the Bay-Delta solution  
 13 area—

14 (A) increased water supply and water yield,  
 15 improved water quality, and environmental ben-  
 16 efits; and

17 (B) improved water system reliability,  
 18 water use efficiency, watershed management,  
 19 water transfers, and levee protection.

20 (2) *DEVELOPMENT OF OPTIONS.*—In developing  
 21 water yield and water supply options the Federal  
 22 agencies, in cooperation with the State agencies,  
 23 shall—

24 (A) consider all potential water yield and  
 25 water supply storage alternatives (including

1           *those identified in the study under section*  
 2           *101(c)(1)); and*

3           *(B) utilize a cost/benefit analysis in con-*  
 4           *junction with environmental criteria to ensure*  
 5           *that proposals are selected that address environ-*  
 6           *mental issues and are economically viable.*

7           *(3) SELECTION OF PROJECTS.—In selecting*  
 8           *projects and programs for increasing water yield and*  
 9           *water supply, improving water quality, and enhanc-*  
 10          *ing environmental benefits, projects and programs*  
 11          *with multiple benefits shall be emphasized.*

12          *(4) WATER DELIVERIES TO SOUTH-OF-DELTA AG-*  
 13          *RICULTURAL WATER SERVICE CONTRACTORS.—(A)*  
 14          *The Secretary shall use the discretion of the Secretary*  
 15          *to the maximum extent practicable to accomplish the*  
 16          *goal, during a normal water year, of making avail-*  
 17          *able to south-of-Delta Central Valley Project agricul-*  
 18          *tural water service contractors at least 70 percent of*  
 19          *the currently identified contract maximum for such*  
 20          *contractors.*

21          *(B) The restoration of supply for south-of-Delta*  
 22          *Central Valley Project agricultural water service con-*  
 23          *tractors pursuant to this paragraph shall be*  
 24          *accomplished—*

1                   (i) by providing water from existing facili-  
2                   ties historically used to provide Central Valley  
3                   Project water to these contractors,

4                   (ii) in a manner consistent with California  
5                   water laws,

6                   (iii) without reducing deliveries to, increas-  
7                   ing the costs of, or otherwise adversely affecting  
8                   other water suppliers and water users that rely  
9                   on water diverted from watercourses tributary to  
10                  the Delta, and in the Delta,

11                  (iv) without degrading the quality of water  
12                  for municipal, industrial, and agricultural uses,  
13                  and

14                  (v) in a manner that is consistent with the  
15                  Bureau of Reclamation's municipal and indus-  
16                  trial water shortage policy.

17                  (C) Nothing in this paragraph grants, dimin-  
18                  ishes, or otherwise affects any water right or right  
19                  under any contract, including a settlement or ex-  
20                  change contract, in effect as of the date of enactment  
21                  of this Act.

22                  (5) *BANKS PUMPING PLANT.*—In accordance with  
23                  the record of decision, the Federal agencies shall co-  
24                  operate with the State of California to do the fol-  
25                  lowing:

1           (A) *Increase pumping limits at the Banks*  
2           *Pumping Plant in accordance with the schedule*  
3           *established in the record of decision, or earlier if*  
4           *feasible.*

5           (B) *Manage the Environmental Water Ac-*  
6           *count and the Ecosystem Restoration Program to*  
7           *maximize the water supply benefits to be pro-*  
8           *vided by the increased pumping capability.*

9           (C) *Implement the other actions in section*  
10          *2.2.6. of the record of decision.*

11       (b) *ENVIRONMENTAL WATER MANAGEMENT.—*

12           (1) *MANAGEMENT OF ENVIRONMENTAL WATER*  
13       *ACCOUNT.—The Federal agencies, in cooperation with*  
14       *the State agencies, shall manage the Environmental*  
15       *Water Account and the Ecosystem Restoration Pro-*  
16       *gram under the record of decision as part of a com-*  
17       *prehensive plan to provide assurances that actions*  
18       *taken to protect species listed under section 4(c) of the*  
19       *Endangered Species Act of 1973 (16 U.S.C. 1533(c)),*  
20       *pursuant to biological opinions and incidental take*  
21       *permits under that Act, will be carried out in a man-*  
22       *ner that—*

23           (A) *avoids redirected impacts and water*  
24           *supply and water quality impacts to the Central*  
25           *Valley Project and the State Water Project and*

1           to water right holders in the Bay-Delta solution  
2           area; and

3           (B) avoids adverse effects on the water right  
4           holders in the Bay-Delta solution area, by not  
5           imposing any direct costs or indirect costs on the  
6           water users in the Bay-Delta solution area.

7           (2) ENVIRONMENTAL WATER ACCOUNT PRIOR-  
8           ITIES AND OPERATION.—(A) The Secretary shall give  
9           first priority, in the allocation and use of Environ-  
10          mental Water Account and the Ecosystem Restoration  
11          Program assets actually obtained or developed, to  
12          meeting the water supply assurances set forth in  
13          paragraph (1).

14          (B) If, by December 31 of any year, the Environ-  
15          mental Water Account Tier 2 assets (as that term is  
16          used in section 2.2.7 of the record of decision) water  
17          purchase targets, or their functional equivalents, have  
18          not been met, the Federal agencies shall continue their  
19          efforts to meet such water purchase targets and shall  
20          make use of the available Environmental Water Ac-  
21          count assets to avoid jeopardizing the continued exist-  
22          ence of any species listed under section 4(c) of the En-  
23          dangered Species Act of 1973 (16 U.S.C. 1533(c)) in  
24          a manner consistent with minimizing water supply  
25          and water quality impacts.

1           (C) *If the efforts to meet such water purchase*  
 2           *targets are unsuccessful, the maximum responsibility*  
 3           *of water service contractors of the State Water Project*  
 4           *and the Central Valley Project to provide water for*  
 5           *Environmental Water Account Tier 2 asset purposes*  
 6           *shall be the difference between the Environmental*  
 7           *Water Account purchase targets established in section*  
 8           *2.2.7 of the record of decision and the amount of*  
 9           *water actually acquired. This section shall not impose*  
 10          *any obligations or responsibilities on other water*  
 11          *users within the Bay-Delta watershed.*

12 **SEC. 104. IMPLEMENTATION OF THE CALFED PROGRAM.**

13          (a) *IN GENERAL.*—*The Secretary and the Federal*  
 14          *agencies shall, subject to approvals and the availability of*  
 15          *appropriations under this Act, and consistent with the goals*  
 16          *included pursuant to paragraph (3) of section 107(a) in*  
 17          *annual reports under that section, carry out all actions nec-*  
 18          *essary to implement the CALFED program.*

19          (b) *BALANCED REGULATORY IMPLEMENTATION.*—*The*  
 20          *Secretary and the Federal agencies, in carrying out their*  
 21          *regulatory responsibilities under any Federal law, shall*  
 22          *not—*

23                  (1) *treat one CALFED program element as an*  
 24                  *alternative to another CALFED program element; or*

1           (2) *consider, as an alternative to one element of*  
2           *the CALFED program, implementation of any other*  
3           *element of the CALFED program beyond the levels de-*  
4           *scribed in the record of decision.*

5           (c) *REGULATORY COORDINATION.—The Secretary,*  
6           *working with the Governor of the State of California, shall,*  
7           *on or before January 1, 2003, develop a regulatory coordi-*  
8           *nation and streamlining process for the issuance of permits*  
9           *and approvals required under State and Federal law for*  
10          *projects under the CALFED program, to ensure that all*  
11          *Federal agencies' and State agencies' respective regulatory*  
12          *programs will be coordinated in a manner that reduces or*  
13          *eliminates duplicative processes or decisionmaking, thereby*  
14          *reducing costs and time that would otherwise be required.*

15          (d) *PROGRAM AGENCIES DISCRETION.—This Act shall*  
16          *not affect the discretion of any of the Program agencies or*  
17          *the authority granted to any of the Program agencies by*  
18          *any other Federal or State law.*

19          (e) *AUTHORIZATION OF APPROPRIATIONS.—*

20                 (1) *IN GENERAL.—In addition to the other*  
21                 *amounts authorized by this Act, there are authorized*  
22                 *to be appropriated for activities that implement the*  
23                 *CALFED program—*

24                         (A) *for each of fiscal years 2002 through*  
25                         *2004, \$200,000,000; and*

1           (B) for each of fiscal years 2005 through  
 2           2032 such sums as may be necessary for bal-  
 3           anced completion of Stage 1 of the CALFED  
 4           program and balanced implementation of subse-  
 5           quent stages of the CALFED program.

6           (2) CONTINUING AVAILABILITY.—Funds appro-  
 7           priated pursuant to this subsection may remain  
 8           available until expended.

9   **SEC. 105. COMPETITIVE GRANT PROGRAM.**

10       (a) GENERAL AUTHORITY.—The implementing entity  
 11       shall undertake a competitive grant program to—

12           (1) investigate and identify opportunities for the  
 13           design and construction of demonstration and perma-  
 14           nent facilities, or the implementation of other pro-  
 15           grams, to—

16                   (A) increase water yield and water supply;

17                   (B) maintain existing water supply;

18                   (C) improve water quality; or

19                   (D) improve water use efficiency and water

20           conservation, reclamation, desalination of brack-

21           ish and sea water, and recycling of wastewater

22           and impaired ground and surface waters;

23           (2) carry out design and construction of facili-

24           ties and implement other programs identified pursu-

25           ant to paragraph (1);

1           (3) *conduct research, including desalination and*  
2           *other new and innovative techniques and techniques*  
3           *for water treatment, regarding sea water and the rec-*  
4           *lamation of wastewater and impaired ground and*  
5           *surface waters; and*

6           (4) *encourage watershed management actions to*  
7           *increase water quality, water yield, water supply,*  
8           *and groundwater recharge and storage.*

9           (b) *LIMITATIONS ON GRANTS.—*

10           (1) *LOCATION OF PROJECT.—Grants under the*  
11           *program may be made only for projects carried out*  
12           *in a State that contains Reclamation lands.*

13           (2) *PER STATE LIMIT.—(A) Except as provided*  
14           *in subparagraph (B), of the amount available in a*  
15           *fiscal year for grants under the program, not more*  
16           *than 50 percent may be used for projects in a single*  
17           *State.*

18           (B) *The Secretary may increase the percentage*  
19           *that applies under subparagraph (A) if the Secretary*  
20           *finds that, due to the lack of grant applications for*  
21           *projects that the Secretary finds meet the evaluation*  
22           *criteria under this section, such increase is necessary*  
23           *to ensure the use of amounts available for such fiscal*  
24           *year for such grants.*

1       (c) *EVALUATION CRITERIA.*—*In determining what*  
2 *projects described in subsection (a) are eligible for funding*  
3 *under this section, the implementing entity, to the max-*  
4 *imum extent possible, shall consider the following criteria:*

5           (1) *Whether a project—*

6               (A) *increases water yield and water supply;*

7               (B) *reduces or stabilizes demand on existing*  
8 *Federal and State water supply facilities; or*

9               (C) *increases the availability of locally and*  
10 *regionally developed water supplies.*

11          (2) *Whether a project improves water quality in*  
12 *a manner that results in continuous, measurable, and*  
13 *significant water quality benefits, except that any*  
14 *project the primary purpose of which is the project*  
15 *sponsor's compliance with the Federal Water Pollu-*  
16 *tion Control Act shall not be considered as improving*  
17 *water quality for purposes of this paragraph.*

18          (3) *Whether a project—*

19               (A) *serves a small, rural, or economically*  
20 *disadvantaged community or Indian tribes;*

21               (B) *shows economic benefits; and*

22               (C) *is cost-effective.*

23          (4) *Whether a project restores or enhances habi-*  
24 *tats, including those affected by or affecting project*  
25 *operation, or provides water for, or otherwise protects,*

1     *Federal or State listed threatened or endangered spe-*  
2     *cies, or facilitates consensus-based environmental res-*  
3     *toration programs.*

4             (5) *Whether a project helps meet existing legal*  
5     *requirements, contractual water supply obligations,*  
6     *Indian trust responsibilities, water rights settlements,*  
7     *water quality control plans and department of health*  
8     *requirements, Federal and State environmental laws,*  
9     *the Federal Water Pollution Control Act, or other ob-*  
10    *ligations.*

11            (6) *Whether a project promotes and applies a re-*  
12    *gional or watershed perspective to water resource*  
13    *management or cross-boundary issues, implements an*  
14    *integrated resources management approach, increases*  
15    *water management flexibility, or forms a partnership*  
16    *with other entities.*

17            (7) *Whether a project improves health and safety*  
18    *of the general public.*

19            (8) *Whether a project provides benefits outside*  
20    *the region in which the project occurs.*

21            (9) *Whether a project provides benefits to the ag-*  
22    *ricultural community, including any adverse impacts*  
23    *on agricultural production and agricultural lands.*

1       (d) *CONSTRUCTION GRANTS.*—No grant may be made  
 2 under this section for the construction of any project until  
 3 after—

4           (1) *an appraisal investigation and a feasibility*  
 5 *study have been completed;*

6           (2) *the implementing entity has determined that*  
 7 *the non-Federal project sponsor is financially capable*  
 8 *of funding the non-Federal share of the project's costs;*  
 9 *and*

10          (3) *the implementing entity has approved a cost-*  
 11 *sharing agreement with the non-Federal project spon-*  
 12 *sor that commits the non-Federal project sponsor to*  
 13 *funding its share of the project's construction costs on*  
 14 *an annual basis, and ongoing operations and mainte-*  
 15 *nance.*

16       (e) *COST SHARING.*—

17           (1) *IN GENERAL.*—Except as provided in para-  
 18 *graph (2), and notwithstanding any other provision*  
 19 *of this Act, a grant under this section shall not exceed*  
 20 *the lesser of \$50,000,000 (June 2000 prices) or 35*  
 21 *percent of the total cost of the project.*

22           (2) *REDUCED NON-FEDERAL SHARE.*—The im-  
 23 *plementing entity may reduce the non-Federal share*  
 24 *of the cost of a project carried out with a grant under*  
 25 *this section, including (subject to the availability of*

1        *amounts for such grants, and less than \$50 million)*  
 2        *by increasing the amount of the Federal share of such*  
 3        *costs to an amount that is greater than the amount*  
 4        *specified in paragraph (1), if the implementing enti-*  
 5        *ty, through the Secretary, determines that—*

6                    *(A) the project is for the benefit of a small,*  
 7                    *rural, or socially disadvantaged community or*  
 8                    *an Indian tribe; and*

9                    *(B) application of paragraph (1) would re-*  
 10                    *sult in economic hardship for such community or*  
 11                    *Indian tribe.*

12        *(f) ANNUAL REPORT.—The implementing entity shall*  
 13        *provide the Congress an annual report detailing the benefits*  
 14        *gained by projects funded under this section, and expendi-*  
 15        *tures for each such project. The report shall include infor-*  
 16        *mation on each project the implementing entity has ap-*  
 17        *proved for funding, including an assessment of how the*  
 18        *project met each of the evaluation criteria under this sec-*  
 19        *tion.*

20        *(g) IMPLEMENTING ENTITY DEFINED.—In this section*  
 21        *the term “implementing entity”—*

22                    *(1) except as provided in paragraph (2), means*  
 23        *the Secretary; and*

1           (2) *for purposes of grants under this section for*  
 2           *projects in California, means the Water Security*  
 3           *Board.*

4           (h) *AUTHORIZATION OF APPROPRIATIONS.—For*  
 5           *grants under this section, there are authorized to be*  
 6           *appropriated—*

7                   (1) *\$50,000,000 for fiscal year 2002; and*

8                   (2) *\$500,000,000 for each fiscal year thereafter.*

9           **SEC. 106. AUTHORIZATION AND APPROPRIATION PROCESS.**

10           (a) *ACTIVITIES OTHER THAN CONSTRUCTION AND AC-*  
 11           *QUISITION.—There are authorized to be appropriated to the*  
 12           *Secretary such sums as are necessary to pay the Federal*  
 13           *share of CALFED program costs and expenses for—*

14                   (1) *prefeasibility and feasibility studies, environ-*  
 15           *mental reviews, permit acquisitions, and related*  
 16           *preconstruction and preland acquisition activities;*

17                   (2) *administration of all CALFED program*  
 18           *areas, including governance, monitoring, and imple-*  
 19           *mentation of a comprehensive science program; and*

20                   (3) *acquiring the Tier 2 and Tier 3 assets (as*  
 21           *those terms are defined in the record of decision) for*  
 22           *the Environmental Water Account.*

23           (b) *CONSTRUCTION AND ACQUISITION ACTIVITIES.—*  
 24           *The process for authorizing appropriations to pay the Fed-*  
 25           *eral share of the costs of implementing elements of the*

1 *CALFED* program, as set forth in the record of decision,  
2 through the construction of projects and the acquisition of  
3 lands, easements, and rights-of-way shall be as follows:

4           (1) *Every odd-numbered year beginning in 2003*  
5           *at the same time the Secretary submits the report de-*  
6           *scribed in section 107(a), the Water Security Board,*  
7           *acting through the Secretary, shall submit to the con-*  
8           *gressional authorizing committees a report setting*  
9           *forth the list of projects and other actions that are*  
10          *proposed for construction or acquisition in order to*  
11          *implement the CALFED program over the next 2 fis-*  
12          *cal years. The list shall specify which projects and ac-*  
13          *tions require authorization by the Congress through*  
14          *the process set forth in this subsection. The Water Se-*  
15          *curity Board and the Secretary shall certify that im-*  
16          *plementation of the CALFED program in the manner*  
17          *set forth in the report will result in balanced imple-*  
18          *mentation in all CALFED program areas.*

19          (2) *No amounts may be appropriated for any*  
20          *fiscal year after fiscal year 2003 for any project or*  
21          *other action that has not been previously authorized*  
22          *and that requires construction or acquisition of lands,*  
23          *easements, and rights-of-way, unless the project has*  
24          *been specifically authorized by law.*

1           (3) *It is the intent of Congress that the author-*  
2           *izations and appropriations for implementation of*  
3           *the CALFED program shall promote and carry out*  
4           *the fundamental principle that the CALFED program*  
5           *components, consisting of ecosystem restoration, wa-*  
6           *tershed improvements, water supply improvements,*  
7           *storage including water yield, conveyance, water use*  
8           *efficiency, water quality improvement, and levee sta-*  
9           *bility, must progress together in a balanced manner.*

10          (4) *If the Congress, through the authorization*  
11          *and appropriation process set forth in this section,*  
12          *amends, or fails to authorize or fund, the projects and*  
13          *other actions included in a report submitted pursuant*  
14          *to paragraph (1), the Secretary shall, in consultation*  
15          *with the Water Security Board, redetermine whether*  
16          *implementation of the projects and other actions, as*  
17          *authorized or funded, respectively, by the Congress*  
18          *will maintain balanced implementation in all*  
19          *CALFED program areas. If the Secretary finds that*  
20          *implementation of such projects, as so authorized or*  
21          *funded by the Congress, will not maintain balanced*  
22          *implementation in all program areas, the Secretary*  
23          *shall report to the Congress the finding and rec-*  
24          *ommend those steps needed to restore balance to the*  
25          *implementation process.*

1       (c) *CONTENTS OF REPORTS.*—

2               (1) *IN GENERAL.*—*For each project recommended*  
3       *under paragraph (1), the reports under this sub-*  
4       *section shall include—*

5                       (A) *a project description;*

6                       (B) *feasibility and operational studies;*

7                       (C) *required environmental documentation;*

8                       (D) *a finding of consistency with the record*  
9       *of decision;*

10                      (E) *a cost-benefit analysis;*

11                      (F) *identification of project benefits and*  
12       *beneficiaries;*

13                      (G) *identification of adverse impacts, if*  
14       *any, to agricultural, municipal, industrial, or*  
15       *other water users;*

16                      (H) *a cost and benefit allocation plan;*

17                      (I) *financing and repayment plan; and*

18                      (J) *in the case of a project proposed to be*  
19       *funded with a grant under section 105, a certifi-*  
20       *cation that an agreement in accordance with sec-*  
21       *tion 105(d)(3) has been signed and the Water Se-*  
22       *curity Board has determined that the non-Fed-*  
23       *eral project sponsor is financially capable of*  
24       *funding the project's non-Federal share of the*

1           *project's costs, and ongoing operations and*  
 2           *maintenance.*

3           (2) *RECOMMENDATIONS REGARDING SPECIFIC*  
 4           *PROJECTS.—The Water Security Board, through the*  
 5           *Secretary, shall include in reports under this sub-*  
 6           *section recommendations with respect to construction*  
 7           *of the surface storage, groundwater storage, and com-*  
 8           *plementary actions, that would improve water system*  
 9           *reliability, water quality, water supply, or water*  
 10          *yield, or any combination thereof, consistent with the*  
 11          *dates specified in the record of decision or such other*  
 12          *date as may be specified by the Water Security*  
 13          *Board.*

14 **SEC. 107. ANNUAL REPORTS.**

15          (a) *ANNUAL WATER REPORT BY WATER SECURITY*  
 16          *BOARD.—Not later than February 1 of each year, the Water*  
 17          *Security Board, through the Secretary, shall submit to the*  
 18          *Congress an annual report that includes the following:*

19               (1) *FEDERAL FUNDING.—An accounting of all*  
 20               *Federal funds received (or to be received) by the*  
 21               *Water Security Board, including—*

22                       (A) *a description of all projects and activi-*  
 23                       *ties carried out with such funds;*

24                       (B) *amounts received by the State that have*  
 25                       *not yet been expended by the State; and*

1                   (C) cost allocation and any applicable re-  
 2                   payment capacity findings for new projects.

3                   (2) *ASSESSMENT OF ACHIEVEMENTS*.—A descrip-  
 4                   tion and assessment of expenditures and achievements  
 5                   of the *CALFED* program and the competitive grant  
 6                   program under section 105 in the current fiscal year,  
 7                   including accomplishments in achieving—

8                   (A) increased water supply and water yield;

9                   (B) improved water quality, including—

10                   (i) measures taken to improve salinity;

11                   (ii) an assessment of progress made in  
 12                   implementing drinking water sources pro-  
 13                   tection projects and programs described in  
 14                   the record of decision; and

15                   (iii) identification of regionally and  
 16                   locally sponsored projects and programs to  
 17                   improve water treatment infrastructure and  
 18                   technology;

19                   (C) enhanced environmental benefits, in-  
 20                   cluding ecosystem restoration;

21                   (D) improved water system reliability,  
 22                   water use efficiency, watershed management,  
 23                   water transfers, and levee protection; and

24                   (E) benefits in all geographic regions cov-  
 25                   ered within the Bay-Delta solution area.

1           (3) *PERFORMANCE MEASURES.*—A clear state-  
 2           ment of goals to achieve, under the CALFED  
 3           program—

4                   (A) increased water supply and water yield;

5                   (B) improved water quality;

6                   (C) enhanced environmental benefits; and

7                   (D) improved water system reliability,  
 8           water use efficiency, watershed management,  
 9           water transfers, and levee protection.

10          (b) *ANNUAL BUDGET CROSSCUT REPORT.*—Not later  
 11          than February 1 of each year, the Director of the Office  
 12          of Management and Budget shall submit to the Congress  
 13          an interagency budget crosscut report that describes in  
 14          detail—

15               (1) all proposed and planned Federal expendi-  
 16          tures in the next fiscal year on ecosystem restoration  
 17          and other purposes in the Bay-Delta solution area;  
 18          and

19               (2) all proposed and planned State of California  
 20          and Federal expenditures in the next fiscal year to  
 21          achieve the objectives identified within the record of  
 22          decision.

23   **SEC. 108. TREATMENT OF FUNDS.**

24          Funds authorized to be appropriated by this title to  
 25          those Federal agencies that are currently or subsequently

1 *become participants in the CALFED program shall be in*  
 2 *addition to the baseline funding levels established for cur-*  
 3 *rently authorized projects and programs under the Central*  
 4 *Valley Project Improvement Act (title XXXIV of Public Law*  
 5 *102–575) and other currently authorized Federal programs*  
 6 *for the purposes of Bay-Delta ecosystem protection and res-*  
 7 *toration and water system and water quality improvement.*

8 **SEC. 109. LAND ACQUISITION; MANAGEMENT PLAN RE-**  
 9 **QUIRED FOR EXISTING LAND.**

10 *Federal funds, including Federal grant funds, may*  
 11 *not, for purposes of implementing the record of decision,*  
 12 *be used to acquire any additional lands for CALFED eco-*  
 13 *system restoration unless the State agencies and Federal*  
 14 *agencies, through the Secretary and by not later than Janu-*  
 15 *ary 1, 2003, develop a management plan for all lands ac-*  
 16 *quired for CALFED program ecosystem restoration before*  
 17 *the date of enactment of this Act.*

18 **SEC. 110. ENVIRONMENTAL JUSTICE.**

19 *It is the intent of the Congress that—*

20 *(1) implementation of the CALFED program by*  
 21 *the Federal agencies and State agencies should fulfill*  
 22 *the commitment to addressing environmental justice*  
 23 *challenges referred to in the CALFED Bay-Delta Pro-*  
 24 *gram Environmental Justice Workplan, dated Decem-*  
 25 *ber 13, 2000;*

1           (2) *the Federal agencies and State agencies*  
 2           *should continue to collaborate to develop a comprehen-*  
 3           *sive environmental justice workplan for the CALFED*  
 4           *program, including through continuation of the func-*  
 5           *tions of the CALFED-Bay Delta Environmental Jus-*  
 6           *tice Workgroup; and*

7           (3) *the Water Security Board should collaborate*  
 8           *with such workgroup to ensure fulfillment of the com-*  
 9           *mitment referred to in paragraph (1).*

## 10   ***TITLE II—SMALL RECLAMATION*** 11           ***PROJECTS***

### 12   ***SEC. 201. SHORT TITLE; REFERENCES.***

13           (a) *SHORT TITLE.*—*This title may be cited as the*  
 14           *“Small Reclamation Water Resources Project Act of 2001”.*

15           (b) *REFERENCES.*—*Except as otherwise expressly pro-*  
 16           *vided, whenever in this title an amendment or repeal is ex-*  
 17           *pressed in terms of an amendment to, or repeal of, a section*  
 18           *or other provision, the reference shall be considered to be*  
 19           *made to a section or other provision of the Small Reclama-*  
 20           *tion Projects Act of 1956 (43 U.S.C. 422 et seq.).*

### 21   ***SEC. 202. AMENDMENTS TO THE SMALL RECLAMATION*** 22           ***PROJECTS ACT OF 1956.***

23           (a) *PURPOSE.*—*The first section (43 U.S.C. 422a) is*  
 24           *amended—*

1           (1) by striking “under the” and inserting “under  
2       *this Act and other*”; and

3           (2) by adding at the end the following: “Such  
4       *projects may include, but shall not be limited to, irri-*  
5       *gation projects. Irrigation shall not be a required*  
6       *purpose for projects receiving assistance under this*  
7       *Act. In providing assistance, the Secretary shall give*  
8       *priority to recommended proposals that are related to*  
9       *a project that is otherwise authorized under the Fed-*  
10       *eral reclamation laws and that will benefit from as-*  
11       *istance under this Act.”.*

12       (b) *DEFINITIONS.*—Section 2 (43 U.S.C. 422b) is  
13       *amended—*

14           (1) in paragraph (c), by striking “a State” and  
15       inserting “an Indian Tribe, a State”;

16           (2) by striking paragraph (d) and inserting the  
17       *following:*

18       “(d) The term ‘project’ means any of the following:

19           “(1) A multipurpose water resource development  
20       *carried out by a non-Federal organization involving*  
21       *significant conservation of water, energy, and the en-*  
22       *vironment.*

23           “(2) The rehabilitation, betterment, or retrofit of  
24       *any existing Federal or non-Federal water infrastruc-*

1        *ture for purposes of complying with law and regula-*  
2        *tions.*

3                *“(3) An activity described in paragraph (1) or*  
4        *(2) that—*

5                *“(A) is carried out by a non-Federal orga-*  
6        *nization under the Federal reclamation laws in*  
7        *one or more of the 17 western reclamation*  
8        *States, Hawaii, Alaska, the Commonwealth of*  
9        *Puerto Rico, Guam, American Samoa, the Com-*  
10       *monwealth of the Northern Mariana Islands, the*  
11       *Virgin Islands, and the Trust Territory of the*  
12       *Pacific Islands; and*

13               *“(B) in the case of an activity proposed for*  
14       *any project that is authorized under the reclama-*  
15       *tion laws immediately before the enactment of*  
16       *the Small Reclamation Water Resources Project*  
17       *Act of 2001, is determined by the Secretary to be*  
18       *consistent with the purposes of that project before*  
19       *that date of enactment.”; and*

20               *(3) by striking paragraph (f) and inserting the*  
21       *following:*

22               *“(f) The term ‘water quality improvements’ means*  
23       *operational measures and physical features associated*  
24       *with—*

1           “(1) *the reclamation and reuse of irrigation*  
 2           *drainage or municipal and industrial return flows,*  
 3           *including wastewater flows; or*

4           “(2) *the reclamation, or control, of brackish,*  
 5           *toxic, or impaired waters for beneficial reuse or pro-*  
 6           *tection of other related water, land, or environmental*  
 7           *resources.”.*

8           (c) *MODIFICATION OF LOAN AND GRANT PROGRAMS.—*  
 9           *The Small Reclamation Projects Act of 1956 is amended—*

10           (1) *by striking sections 3 through 8 (43 U.S.C.*  
 11           *422c–422h); and*

12           (2) *by inserting after section 2 (43 U.S.C. 422b)*  
 13           *the following:*

14           **“TITLE I—STATE AND LOCAL**  
 15           **PARTICIPATION IN RECLAMA-**  
 16           **TION PROJECTS**

17           **“SEC. 101. LOAN, GRANT, AND LOAN GUARANTEE PROGRAM.**

18           *“There is hereby established a program within the Bu-*  
 19           *reau of Reclamation, under which the Secretary may make*  
 20           *loans, grants, and loan guarantees to any organization to*  
 21           *carry out a project.*

22           **“SEC. 102. PROPOSAL CONTENTS AND REQUIREMENTS.**

23           *“(a) IN GENERAL.—Any organization seeking assist-*  
 24           *ance under this title shall submit a proposal to the Sec-*  
 25           *retary in such form and manner as the Secretary may pre-*

1 scribe. Any proposal for a project submitted under this title  
2 shall set forth a plan and estimated cost in detail com-  
3 parable to those included in preauthorization reports re-  
4 quired for a project under the Federal reclamation laws.

5 “(b) LANDS AND WATERS.—Each proposal submitted  
6 under this title shall include a statement of financial capa-  
7 bility and legal authority, and a resolution from the gov-  
8 erning board of the organization showing that the organiza-  
9 tion seeking assistance—

10 “(1) holds or can acquire all lands and interests  
11 in land (except public and other lands and interest  
12 in land owned by the United States that are within  
13 the administrative jurisdiction of the Secretary and  
14 subject to disposition by the Secretary) to complete  
15 the project;

16 “(2) holds or can acquire all rights, pursuant to  
17 applicable State law, to the use of water necessary for  
18 the successful construction, operation, and mainte-  
19 nance of the project;

20 “(3) is willing to finance, and capable of financ-  
21 ing, the non-Federal portion of the costs of the project,  
22 including all costs of acquiring lands, interests in  
23 land, and rights to the use of water, except as pro-  
24 vided in section 105(b)(2); and

1           “(4) *has the legal authority and responsibility*  
 2           *under State law to carry out the project.*

3   **“SEC. 103. FEDERAL SHARE AND PROJECT SPONSOR SHARE**  
 4           **OF COSTS.**

5           “(a) *IN GENERAL.—The Secretary shall require each*  
 6           *organization receiving assistance under this title to con-*  
 7           *tribute toward the cost of the project (other than by loan*  
 8           *or grant of Federal funds) not less than 25 percent of the*  
 9           *costs of the project. The Secretary shall credit toward the*  
 10          *non-Federal cost share that amount—*

11           “(1) *the costs paid by the organization for inves-*  
 12          *tigations, surveys, engineering, administration, and*  
 13          *other services necessary for the preparation of pro-*  
 14          *posals and plans for the proposed project that are re-*  
 15          *quired by the Secretary;*

16           “(2) *the value of lands, rights-of-way, and water*  
 17          *rights acquisition required for the proposed project*  
 18          *that are provided by the organization;*

19           “(3) *amounts spent by the organization for con-*  
 20          *struction or acquisition of facilities for the proposed*  
 21          *project prior to project approval; and*

22           “(4) *the fee required by section 403.*

23           “(b) *PREVENTION OF LOSS AND DAMAGE TO FISH AND*  
 24          *WILDLIFE.—The costs of measures to prevent loss of, and*  
 25          *damage to, existing fish and wildlife resources as the result*

1 *of a project for which assistance is provided under this title*  
 2 *shall be considered project costs and, for purposes of reim-*  
 3 *bursement, shall be allocated as may be appropriate among*  
 4 *project functions.*

5 “(c) *MAXIMUM ALLOWABLE FEDERAL SHARE.—The*  
 6 *maximum allowable Federal share per project shall be*  
 7 *\$50,000,000 (January 2001 dollars).*

8 “(d) *INCREASE IN AMOUNT.—To compensate for in-*  
 9 *creases in construction costs due to price escalation, and*  
 10 *subject to subsection (c), the Secretary may increase the*  
 11 *amount of a loan or grant, or both, under this title for a*  
 12 *project at any time prior to the completion of construction*  
 13 *of the project, using the Bureau of Reclamation’s composite*  
 14 *construction cost trends index.*

15 **“SEC. 104. APPROVAL OR DISAPPROVAL OF PROJECTS.**

16 “(a) *IN GENERAL.—The Secretary shall determine*  
 17 *whether a proposal under this title is financially feasible*  
 18 *and constitutes a reasonable risk, and either approve or dis-*  
 19 *approve the proposal, by not later than the later of—*

20 “(1) *one year after the date the proposal is sub-*  
 21 *mitted to the Secretary; or*

22 “(2) *the date of the completion of the appro-*  
 23 *priate documentation under the National Environ-*  
 24 *mental Policy Act of 1969 (42 U.S.C. 4321 et seq.).*

25 “(b) *TRANSMITTAL TO CONGRESS.—*

1           “(1) *IN GENERAL.*—Subject to paragraph (2), the  
 2       *Secretary shall promptly transmit any approved pro-*  
 3       *posals to the Congress with a brief statement of the*  
 4       *project purposes and funding requirements.*

5           “(2) *COMPLETION OF DOCUMENTATION.*—The  
 6       *documentation required under the National Environ-*  
 7       *mental Policy Act of 1969 (42 U.S.C. 4321 et seq.) for*  
 8       *a proposed project must be completed before the Sec-*  
 9       *retary transmits the proposal to the Congress.*

10   **“SEC. 105. CONTRACT TERMS AND CONDITIONS.**

11       “(a) *IN GENERAL.*—Upon approval of any project pro-  
 12       *posal submitted under this title by an organization, the Sec-*  
 13       *retary shall negotiate with the organization a contract es-*  
 14       *tablishing the terms under which assistance shall be pro-*  
 15       *vided under this title.*

16       “(b) *CONTRACT TERMS.*—The contract shall include  
 17       *the following:*

18           “(1) *The maximum amount of any grant, which*  
 19       *shall not exceed 50 percent of the maximum allowable*  
 20       *Federal share of the costs of the project under section*  
 21       *103.*

22           “(2) *The time and method of making any grant*  
 23       *or loan available to the organization.*

24           “(3) *Such terms and conditions as the Secretary*  
 25       *considers necessary or proper to provide assurance of,*

1       *and security for, prompt repayment of any loan and*  
2       *to ensure achievement of the purposes for which the*  
3       *loan was made.*

4               “(4) *A plan for repayment by the organization*  
5       *of any loan within 25 years, except that the organiza-*  
6       *tion shall have the right to prepay the loan or any*  
7       *component thereof without penalty.*

8               “(5) *For any loan, payment of interest at a rate*  
9       *established by the Secretary of the Treasury at the be-*  
10       *ginning of the fiscal year in which the contract is exe-*  
11       *cuted, that shall be based on the average market yield*  
12       *on outstanding marketable obligations of the United*  
13       *States with periods of maturity comparable to the ap-*  
14       *plicable repayment period of the loan.*

15       “(c) *LOANS PROJECTS BY INDIAN TRIBES.—*

16               “(1) *IN GENERAL.—For any project undertaken*  
17       *by an Indian tribe with assistance under this title,*  
18       *the Secretary shall—*

19                       “(A) *determine, based on the findings in the*  
20       *proposal under section 102, the reimbursable and*  
21       *nonreimbursable costs for the project constructed*  
22       *under this Act;*

23                       “(B) *apportion those costs in accordance*  
24       *with the benefits received; and*

1                   “(C) allocate the reimbursable costs to the  
2                   project beneficiaries.

3                   “(2) *LEAVITT ACT.*—*The Act of July 1, 1932*  
4                   *(chapter 369; 25 U.S.C. 386a), popularly known as*  
5                   *the ‘Leavitt Act’, shall not apply to loans made under*  
6                   *this Act.*

7                   **“TITLE II—PARTNERSHIP**  
8                   **PROGRAM**

9                   **“SEC. 201. ESTABLISHMENT OF PARTNERSHIP PROGRAM.**

10                  “(a) *PROGRAM.*—*There is hereby established within*  
11                  *the Bureau of Reclamation a small grant and loan program*  
12                  *to be known as the Small Reclamation Water Resources*  
13                  *Management Partnership Program, to be carried out under*  
14                  *this title. The purpose of this program shall be to implement*  
15                  *projects that can be performed—*

16                         “(1) *by the recipient organization’s workforce or*  
17                         *contractors,*

18                         “(2) *with streamlined documentation, and*

19                         “(3) *in a period of 18 months or less.*

20                  “(b) *GRANTS.*—*Grants under this title shall not exceed*  
21                  *\$5,000,000 for any one project under such program. The*  
22                  *Secretary shall require the recipient organization to provide*  
23                  *matching funds in an amount equal to 50 percent of the*  
24                  *amount of the grant.*

1       “(c) *LOANS.*—*Loans under this title shall not exceed*  
 2    *\$5,000,000 per project, and shall be subject to cost sharing*  
 3    *in the same manner as provided in title I. The contract*  
 4    *for each loan under this title shall require payment of inter-*  
 5    *est at a rate established by the Secretary of the Treasury*  
 6    *in the same manner as provided in section 105(b)(5) for*  
 7    *loans under title II.*

8    **“SEC. 202. REPAYMENT OF LOANS.**

9       “*Each loan made under this title shall be repaid with-*  
 10   *in the 5-year period beginning on the date the Secretary*  
 11   *certifies that work to be carried out with the loan is com-*  
 12   *pleted.*

13   **“SEC. 203. ELIGIBLE ACTIVITIES.**

14       “(a) *IN GENERAL.*—*The following types of activities*  
 15   *shall be eligible for grants or loans under this title:*

16           “(1) *Water conservation.*

17           “(2) *Water quality improvement projects.*

18           “(3) *Water management for urban landscapes.*

19           “(4) *Drought assistance.*

20           “(5) *Fish and wildlife improvements.*

21           “(6) *Public safety improvements.*

22           “(7) *Water supply, including water production,*  
 23    *conveyance, conservation, and management.*

24       “(b) *ADDITIONAL ACTIVITIES.*—*The Secretary may*  
 25    *add to the list of eligible activities under subsection (a) as*

1 *the Secretary considers appropriate, except that any such*  
2 *addition shall not take effect until 60 days after the Sec-*  
3 *retary publishes a notice of the proposed addition in the*  
4 *Federal Register, and has notified the Committee on Re-*  
5 *sources of the House of Representatives and the Committee*  
6 *on Energy and Natural Resources of the Senate in writing*  
7 *of the proposed addition and the reasons therefore.*

8 **“SEC. 204. APPLICATION PROCESS.**

9       “(a) *NOTICE OF INTENT.*—Each organization seeking  
10 *a grant or loan under this title shall submit a notice of*  
11 *intent to the Secretary by April 1 of each year outlining*  
12 *the proposed project and the public benefits thereof. Within*  
13 *two months, the Secretary shall provide a written response*  
14 *to the organization, expressing either the Bureau of Rec-*  
15 *lamation’s interest or disinterest in participating in the*  
16 *project.*

17       “(b) *APPLICATION.*—30 days after receipt of a response  
18 *under subsection (a) expressing the Bureau of Reclama-*  
19 *tion’s interest in participating in a project, the organiza-*  
20 *tion may submit to the Secretary an appropriate loan or*  
21 *grant application, giving details of the project and the an-*  
22 *ticipated public benefits.*

23       “(c) *CONTENTS.*—The application for any project pro-  
24 *posal under this title shall include each of the following:*

1           “(1) *A resolution by the board of directors of the*  
2           *organization stating—*

3                     “(A) *the total estimated project cost;*

4                     “(B) *the amount of the grant or loan re-*  
5                     *quested;*

6                     “(C) *the amount of the non-Federal con-*  
7                     *tribution for any grant;*

8                     “(D) *the organization’s ability to finance*  
9                     *and construct the project; and*

10                    “(E) *the project objectives.*

11           “(2) *A summary of the proposal.*

12           “(3) *A brief description of the anticipated effects*  
13           *of the project on the environment.*

14           “(4) *Evidence that the organization has all lands*  
15           *and water rights needed for the project, or can obtain*  
16           *them and has legal authority and responsibility*  
17           *under, State law to carry out the proposed project.*

18           “(5) *A project plan, including a general map*  
19           *showing the location of proposed physical features,*  
20           *conceptual engineering drawings of major and typical*  
21           *structures, and general standards for design.*

22           “(6) *A construction schedule, with dates and a*  
23           *schedule of funding requirements under this title, in*  
24           *sufficient detail to provide an analysis of the pro-*  
25           *posed construction program.*

1           “(7) *A description of the proposed Federal fund-*  
2           *ing for the project and of the non-Federal funding for*  
3           *the project.*

4           “(d) *COSTS.—The cost of any investigations and prep-*  
5           *aration of any environmental documentation for a project*  
6           *carried out with assistance under this title shall be borne*  
7           *by the project applicant, and shall be credited against the*  
8           *non-Federal cost share.*

9           “(e) *ANNUAL LISTING.—The Secretary shall include in*  
10          *the annual budget justification for the Bureau of Reclama-*  
11          *tion, a listing of the activities and total funding required*  
12          *for work committed to under this title.*

13       **“SEC. 205. TERMS AND CONDITIONS OF PROJECT WORK.**

14          *“The Secretary shall examine each project proposal*  
15          *submitted under this title to determine if the project can*  
16          *reasonably be expected to accomplish its purpose, and ap-*  
17          *prove or disapprove such proposal by September 1 of the*  
18          *year in which the application for assistance under this title*  
19          *is submitted. If the Secretary approves the proposal, and*  
20          *subject to the availability of appropriations, the Secretary*  
21          *shall provide funding within 60 days after such approval*  
22          *for work scheduled for the next fiscal year.*

23       **“SEC. 206. LIMITATION ON PROJECT PROPOSALS.**

24          *“Only one proposal may be submitted under this title*  
25          *by an applicant in any 5-year period.*

1    **“TITLE III—LOAN GUARANTEES**

2    **“SEC. 301. ESTABLISHMENT OF LOAN GUARANTEE PRO-**  
 3                   **GRAM.**

4           *“There is hereby established within the Bureau of Rec-*  
 5    *lamation a demonstration program to guarantee loans for*  
 6    *projects receiving, or eligible to receive, loans or grants*  
 7    *under title I or II of this Act.*

8    **“SEC. 302. PROGRAM REQUIREMENTS.**

9           *“(a) IN GENERAL.—The Secretary may provide sup-*  
 10   *port under the demonstration program to organizations*  
 11   *through the provision of loan guarantees for the purposes*  
 12   *for which assistance is authorized under titles I and II,*  
 13   *under such terms and conditions as are specified in this*  
 14   *section. Any proposal for a project submitted under this*  
 15   *title shall set forth a plan and estimated costs, in detail,*  
 16   *comparable to those required to be included in*  
 17   *preauthorization reports required for a project under the*  
 18   *Federal reclamation laws.*

19          *“(b) SELECTION OF RECIPIENTS.—The Secretary shall*  
 20   *adopt and use competitive procedures in the selection of or-*  
 21   *ganizations to receive loan guarantees under this section.*  
 22   *In selecting any organization to receive a loan guarantee*  
 23   *under this section, the Secretary shall consider, at a min-*  
 24   *imum, the following:*

1           “(1) *The extent to which the loan guarantee*  
2           *would support new water supplies or more efficient*  
3           *use of existing supplies.*

4           “(2) *The repayment period of the guaranteed*  
5           *loan.*

6           “(3) *The extent to which the loan guarantee*  
7           *would provide for a project of wide public purpose.*

8           “(4) *Whether the loan guarantee would help the*  
9           *organization comply with a Federal or State environ-*  
10          *mental statute or regulation.*

11          “(5) *The extent to which the loan guarantee*  
12          *would enable the organization to meet the needs of*  
13          *other local water purveyors.*

14          “(6) *The extent to which the guaranteed loan*  
15          *would support a program that would supplement,*  
16          *rather than duplicate, other available water resource*  
17          *programs.*

18          “(7) *The fiscal impact of the loan guarantee pro-*  
19          *gram as a whole on other Bureau of Reclamation pro-*  
20          *grams.*

21          “(c) *APPORTIONMENT.—The total amount made avail-*  
22          *able to the Secretary for a fiscal year to cover the costs of*  
23          *loan guarantees under this section shall be divided between*  
24          *projects receiving or eligible to receive loans under titles I*

1 *and II, with title I projects receiving 75 percent and title*  
 2 *II projects receiving 25 percent.*

3 “(d) *MAXIMUM.*—*The maximum amount of a loan*  
 4 *guaranteed under this section may not exceed 75 percent*  
 5 *of the total cost of the project carried out with the loan.*

6 “(e) *LIMITATION ON USE OF LOAN.*—*No loan guaran-*  
 7 *teed under this title shall be used to cover the organization’s*  
 8 *local cost share for any project assisted under this Act.*

9 “(f) *REPORTING.*—*Reporting and documentation re-*  
 10 *quirements under titles I and II shall similarly apply to*  
 11 *loan guarantees under this title.*

12 “(g) *STATE LAW.*—*For purposes of this Act, when any*  
 13 *bonds are issued by an organization to help finance a*  
 14 *project for which the organization is also receiving a loan*  
 15 *guarantee under this section, such bonds shall not be treated*  
 16 *as affecting the tax-exempt status of such bonds under ap-*  
 17 *plicable State law.*

18 “(h) *FULL FAITH AND CREDIT.*—*Any loan guarantee*  
 19 *issued pursuant to this section shall constitute an obliga-*  
 20 *tion, in accordance with the terms of such guarantee, of the*  
 21 *United States Government, and the full faith and credit of*  
 22 *the United States is hereby pledged to the full performance*  
 23 *of the obligations.*

24 “(i) *REPORT.*—*At the end of the third fiscal year after*  
 25 *the enactment of this subsection, the Secretary shall submit*

1 *a report to the Congress on the beneficial use and suggested*  
 2 *improvements for use of loan guarantees under this title as*  
 3 *a mechanism for project construction.*

4 **“SEC. 303. SUNSET.**

5 *“No loan guarantee may be issued under this title in*  
 6 *any fiscal year after the expiration of 10 full fiscal years*  
 7 *after initial funding of projects under the amendments*  
 8 *made by the Small Reclamation Water Resources Project*  
 9 *Act of 2001.*

10 **“TITLE IV—GENERAL**  
 11 **PROVISIONS**

12 **“SEC. 401. PROPOSAL FEE.**

13 *“The Secretary shall assess and collect a fee to defray*  
 14 *the cost of examining each proposal for a loan, grant, or*  
 15 *loan guarantee under this Act. The amount of the fee shall*  
 16 *be equal to \$5,000 or  $\frac{1}{10}$  of 1 percent of the Federal share*  
 17 *of the costs of the proposed project, whichever is greater.*  
 18 *The Secretary shall require that 50 percent of the fee shall*  
 19 *accompany the application and the remainder shall be due*  
 20 *only upon approval of the project by the Secretary.*

21 **“SEC. 402. MISCELLANEOUS PROVISIONS.**

22 *“(a) TITLE.—Title to all project works and facilities*  
 23 *constructed with assistance under this Act shall remain in*  
 24 *the name of the organization.*

1       “(b) *COMBINED LOANS, GRANTS, AND LOAN GUARAN-*  
 2 *TEES.*—*A project sponsor shall be eligible for a loan, grant,*  
 3 *loan guarantee, or combination thereof for a project pro-*  
 4 *posal under this Act. An applicant may submit one pro-*  
 5 *posal to be carried out with assistance under more than*  
 6 *one title under this Act. No organization shall be eligible*  
 7 *for an additional loan, grant, loan guarantee, or any com-*  
 8 *bination thereof for the same project that has previously re-*  
 9 *ceived approval for a loan, grant, or loan guarantee under*  
 10 *this Act within the prior five fiscal years.*

11       “(c) *PLANNING, CONSTRUCTION, OPERATION, AND*  
 12 *MAINTENANCE.*—*The United States shall not be required to*  
 13 *provide planning, construction, operation, and mainte-*  
 14 *nance of any project receiving a loan, grant or loan guar-*  
 15 *antee under this Act.*

16       “(d) *STATE WATER LAW.*—*Any project assisted under*  
 17 *this Act shall be carried out in accordance with applicable*  
 18 *State water law.”.*

19       (d) *CONFORMING AMENDMENTS.*—

20               (1) *Sections 9 through 13 of the Small Reclama-*  
 21 *tion Projects Act of 1956 (43 U.S.C. 422i–422k–1)*  
 22 *are redesignated as sections 403 through 407, respec-*  
 23 *tively.*

1           (2) *Section 404 of such Act, as redesignated by*  
 2           *paragraph (1) of this subsection, is amended as fol-*  
 3           *lows:*

4                   (A) *By striking “section 3” and inserting*  
 5                   *“title I”.*

6                   (B) *By striking “effective October 1, 1986,”*  
 7                   *and inserting “for any fiscal year”.*

8                   (C) *By striking “for loans and grants pur-*  
 9                   *suant to this Act” and inserting “for loans and*  
 10                   *grants pursuant to title I”.*

11                   (D) *By striking “five years after the date of*  
 12                   *enactment of this Act” and inserting “ten years*  
 13                   *after the date of enactment of the Small Rec-*  
 14                   *lamation Water Resources Project Act of 2001”.*

15                   (E) *By striking “section 4(c)” and inserting*  
 16                   *“title I”.*

17 **SEC. 203. ADDITIONAL APPROPRIATIONS.**

18           *Section 404 of the Small Reclamation Projects Act of*  
 19           *1956 (43 U.S.C. 422j), as redesignated by section 202(d)(1)*  
 20           *of this Act, is further amended—*

21                   (1) *by striking “such sums” and all that follows*  
 22                   *through “That the Secretary” and inserting “to carry*  
 23                   *out this Act \$1,300,000,000 for fiscal years after fiscal*  
 24                   *year 2001, of which \$900,000,000 may be appro-*  
 25                   *priated to carry out title I and to complete ongoing*

1        *projects under Public Law 84–984, \$300,000,000 may*  
 2        *be appropriated to carry out title II, and*  
 3        *\$100,000,000 may be appropriated to carry out title*  
 4        *III. Of funds authorized under this Act, not more*  
 5        *than 20 percent shall be used for projects to be carried*  
 6        *out by Indian tribes or in economically disadvan-*  
 7        *taged communities. The Secretary”; and*

8                *(2) by striking “any single State” and all that*  
 9        *follows through “the Secretary is authorized to waive”*  
 10        *and inserting “in any single State. Funds obligated*  
 11        *or expended for projects by Indian tribes shall not be*  
 12        *considered for purposes of the preceding sentence. The*  
 13        *Secretary may waive”.*

14    **SEC. 204. GUIDELINES.**

15        *Within 180 days after the date of enactment of this*  
 16        *Act, the Secretary of the Interior shall complete and publish*  
 17        *such administrative guidelines as may be necessary to carry*  
 18        *out the amendments made by this title.*

19    **SEC. 205. EFFECTIVE DATE.**

20        *The amendments made by this title shall take effect*  
 21        *on the date of enactment of this Act. Nothing in this title*  
 22        *or in any amendment made by this title shall affect any*  
 23        *loan or grant that has been approved before the date of en-*  
 24        *actment of this Act.*

1 **SEC. 206. LIMITATION.**

2 *Activities funded under this title shall not be consid-*  
 3 *ered a supplemental or additional benefit under the Act of*  
 4 *June 17, 1902 (82 Stat. 388), and all Acts amendatory*  
 5 *thereof or supplementary thereto.*

6 **TITLE III—MISCELLANEOUS**

7 **SEC. 301. SECRETARIAL ACTIONS TO REDUCE CALIFORNIA'S**  
 8 **USE OF COLORADO RIVER WATER.**

9 (a) *REVIEW.*—*The Secretary shall review programs*  
 10 *that are administered by the Department of the Interior*  
 11 *in furtherance of the goal of reducing California's use of*  
 12 *Colorado River water to its basic annual apportionment,*  
 13 *in a manner consistent with amounts and deadlines estab-*  
 14 *lished in the Interim Surplus Guidelines.*

15 (b) *UTILIZATION OF EXISTING PROGRAMS AND AU-*  
 16 *THORITIES.*—*The Secretary shall utilize existing programs*  
 17 *and authorities in furtherance of the goal of reducing Cali-*  
 18 *fornia's current use of Colorado River water.*

19 (c) *IDENTIFICATION OF STATUS OF ONGOING EF-*  
 20 *FORTS.*—*In preparing the operating plans described in sec-*  
 21 *tion 602(b) of the Colorado River Basin Project Act of 1968,*  
 22 *beginning with the operating plan for 2003, the Secretary*  
 23 *shall specifically identify and describe the status of ongoing*  
 24 *efforts to reduce California's current use of Colorado River*  
 25 *water.*

1       (d) *FUNDING TO ADDRESS IMPACTS OF QSA ON*  
 2 *SALTON SEA.—There is authorized to be appropriated to*  
 3 *the Secretary \$60,000,000 for activities to address environ-*  
 4 *mental impacts on the Salton Sea associated with imple-*  
 5 *mentation of the Quantification Settlement Agreement.*

6       (e) *BASIS FOR DETERMINATIONS OF DOMESTIC COLO-*  
 7 *RADO RIVER SURPLUS CONDITIONS.—For the purpose of*  
 8 *assuring that California expeditiously takes all required ac-*  
 9 *tions to reduce its use of Colorado River water to its alloca-*  
 10 *tion of 4,400,000 acre-feet, in accordance with the strategy*  
 11 *set forth in the Colorado River Interim Surplus Guidelines*  
 12 *published in the Federal Register on January 25, 2001, the*  
 13 *Secretary shall, on and after January 1, 2016, base deter-*  
 14 *minations of domestic Colorado River surplus conditions*  
 15 *under Article II(B)(2) of the Supreme Court Decree in Ari-*  
 16 *zona v. California, 376 U.S. 340 (1964) exclusively on the*  
 17 *70R spill avoidance strategy, as set forth in section IV of*  
 18 *the Interim Surplus Guidelines.*

19 **SEC. 302. WILLARD BAY RESERVOIR ENLARGEMENT STUDY.**

20       (a) *AUTHORIZATION OF FEASIBILITY STUDY.—Pursu-*  
 21 *ant to the reclamation laws, the Secretary, through the Bu-*  
 22 *reau of Reclamation, may conduct a feasibility study on*  
 23 *raising the height of Arthur V. Watkins Dam and thereby*  
 24 *enlarging the Willard Bay Reservoir for the development*  
 25 *of additional storage to meet water supply needs within the*

1 *Weber Basin Project area. The feasibility study shall in-*  
 2 *clude such environmental evaluation as required under the*  
 3 *National Environmental Policy Act of 1969 and a cost allo-*  
 4 *cation as required under the Reclamation Projects Act of*  
 5 *1939.*

6 (b) *REPORT.—Not later than 180 days after the date*  
 7 *of enactment of this Act, the Secretary shall submit a report*  
 8 *on the results of the study to the Congress for review and*  
 9 *approval.*

10 (c) *AUTHORIZATION OF APPROPRIATIONS.—There are*  
 11 *authorized to be appropriated to the Secretary to carry out*  
 12 *this section \$2,000,000.*

13 **SEC. 303. AMENDMENTS TO THE FEDERAL WATER PROJECT**  
 14 **RECREATION ACT.**

15 (a) *CONGRESSIONAL POLICY.—The first section of the*  
 16 *Federal Water Project Recreation Act (16 U.S.C. 460l–12)*  
 17 *is amended by striking “public bodies” and inserting “enti-*  
 18 *ties”.*

19 (b) *ALLOCATION OF COSTS.—Section 2 of the Federal*  
 20 *Water Project Recreation Act (16 U.S.C. 460l–13) is*  
 21 *amended—*

22 (1) *in subsection (a) by striking “, before author-*  
 23 *ization of a project,”;*

24 (2) *in subsection (a), by striking “public bodies”*  
 25 *and inserting “entities” and by striking “Projects au-*

1 *thorized during the calendar year” and all that fol-*  
 2 *lows to the end of the subsection;*

3 *(3) in subsection (b) by striking “non-Federal*  
 4 *interests” each place it appears and inserting “non-*  
 5 *Federal entities”;*

6 *(4) in subsection (b)(2)—*

7 *(A) by striking “: Provided, That the source*  
 8 *of repayment may be limited to” and inserting*  
 9 *“. The source of repayment may include”; and*

10 *(B) by inserting “and retained” after “col-*  
 11 *lected”; and*

12 *(5) in subsection (b)(2) by adding at the end the*  
 13 *following: “Fees and charges may be collected, re-*  
 14 *tained and used by the non-Federal entities for oper-*  
 15 *ation, maintenance, and replacement of recreation fa-*  
 16 *cilities on project lands and waters being managed by*  
 17 *the non-Federal entities. As established by the Sec-*  
 18 *retary, any excess revenues will be credited to the Rec-*  
 19 *lamation Fund to remain available, without further*  
 20 *Act of appropriation, to support recreation develop-*  
 21 *ment and management of Bureau of Reclamation*  
 22 *land and water areas.”.*

23 *(c) RECREATION AND FISH AND WILDLIFE ENHANCE-*  
 24 *MENT.—Section 3 of the Federal Water Project Recreation*  
 25 *Act (16 U.S.C. 460l–14) is amended—*

1           (1) *by striking subsection (a), redesignating sub-*  
2           *section (b) as subsection (a), and inserting after sub-*  
3           *section (a) (as so redesignated) the following:*

4           “(b) *In the absence of a non-Federal managing part-*  
5           *ner, the Secretary of the Interior, acting through the Com-*  
6           *missioner of Reclamation, is authorized, as a part of any*  
7           *water resource development project under the Secretary’s*  
8           *control heretofore or hereafter authorized or reauthorized,*  
9           *investigate, plan, construct, replace, manage, operate and*  
10          *maintain or otherwise provide for public use and enjoyment*  
11          *of project lands, facilities, and water areas in a manner*  
12          *coordinated with the other project purposes; the costs of*  
13          *which are nonreimbursable.”;*

14          (2) *in subsection (a) (as so redesignated) by in-*  
15          *serting “or enhance” after “project construction to*  
16          *preserve”, by striking “enhancement potential” and*  
17          *inserting “resources”, and by striking “public bodies”*  
18          *each place it appears and striking “public body” and*  
19          *inserting in lieu thereof “entities” and “entity”, re-*  
20          *spectively;*

21          (3) *in subsection (c)(1)(B) by striking “public*  
22          *body” each place it appears and inserting “entity”;*  
23          *and*

24          (4) *by adding at the end of subsection (c) the fol-*  
25          *lowing:*

1       “(3) *In the absence of a non-Federal managing part-*  
 2 *ner, the Secretary of the Interior, acting through the Com-*  
 3 *missioner of Reclamation, may modify or expand existing*  
 4 *facilities, the costs of which are nonreimbursable.”.*

5       (d) *LEASE OF FACILITIES.*—Section 4 of the Federal  
 6 *Water Project Recreation Act (16 U.S.C. 460l–15) is re-*  
 7 *pealed.*

8       (e) *POST AUTHORIZATION DEVELOPMENT.*—Section 5  
 9 *of the Federal Water Project Recreation Act (16 U.S.C.*  
 10 *460l–16) is amended by striking “public bodies” and insert-*  
 11 *ing “entities”.*

12       (f) *MISCELLANEOUS REPORTS.*—Section 6 of the Fed-  
 13 *eral Water Project Recreation Act (16 U.S.C. 460l–17) is*  
 14 *amended—*

15               (1) *in subsection (e) by striking “and 5” and in-*  
 16 *serting “and between 3 and 4”;*

17               (2) *in subsection (g) by striking “3(b)” and in-*  
 18 *serting “3(a)”;* and

19               (3) *in subsection (h) by striking “public bodies”*  
 20 *and inserting “entities”;* and by striking “3(b)” and  
 21 *inserting “3(a)”.*

22       (g) *MISCELLANEOUS REPORTS.*—Section 6 of the Fed-  
 23 *eral Water Project Recreation Act (16 U.S.C. 460l–17) is*  
 24 *amended by adding at the end the following:*

1       “(i) Amounts collected under section 2805 of Public  
2 Law 102–575 for admission to or recreation use of project  
3 land and waters shall be deposited in a special account in  
4 the Reclamation Fund and remain available to the Com-  
5 missioner of Reclamation without further appropriation  
6 until expended. Such funds may be used for the develop-  
7 ment, reconstruction, replacement, management, and oper-  
8 ation of recreation resources on project lands and waters  
9 with not less than 60 percent being used at the site from  
10 which the fees were collected.”.

11       (h) MANAGEMENT FOR RECREATION, FISH AND WILD-  
12 LIFE, AND OTHER RESOURCES.—Section 7 of the Federal  
13 Water Project Recreation Act (16 U.S.C. 460l–18) is  
14 amended—

15             (1) by amending subsection (a) to read as fol-  
16 lows:

17       “(a) The Secretary of the Interior, acting through the  
18 Commissioner of Reclamation, is authorized, in conjunction  
19 with any water resource development project heretofore or  
20 hereafter constructed or which is otherwise under the Sec-  
21 retary’s control, to—

22             “(1) investigate, plan, design, construct, replace,  
23 manage, operate, and maintain or otherwise provide  
24 for recreation and fish and wildlife enhancement fa-

1        *cilities and services, the costs of which may be non-*  
2        *reimbursable;*

3            *“(2) provide for public use and enjoyment of*  
4        *project lands, facilities, and water areas in a manner*  
5        *coordinated with the other project purposes; and*

6            *“(3) to acquire or otherwise make available such*  
7        *adjacent lands or interests therein as are necessary*  
8        *for public recreation or fish and wildlife use.”;*

9            *(2) in subsection (b), by inserting “, acting*  
10        *through the Commissioner of Reclamation,” and in-*  
11        *serting “and management” after “administration”;*  
12        *and by striking “lease”; and by adding at the end*  
13        *“All such agreements or contracts for administration*  
14        *or management shall identify the terms and condi-*  
15        *tions of administration, management, and use, ap-*  
16        *provals required from Bureau of Reclamation, and*  
17        *assure public access to project lands managed for*  
18        *recreation.”;*

19            *(3) by adding:*

20            *“(7) The Secretary of the Interior, acting*  
21        *through the Commissioner of Reclamation, is also au-*  
22        *thorized to enter into agreements with other non-Fed-*  
23        *eral entities for recreation and concession manage-*  
24        *ment at Bureau of Reclamation projects. All such*  
25        *agreements or contracts for management shall iden-*

1        *tify the terms and conditions of management and use,*  
2        *approvals required from the Bureau of Reclamation,*  
3        *and assure public access to project lands managed for*  
4        *recreation.”; and*

5                *(4) by adding at the end the following:*

6        *“(d) The Secretary of the Interior, acting through the*  
7        *Commissioner of Reclamation, is authorized to approve the*  
8        *administration, management, and use of Bureau of Rec-*  
9        *lamation lands, waters, and the resources thereon by means*  
10       *of easements, leases, licenses, contracts, permits, and other*  
11       *forms of conveyance instruments.*

12       *“(e) The Secretary of the Interior, acting through the*  
13       *Commissioner of Reclamation, is authorized to produce*  
14       *and/or sell to the public: information about Bureau of Rec-*  
15       *lamation programs including publications, photographs,*  
16       *computer discs, maps, brochures, posters, videos, and other*  
17       *memorabilia related to the Bureau of Reclamation, and the*  
18       *natural, historic, and cultural resources of the area; and,*  
19       *other appropriate and suitable merchandise to enhance the*  
20       *public’s use of the area. Income from such sales shall be*  
21       *credited to the Reclamation Fund to remain available,*  
22       *without further Act of appropriation, to pay costs associ-*  
23       *ated with the production and sale of items, and any re-*  
24       *maining revenue shall be available, without further Act of*

1 *appropriation, to support recreation development and man-*  
 2 *agement of Bureau of Reclamation land and water areas.”.*

3 *(i) DEFINITIONS.—Section 10 of the Federal Water*  
 4 *Project Recreation Act (16 U.S.C. 4601–21) is amended by*  
 5 *adding at the end the following:*

6 *“(f) The term ‘non-Federal entity’ means non-Federal*  
 7 *public bodies, nonprofit organizations, Indian tribes, or en-*  
 8 *tities within the private sector.”.*

9 *(j) AUTHORIZATION OF APPROPRIATIONS.—The Fed-*  
 10 *eral Water Project Recreation Act (16 U.S.C. 460l–12 et*  
 11 *seq.) is amended by redesignating section 12 as section 13,*  
 12 *and by inserting after section 11 the following:*

13 **“SEC. 12. FUND AUTHORIZATIONS.**

14 *“There is hereby authorized to be appropriated from*  
 15 *time to time such funds as may be required for the Sec-*  
 16 *retary of the Interior, acting through the Commissioner of*  
 17 *Reclamation to accomplish the purposes of this Act and re-*  
 18 *main available until expended.”.*

19 **SEC. 304. LIMITATIONS ON RECOVERY OF REIMBURSABLE**  
 20 **EXPENSES FOR VALVE REHABILITATION**  
 21 **PROJECT AT THE ARROWROCK DAM, BOISE**  
 22 **PROJECT, IDAHO.**

23 *The Secretary of the Interior, in accepting payments*  
 24 *for the reimbursable expenses incurred for the replacement,*  
 25 *repair, and extraordinary maintenance with regard to the*

1 *Valve Rehabilitation Project at the Arrowrock Dam on the*  
 2 *Arrowrock Division of the Boise Project, Idaho—*

3 *(1) shall recover no more than \$6,900,000 of such*  
 4 *expenses according to the application of the current*  
 5 *formula for charging users for reimbursable operation*  
 6 *and maintenance expenses at Bureau of Reclamation*  
 7 *facilities on the Boise Project; and*

8 *(2) shall recover this portion of such expenses*  
 9 *over a period of not less than 15 years.*

10 **SEC. 305. CONTRACT ASSURANCES FOR PAYMENT OF PRE-**  
 11 **VAILING WAGES FOR LABORERS AND ME-**  
 12 **CHANICS.**

13 *Any contract under which laborers or mechanics may*  
 14 *be employed, for a project or activity funded in whole or*  
 15 *in part under title I or II (or under an amendment made*  
 16 *by such title), shall contain reasonable assurances that each*  
 17 *contractor or subcontractor involved shall pay laborers and*  
 18 *mechanics employed by such contractor or subcontractor*  
 19 *wages equivalent to those applicable under the Act of March*  
 20 *3, 1931 (40 U.S.C. 276a et seq., commonly known as the*  
 21 *Davis-Bacon Act).*



**Union Calendar No. 217**

107<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**H. R. 3208**

**[Report No. 107–360, Part I]**

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## **A BILL**

To authorize funding through the Secretary of the Interior for the implementation of a comprehensive program in California to achieve increased water yield and environmental benefits, as well as improved water system reliability, water quality, water use efficiency, watershed management, water transfers, and levee protection.

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MARCH 14, 2002

The Committees on Transportation and Infrastructure and Education and the Workforce discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed