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### CALLEGUAS MUNICIPAL WATER DISTRICT RECYCLING PROJECT

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SEPTEMBER 27, 2010.—Ordered to be printed

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Mr. BINGAMAN, from the Committee on Energy and Natural  
Resources, submitted the following

### R E P O R T

[To accompany H.R. 2522]

The Committee on Energy and Natural Resources, to which was referred the Act (H.R. 2522) to raise the ceiling on the Federal share of the cost of the Calleguas Municipal Water District Recycling Project, and for other purposes, having considered the same, reports favorably thereon without amendment and recommends that the Act do pass.

#### PURPOSE

The purpose of H.R. 2522 is to raise the ceiling on the Federal share of the cost of the Calleguas Municipal Water district Recycling Project, and for other purposes.

#### BACKGROUND AND NEED

The Calleguas Municipal Water District (Calleguas) is a public agency created to provide the southeastern portion of Ventura County with a reliable supplemental water supply. Calleguas delivers domestic, municipal, and industrial water service to over 650,000 residents, and also provides water for agriculture. The groundwater underlying the Calleguas service area is highly saline and cannot be used for drinking water without significant treatment. Calleguas operates a regional desalination project to remove salt from the water supply, recycle it, and safely manage the saline waste concentrate for proper discharge to the ocean. The project has 3 phases. Phase 1 will be completed in 2011 and consists of a 48-inch, 9-mile pipeline and a 30-inch diameter ocean outfall that extends 4,500 feet into the ocean. Phase 1 will result in the rec-

lamation and reuse of about 15,000 acre-feet of water per year. Phases 2 and 3 of the project will provide an additional 43,000 acre-feet of recycled water per year to the system. The total project cost is estimated to be \$152 million. H.R. 2522 would increase the federal cost share from the previously authorized level of \$20 million to the lesser of \$40 million or 25% of the total construction costs.

#### LEGISLATIVE HISTORY

H.R. 2522 was sponsored by Representative Gallegly and passed the House of Representatives by voice vote on September 22, 2009. H.R. 2522 was received in the Senate and referred to the Committee on Energy and Natural Resources on September 23, 2009. The Subcommittee on Water and Power held a hearing on H.R. 2522 on April 27, 2010. The Committee on Energy and Natural Resources considered H.R. 2522 at its business meeting on August 5, 2010 and ordered it favorably reported without amendment.

#### COMMITTEE RECOMMENDATION

The Committee on Energy and Natural Resources, in open business session on August 5, 2010 by voice vote of a quorum present, recommends that the Senate pass H.R. 2522.

#### SECTION-BY-SECTION ANALYSIS

H.R. 2522 amends Section 1631(d) of the Reclamation Water and Groundwater Study and Facilities Act, Title XVI of Public Law 102–575, to raise the ceiling on the Federal share of the cost of the Calleguas Recycling Project to the lesser of \$40 million or 25% of the total construction costs.

#### COST AND BUDGETARY CONSIDERATIONS

The following estimate of costs of this measure has been provided by the Congressional Budget Office:

*H.R. 2522—A bill to raise the ceiling on the federal share of the cost of the Calleguas Municipal Water District Recycling Project, and for other purposes*

Summary: H.R. 2522 would increase the amount authorized to be appropriated for a water recycling project at the Calleguas Municipal Water District in California by \$40 million. The additional funding would enable the Bureau of Reclamation (BOR) to complete a component of that project.

CBO estimates that implementing H.R. 2522 would cost \$16 million over the 2011–2015 period and \$24 million after 2015, assuming appropriation of the additional amounts. Enacting H.R. 2522 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 2522 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 2522 is shown in the following table. The costs

of this legislation fall within budget function 300 (natural resources and environment).

	By fiscal year, in millions of dollars—					
	2011	2012	2013	2014	2015	2011–2015
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level .....	3	3	3	4	4	17
Estimated Outlays .....	2	3	3	4	4	16

Basis of estimate: For this estimate, CBO assumes that H.R. 2522 will be enacted near the beginning of fiscal year 2011 and that the additional \$40 million authorized to be appropriated will be provided in roughly equal increments over the next 10 years. Estimated outlays are based on historical spending patterns for similar water resource projects.

The project was originally authorized in 1996 and in recent years has received funding totaling less than \$2 million annually. An additional \$5 million was provided for the project in the American Recovery and Reinvestment Act of 2009. H.R. 2522 would increase the amount authorized to be appropriated for the federal share of the Calleguas project from \$20 million to \$60 million. Based on information provided by the Bureau of Reclamation, CBO estimates that the total cost of constructing the next component of the multi-phase Calleguas project would be about \$220 million. Costs above the amount authorized to be appropriated by the Federal Government would be paid for by local project participants.

Pay-as-you-go considerations: None.

Intergovernmental and private-sector impact: H.R. 2522 contains no intergovernmental or private-sector mandates as defined in UMRA and would benefit the Calleguas Municipal Water District.

Previous CBO estimate: On September 18, 2009, CBO transmitted a cost estimate for H.R. 2522, as ordered reported by the House Committee on Natural Resources on September 10, 2009. The two versions of the legislation, and CBO's estimate of their costs, are similar.

Estimate prepared by: Federal Costs: Aurora Swanson; Impact on State, Local, and Tribal Governments: Melissa Merrell; Impact on the Private Sector: Amy Petz.

Estimate approved by: Theresa Gullo, Deputy Assistant Director for Budget Analysis.

#### REGULATORY IMPACT EVALUATION

In compliance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee makes the following evaluation of the regulatory impact which would be incurred in carrying out H.R. 2522.

The bill is not a regulatory measure in the sense of imposing Government-established standards or significant economic responsibilities on private individuals and businesses.

No personal information would be collected in administering the program. Therefore, there would be no impact on personal privacy.

Little, if any, additional paperwork would result from the enactment of H.R. 2522, as ordered reported.

## CONGRESSIONALLY DIRECTED SPENDING

H.R. 2522, as ordered reported, does not contain any congressionally directed spending items, limited tax benefits, or limited tariff benefits as defined in rule XLIV of the Standing Rules of the Senate.

## EXECUTIVE COMMUNICATIONS

STATEMENT OF KIRA L. FINKLER, DEPUTY COMMISSIONER  
FOR EXTERNAL AND INTERGOVERNMENTAL AFFAIRS, BUREAU OF RECLAMATION, DEPARTMENT OF THE INTERIOR

Madam Chairwoman and Members of the Subcommittee, I am Kira Finkler, Deputy Commissioner for External and Intergovernmental Affairs at the Bureau of Reclamation (Reclamation). I am pleased to provide the views of the Department of the Interior (Department) on H.R. 2522, a proposal to raise the ceiling on the Federal share of the cost of the Calleguas Municipal Water District (District) Recycling Project. For reasons I will discuss below, the Administration cannot support the bill.

H.R. 2522 would amend the Reclamation Wastewater and Groundwater Study and Facilities Act (Public Law 102-575, 43 U.S.C. 390h *et seq.*), commonly called Title XVI, to increase the ceiling on the Federal share of the costs of the Calleguas project to \$60 million. This project is authorized by Section 1616 of Title XVI, and the Federal share of this project is currently limited to 25 percent of the total cost, or a maximum contribution of \$20 million.

The District submitted a feasibility study as required by the Title XVI statute, and it was certified as complete in April of 2000. The feasibility study included nine distinct components: five wastewater reclamation and reuse projects, three brackish groundwater recovery projects, and a regional brine disposal project. A cooperative agreement was executed in September 2000, to provide Federal funding for one of the wastewater reclamation and reuse projects known as the Conejo Creek Diversion Project. This project was completed in September, 2003, and is currently producing about 9,000 acre-feet of recycled water annually. The total Federal share for this component was almost \$1.7 million.

In January, 2003, a cooperative agreement was executed to provide federal funding for the Regional Brine Line component. To date, Reclamation has provided about \$10 million to the District as the federal share of costs for this facility, which will provide a means to dispose of brine wastes from facilities such as brackish groundwater recovery projects throughout Ventura County. In addition, Reclamation has executed a cooperative agreement with the District to provide about \$5 million from the American Recovery and Reinvestment Act (ARRA) for a specific reach of the Brine Line.

The Regional Brine Line is being constructed in three phases, starting with Phase 1 near the coast, and pro-

gressing inland. The current estimated cost of Phase 1, which includes an ocean outfall, is about \$76 million. The 25 percent federal share of Phase 1 would be \$19 million, which would obviously be reduced slightly because Reclamation has already provided \$1.7 million for the Conejo Creek Diversion Project. The last reach of Phase 1 is the ARRA-funded section, which is scheduled to be completed in 2011, after which this reach will be placed in operation.

Due to the current ceiling, there would be no additional Federal funds available for Phases 2 and 3, which together are estimated to cost about \$145 million; nor for any of the remaining seven projects that were identified in the feasibility study due to the current ceiling.

H.R. 1219 would authorize an additional \$40 million for the Calleguas project under Title XVI, which would establish the Federal funding as not to exceed 25 percent or \$60 million, whichever is less.

While the Department supports efforts to increase local water supplies and increase recycled water use, this project would compete for funds with other needs within the Reclamation program, including other Title XVI projects currently under construction. In general, the Department supports the Title XVI Reclamation and Reuse program. The 2011 budget proposal includes funding for the Department's WaterSMART Program, and Title XVI is an important element of that program. Specifically, the 2011 budget proposal includes \$29 million for the Title XVI program, a 113% increase over the 2010 enacted level.

As part of this total, the Department is requesting \$20 million for Title XVI projects to be selected using criteria to identify activities most closely aligned with Title XVI statutory and program goals. On March 15, 2010, Reclamation posted an announcement inviting comment on draft funding criteria for Title XVI projects. After these criteria are finalized with comments received up through April 16, Reclamation will review and rank Title XVI project proposals received based on those criteria subject to appropriations in fiscal year 2011.

Separately, in July of 2009, the Department announced the allocation of approximately \$135 million in grants for specific authorized Title XVI projects using funds from the American Recovery and Reinvestment Act, or ARRA. We recognize that water reuse is an essential tool in stretching the limited water supplies in the West, and I believe the FY 2011 Budget request on top of the ARRA funding has demonstrated the emphasis placed by this Administration on this Program. However, given that there are 53 already authorized Title XVI projects and numerous competing mission priorities and demands on Reclamation's budget, the Department cannot support the authorization of new Title XVI projects or extensions of existing cost ceilings at this time.

Reclamation will, however, continue to work with project proponents to evaluate the completeness of feasibility studies of their projects.

Madam Chairwoman, this concludes my testimony. Thank you for the opportunity to comment on H.R. 2522. I would be pleased to answer any questions at this time.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill H.R. 2522, as ordered reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

**RECLAMATION PROJECTS AUTHORIZATION AND ADJUSTMENT ACT OF 1992**

Public Law 102-575, Title XVI, Section 16XX (106 Stat. 4663)

AN ACT To raise the ceiling on the Federal share of the cost of the Calleguas Municipal Water district Recycling Project, and for other purposes.

*Be it enacted by the Senate and the House of Representatives of The United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the “Reclamation Projects Authorization and Adjustment Act of 1992”.

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**TITLE XVI—RECLAMATION WASTEWATER AND GROUND WATER STUDIES**

\* \* \* \* \*

**SEC. 1631. AUTHORIZATION OF APPROPRIATIONS.**

\* \* \* \* \*

(d)(1) Notwithstanding any other provision of this title and except as provided by [paragraph (2)] *paragraphs (2) and (3)*, the Federal share of the costs of each of the individual projects authorized by this title shall not exceed 520,000,000 (October 1996 prices).

\* \* \* \* \*

(3) In the case of the Calleguas Municipal Water District Recycling Project authorized by section 1616, the Federal share of the cost of the Project may not exceed the sum determined by adding—

- (A) the amount that applies to the Project under paragraph (1); and
- (B) \$40,000,000.

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