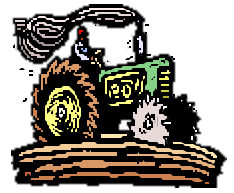




THE SMALL RECLAMATION PROGRAM ACT COALITION



NATIONAL URBAN AGRICULTURE COUNCIL
WESTERN COALITION OF ARID STATES
OREGON WATER RESOURCES CONGRESS
EASTERN MUNICIPAL WATER DISTRICT, CALIFORNIA

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BACKGROUND AND SUMMARY OF TITLE II (PAGES 29 - 49) "THE SMALL RECLAMATION WATER RESOURCES PROJECT ACT OF 2001" OF H.R. 3208, WESTERN WATER ENHANCEMENT SECURITY ACT

BACKGROUND:

H.R. 3208 proposes to amend the Bureau of Reclamation's Small Reclamation Project Act (SRPA) Loan Program. The program was created in 1956 by an Act of Congress and was last amended in 1986. Since its enactment the program has been used by almost everyone of the 17 Reclamation states for the development of small water resource infrastructure. There are currently 3 projects nearing completion under the existing program.

In the last decade the population of the West has grown by 19.7%. SRPA has been the best program for Western water districts to address the needs associated with this growth, such as water supply, water conservation, water quality, environmental or other purposes associated with the need for new infrastructure or addressing aging water infrastructure. We believe the proposed amendments to the SRPA are the most important and appropriate course to take at this time. Investing in the West through these proposed amendments is the best step forward into the 21st Century for helping rural, urban, Indian populations and the water and environmental resources of the West.

The proposed amendments in Title II of H.R. 3208 increase the cost-ceiling for this program to \$1.3 billion. The amendments provide additional definition for what activities can be undertaken through the SRPA program. The proposal process for a project is streamlined, which provides for a greater degree of certainty and confidence that once a proposal is accepted by the Secretary, the project will be built. The amendments also establish a partnership program for smaller scale work which can be undertaken by the project sponsor. In addition, an innovative source of funding is authorized by the loan guarantee section of the amendments.

WHAT THE NEW AMENDMENTS PROVIDE:

TITLE 1

1. The proposed amendments would no longer require irrigation as a project purpose. They would give priority to work carried out on existing projects (those with irrigation). Previously the irrigation portions was non-interest bearing. The new amendments would require interest to be charged for the irrigation component of any new project.
2. The maximum Federal share for any one project would be no more than \$50 million from the Bureau of Reclamation.
3. There is no cost-ceiling on the size of the project, just the amount of money the Bureau of Reclamation can provide.
4. \$900 million is the new cost-ceiling for Title I of the program. This includes the \$359 million that remains in the old cost-ceiling, with an expected \$100 million to be used to complete the projects under construction.
5. There is a minimum 25% cost-share for loans under this title and a requirement of 50/50 cost share for the grant portion.
6. The loan period shall be no more than 25 years.

TITLE II

1. Establishes a new Small Reclamation Water Resources Partnership Program.
2. The authorized purposes are water conservation, drought assistance, water quality improvements, water management for urban landscapes, fish and wildlife improvements, public safety improvements and water supply.
3. Provides a \$300 million authorization out of the overall \$1.3 billion for the program.
4. Loans and/or grants would be provide for up to \$5 million to be matched on a 50/50 basis by the sponsor.
5. The applicant is solely responsible for planning, constructing, operating and maintaining the project.
6. There is a streamlined approval process for a project to start within 6 months once a proposal is submitted and approved by the Secretary.

TITLE III

1. Creates a \$100 million loan guarantee demonstration program for six years.
2. The loan guarantee can be used for projects under title I and title II under the same terms and conditions.
3. The loan guarantee can only be used for a maximum of 75% of the project costs.

TITLE IV

1. The proposal fee shall be a minimum of \$5,000 or one-tenth of 1% of the Federal share, whichever is greater of the estimated Federal share of project costs.
2. Stipulates that any project carried out under this Act shall be carried out in accordance with applicable State water law.
3. Extends the provision from 5 to 10 years that not more than 20% of the total funds authorized can go to anyone state.
4. Requires guidelines to be published within 180 days of passage of the Act.
5. Stipulates that the Reclamation Reform Act of 1982 shall not be applied to any organization carrying out work under this Act.

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