

106TH CONGRESS  
2D SESSION

# H. R. 5120

To amend the Small Reclamation Projects Act of 1956 to establish a partnership program in the Bureau of Reclamation for small reclamation projects, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 7, 2000

Mr. CALVERT introduced the following bill; which was referred to the  
Committee on Resources

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## A BILL

To amend the Small Reclamation Projects Act of 1956 to establish a partnership program in the Bureau of Reclamation for small reclamation projects, and for other purposes.

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

3        **SECTION 1. SHORT TITLE.**

4        This Act may be cited as the “Small Reclamation  
5        Water Resources Project Act of 2000”.

1 **SEC. 2. AMENDMENTS TO THE SMALL RECLAMATION**  
2 **PROJECTS ACT OF 1956.**

3 (a) PURPOSE.—The first section of the Small Rec-  
4 lamation Projects Act of 1956 (43 U.S.C. 422a) is amend-  
5 ed by striking “under the” and inserting “under this act  
6 and other” and by adding the following at the end thereof:  
7 “Such projects may include, but shall not be limited to,  
8 irrigation projects. Irrigation shall not be a required pur-  
9 pose for projects receiving assistance under this Act. In  
10 providing assistance, the Secretary shall give priority to  
11 approved proposals which are related to presently author-  
12 ized Reclamation projects that will benefit from the work  
13 carried out under this Act.”.

14 (b) DEFINITIONS.—Section 2 of the Small Reclama-  
15 tion Projects Act of 1956 (43 U.S.C. 422b) is amended—

16 (1) in subsection (c), by striking “a State” and  
17 inserting “an Indian Tribe, a State”;

18 (2) by striking subsection (d) and inserting the  
19 following new subsection (d):

20 “(d) The term ‘project’ means one of the following:

21 “(1) A multi-purpose water resource develop-  
22 ment carried out by a non-Federal organization in-  
23 volving significant conservation of water, energy and  
24 the environment.

25 “(2) The rehabilitation, betterment, or retrofit  
26 of any existing Federal or non-Federal water infra-

1 structure for purposes of complying with law and  
2 regulations.

3 “(3) An activity described in paragraph (1) or  
4 (2) that is carried out by a non-Federal organization  
5 under the Federal reclamation laws in one or more  
6 of the 17 western reclamation States, Hawaii, Alas-  
7 ka, the Commonwealth of Puerto Rico, Guam,  
8 American Samoa, the Commonwealth of the North-  
9 ern Mariana Islands, the Virgin Islands, and the  
10 Trust Territory of the Pacific Islands. Where such  
11 work is proposed for any existing Reclamation  
12 project, such work shall be consistent with the au-  
13 thorized purpose as determined by the Secretary.”;  
14 and

15 (3) by striking subsection (f) and inserting the  
16 following new subsection (f):

17 “(f) The term ‘water quality improvements’ shall  
18 mean and involve those operational measures and physical  
19 features associated with—

20 “(1) the reclamation and reuse of irrigation  
21 drainage or municipal and industrial return flows,  
22 including wastewater flows; or

23 “(2) the reclamation, or control, of brackish,  
24 toxic, or hazardous waters for beneficial reuse or

1 protection of other related water, land, or environ-  
 2 mental resources.”

3 (c) MODIFICATION OF LOAN AND GRANT PRO-  
 4 GRAMS.—The Small Reclamation Projects Act of 1956 is  
 5 amended—

6 (1) by striking sections 3 through 8 (43 U.S.C.  
 7 422c–422h); and

8 (2) by inserting after section 2 (43 U.S.C.  
 9 422b) the following:

10 **“TITLE I—STATE AND LOCAL**  
 11 **PARTICIPATION IN RECLAMA-**  
 12 **TION PROJECTS**

13 **“SEC. 101. ESTABLISHMENT OF GRANT AND LOAN PRO-**  
 14 **GRAM.**

15 “There is hereby established under this title a pro-  
 16 gram within the Bureau of Reclamation, an agency of the  
 17 Department of the Interior, pursuant to which the Sec-  
 18 retary may make grants and loans to organizations to  
 19 carry out projects.

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

21 “(a) IN GENERAL.—Any organization seeking assist-  
 22 ance under this title shall submit a proposal to the Sec-  
 23 retary in such form and manner as the Secretary may pre-  
 24 scribe. Any proposal for a project submitted under this  
 25 title shall set forth a plan and estimated cost in detail

1 comparable to those included in preauthorization reports  
2 required for a Federal reclamation project.

3 “(b) LANDS AND WATERS.—Each proposal sub-  
4 mitted under this title shall include a statement of finan-  
5 cial capability and legal authority, and a resolution from  
6 the governing board of the organization showing that the  
7 organization seeking assistance—

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

14 “(2) holds or can acquire all rights, pursuant to  
15 applicable State law, to the use of water necessary  
16 for the successful construction, operation, and main-  
17 tenance of the project;

18 “(3) is willing to finance, and capable of financ-  
19 ing, the non-Federal portion of the costs of the  
20 project, which portion shall include all costs of ac-  
21 quiring lands, interests in land, and rights to the use  
22 of water, except as provided in section 105(b)(2);  
23 and

24 “(4) has the legal authority and responsibility  
25 under State law to carry out such work.

1 **“SEC. 103. FEDERAL SHARE AND PROJECT SPONSOR SHARE**  
2 **OF COSTS.**

3 “(a) IN GENERAL.—The Secretary shall require each  
4 organization receiving assistance under this title to con-  
5 tribute toward the cost of the project (other than by loan  
6 or grant of Federal funds) not less than 25 percent of  
7 the allowable estimated costs of the project. In deter-  
8 mining the amount of such non-Federal contribution for  
9 the proposed project, the Secretary shall credit toward  
10 that amount—

11 “(1) the cost of investigations, surveys, engi-  
12 neering, and other services necessary for the prepa-  
13 ration of proposals and plans for the proposed  
14 project as required by the Secretary;

15 “(2) the costs of lands and rights-of-way acqui-  
16 sition required for the proposed project;

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

20 “(4) the filing fee required by this Act.

21 “(b) PREVENTION OF LOSS AND DAMAGE TO FISH  
22 AND WILDLIFE.—The costs of measures to prevent loss  
23 of, and damage to, existing fish and wildlife resources  
24 shall be considered project costs and allocated as may be  
25 appropriate among project functions.

1       “(c) MAXIMUM ALLOWABLE FEDERAL SHARE.—The  
2 maximum allowable Federal share per project shall be  
3 \$30,000,000, as of January 2000. The Secretary shall ad-  
4 just such amount each year using the Bureau of Reclama-  
5 tion’s composite construction cost trends index.

6       “(d) INCREASE IN AMOUNT.—To compensate for in-  
7 creases in construction costs due to price escalation, sub-  
8 ject to the limitations allowed by subsection (c), the Sec-  
9 retary may increase the amount of the requested loan or  
10 grant, or both, at any time prior to the completion of con-  
11 struction of the project, using the Bureau of Reclama-  
12 tion’s composite construction cost trends index.

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

14       “Not later than one year after the date an initial  
15 project proposal is submitted to the Secretary under this  
16 title, the Secretary shall make a determination whether  
17 the proposal is financially feasible and constitutes a rea-  
18 sonable risk under the provisions of this title and either  
19 approve or disapprove the proposal. The Secretary shall  
20 promptly transmit any approved proposals to the Con-  
21 gress. The appropriate documentation under the National  
22 Environmental Policy Act of 1969 (42 U.S.C. 4321 et  
23 seq.) for the project shall be completed prior to Secretarial  
24 transmittal of the proposal to Congress.

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

2 “(a) **MAXIMUM AMOUNTS AND AVAILABILITY.—**

3 Upon approval of any project proposal submitted under  
4 this title, the Secretary shall negotiate a contract setting  
5 out the maximum amount of any grant, which shall not  
6 exceed 50 percent of the maximum allowable Federal  
7 share per grant or loan to be made to the organization,  
8 and the time and method of making such grant or loan  
9 available to the organization.

10 “(b) **LOANS.—**

11 “(1) The contract for each loan under this title  
12 shall contain such terms and conditions as the Sec-  
13 retary deems necessary or proper to provide assur-  
14 ance of, and security for, prompt repayment and to  
15 ensure achievement of the purposes for which the  
16 loan was made. The contract shall include a plan for  
17 repayment by the organization within 25 years, ex-  
18 cept that the organization shall have the right to  
19 prepay the loan without penalty.

20 “(2) The contract for each loan under this title  
21 shall require payment of interest and the repayment  
22 of the principal of each loan. The Secretary shall fix  
23 the interest at a rate determined as of the beginning  
24 of the fiscal year in which the contract is executed.  
25 The rate shall be based on the average market yield  
26 on outstanding marketable obligations of the United

1 States with periods of maturity comparable to the  
2 applicable repayment period of the loan.

3 **“TITLE II—PARTNERSHIP**  
4 **PROGRAM**

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

6 “(a) PROGRAM.—There is hereby established within  
7 the Bureau of Reclamation, an agency of the Department  
8 of the Interior, a small grant and loan program to be  
9 known as the Small Reclamation Water Resources Man-  
10 agement Partnership Program, to be carried out under  
11 this title. The purpose of this program shall be to imple-  
12 ment projects that can be performed—

13 “(1) by the recipient organization’s workforce  
14 or contractors,

15 “(2) with streamlined documentation, and

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

17 “(b) GRANTS.—Grants under this title shall not ex-  
18 ceed \$2,500,000 for any one project under such program,  
19 and shall be matched on a 50-percent basis of total eligible  
20 cost by the organization.

21 “(c) LOANS.—Loans under this title shall not exceed  
22 \$2,500,000 per project, and shall be subject to cost shar-  
23 ing in the same manner as provided in title I. The contract  
24 for each loan under this title shall require payment of in-  
25 terest and repayment of the principal. The Secretary shall

1 fix the interest rate in the same manner as provided in  
2 section 105(c)(2) for loans under title I.

3 “(d) LIMITATION.—The Secretary is authorized to  
4 use up to \$50,000,000 of the amount available under this  
5 Act for the purposes of this title.

6 **“SEC. 202. REPAYMENT OF LOANS.**

7 “Once work is certified complete by the Secretary,  
8 each loan made under this title shall be repaid within a  
9 5-year period.

10 **“SEC. 203. ACTIVITIES ELIGIBLE UNDER THE SMALL REC-**

11 **LAMATION WATER RESOURCES PARTNER-**

12 **SHIP.**

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

15 “(1) Water conservation.

16 “(2) Water quality improvement projects.

17 “(3) Water management for urban landscapes.

18 “(4) Drought assistance.

19 “(5) Fish and wildlife improvements.

20 “(6) Public safety improvements.

21 “(b) ADDITIONAL ACTIVITIES.—The Secretary may  
22 add to the list referred to in subsection (a) as he deems  
23 appropriate, except that any such addition shall not take  
24 effect until 60 days after the Secretary publishes a notice  
25 of the proposed addition in the Federal Register, and has

1 notified the Committee on Resources of the House of Rep-  
2 resentatives and the Committee on Energy and Natural  
3 Resources of the United States Senate in writing of the  
4 proposed addition and the reasons therefore.

5 **“SEC. 204. APPLICATION PROCESS.**

6       “(a) NOTICE OF INTENT.—Each organization seek-  
7 ing a grant or loan under this title shall submit a Notice  
8 of Intent to the Secretary by April 1 of each year outlining  
9 the proposed project and the public benefits thereof. With-  
10 in two months, the Secretary shall provide a written re-  
11 sponse to the applicant, either affirming or rejecting the  
12 Bureau of Reclamation’s interest in participating in the  
13 project.

14       “(b) NOTICE OF FEDERAL INTEREST.—Upon notifi-  
15 cation of the Bureau of Reclamation’s interest, the organi-  
16 zation seeking assistance under this title shall have the  
17 option of proceeding with an appropriate loan or grant ap-  
18 plication giving details of the project and the anticipated  
19 public benefits.

20       “(c) CONTENTS.—The contents of any project pro-  
21 posal under this title shall include, but need not be limited  
22 to, each of the following:

23               “(1) A resolution by the board of directors of  
24 the qualifying organization stating—

25                       “(A) the total estimated project cost;

1           “(B) the amount of the grant or loan re-  
2           quested;

3           “(C) the amount of the non-Federal con-  
4           tribution for the grant;

5           “(D) the organization’s ability to finance  
6           and construct the project; and

7           “(E) the project objectives.

8           “(2) A summary of the proposal.

9           “(3) A brief description of the anticipated ef-  
10          fects of the project on the environment.

11          “(4) Evidence that the organization seeking as-  
12          sistance under this title has all lands and water  
13          rights needed for the project, or can obtain them  
14          and has legal authority and responsibility under  
15          state law to carry out such work in the project plan.

16          “(5) A description of the project plan, including  
17          a general map showing the location of proposed  
18          physical features, conceptual engineering drawings  
19          of major and typical structures, and general stand-  
20          ards for design.

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

1           “(7) An identification of those portions of the  
2           project costs which constitute the Federal grant or  
3           loan amounts and the applicant’s local contribution.

4           “(d) COSTS.—The cost of any investigations and  
5           preparation of any environmental documentation shall be  
6           borne by the project applicant and any such costs shall  
7           be credited as part of the local cost share for grant fund-  
8           ing.

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

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

14          “The Secretary shall examine the proposal submitted  
15          under this title to determine if the project can reasonably  
16          be expected to accomplish its purpose, and approve or dis-  
17          approve such proposal by September 1 of each year. Once  
18          approved by the Secretary and subject to the availability  
19          of appropriations, funding shall be provided within 60  
20          days for the schedule of work within that fiscal year.

21       **“SEC. 206. ELIGIBILITY.**

22          “Such proposals shall only be made by organizations  
23          that have legal authority and responsibility for such work  
24          to be carried out on those projects under state law. Only

1 one proposal per project area shall be allowed per every  
2 five year period.

### 3 **“TITLE III—LOAN GUARANTEES**

#### 4 **“SEC. 301. ESTABLISHMENT OF LOAN GUARANTEE PRO-** 5 **GRAM.**

6 “There is hereby established within Bureau of Rec-  
7 lamation a demonstration program under this title to  
8 guarantee loans for projects receiving, or eligible to re-  
9 ceive, loans or grants under title I or II of this Act.

#### 10 **“SEC. 302. PROGRAM REQUIREMENTS.**

11 “(a) IN GENERAL.—The Secretary may provide sup-  
12 port under the demonstration program to organizations  
13 through the provision of loan guarantees to such pro-  
14 grammatic needs as authorized under titles I and II of  
15 this Act, under such terms and conditions specified in this  
16 section and under applicable laws. Any proposal for a  
17 project submitted under this title shall set forth a plan  
18 and estimated costs in detail comparable to those included  
19 in preauthorization reports required for a Federal rec-  
20 lamation project.

21 “(b) FUNDING LIMIT.—Up to 10 percent of the  
22 amounts authorized to be appropriated under this Act  
23 shall be set aside for purposes of funding the cost of loan  
24 guarantees under this title. The amounts allocated to each  
25 loan guarantee shall be the cost of such guarantee cal-

1 culated in accordance with applicable provisions of Federal  
2 law.

3 “(c) SELECTION OF RECIPIENTS.—The Secretary  
4 shall adopt and use competitive procedures in the selection  
5 of organizations to receive loan guarantees under this sec-  
6 tion. In selecting the organizations to receive a loan guar-  
7 antee under this section, the Secretary shall consider, at  
8 a minimum, the following:

9 “(1) The extent to which the loan guarantees  
10 would support new water supplies or more efficient  
11 use of existing supplies.

12 “(2) The repayment period of the guaranteed  
13 loan.

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

16 “(4) Whether the loan guarantee would help the  
17 organization receiving the guarantee meet a Federal  
18 or State environmental statute or mandate.

19 “(5) The ability of the loan guarantee to meet  
20 the needs of other local water purveyors.

21 “(6) The extent to which the guaranteed loan  
22 would support a program that would supplement,  
23 rather than duplicate, other available water resource  
24 programs.

1           “(7) The fiscal impact of the loan guarantee  
2           program as a whole on other reclamation programs.

3           “(d) APPORTIONMENT.—The total amount made  
4           available to the Secretary for a fiscal year to cover the  
5           costs of loan guarantees under this section shall be divided  
6           between projects receiving or eligible to receive loans  
7           under titles I and II, with title I projects receiving 75 per-  
8           cent and title II projects receiving 25 percent.

9           “(e) MAXIMUM.—The maximum allowable guarantee  
10          percentage for loans guaranteed under this section may  
11          be up to 75 percent of the total project cost. No loan guar-  
12          antee under this title shall be used to cover the organiza-  
13          tion’s local cost share for any project assisted under this  
14          Act.

15          “(f) REPORTING.—Reporting and documentation re-  
16          quirements authorized under amendments contained in ti-  
17          tles I and II shall similarly apply to loan guarantee  
18          projects.

19          “(g) STATE LAW.—For purposes of this Act, when  
20          any bonds are issued by an organization to help finance  
21          a project for which the organization is also receiving a loan  
22          guarantee under this section such bonds shall not be treat-  
23          ed as affecting the tax-exempt status of such bonds under  
24          applicable State law.

1       “(h) FULL FAITH AND CREDIT.—Any loan guarantee  
2 issued pursuant to this section shall constitute an obliga-  
3 tion, in accordance with the terms of such guarantee, of  
4 the United States Government, and the full faith and cred-  
5 it of the United States is hereby pledged to the full per-  
6 formance of the obligations.

7       “(i) REPORT.—At the end of the third fiscal year  
8 after the enactment of this Act, the Secretary shall submit  
9 a report to the Congress on the beneficial use and sug-  
10 gested improvements associated with the use of loan guar-  
11 antees as a mechanism for project construction.

12 **“SEC. 303. SUNSET.**

13       “No loan guarantee may be issued under this title  
14 in any fiscal year after the expiration of 6 full fiscal years  
15 after initial funding of projects under the amendments  
16 made by the Small Reclamation Water Resources Project  
17 Act of 2000.

18                   **“TITLE IV—GENERAL**  
19                   **PROVISIONS**

20 **“SEC. 401. PROPOSAL FEE.**

21       “Each proposal for a loan, grant, or loan guarantee  
22 under this Act shall be accompanied by a minimum pay-  
23 ment of \$5,000 or  $\frac{1}{10}$  of 1 percent of the Federal share,  
24 whichever is greater, or portion thereof to defray in part  
25 the costs of examining the proposal. Fifty percent of the

1 payment shall accompany the application and the remain-  
2 ing 50 percent shall be due upon approval of the project  
3 by the Secretary, if approved.

4 **“SEC. 402. MISCELLANEOUS PROVISIONS.**

5       “(a) TITLE.—Title to all project works and facilities  
6 constructed with assistance under this Act shall remain  
7 in the name of the organization.

8       “(b) COMBINED LOANS, GRANTS, AND LOAN GUAR-  
9 ANTEES.—A project sponsor shall be eligible for a loan,  
10 grant, loan guarantee, or combination thereof for a project  
11 proposal under this Act. No organization shall be eligible  
12 for an additional loan, grant, loan guarantee, or any com-  
13 bination thereof for the same project that has previously  
14 received a loan, grant, or loan guarantee under this Act  
15 within the prior five fiscal years.

16       “(c) PLANNING, CONSTRUCTION, OPERATION, AND  
17 MAINTENANCE.—The United States shall not be required  
18 to provide planning, construction, operation, and mainte-  
19 nance of any project receiving a loan, grant or loan guar-  
20 antee under this Act.

21       “(d) STATE WATER LAW.—Any project assisted  
22 under this Act shall be carried out in accordance with ap-  
23 plicable State water law.”.

24       (d) CONFORMING AMENDMENTS.—

1           (1) Sections 9 through 13 of the Small Rec-  
2           lamation Projects Act of 1956 (43 U.S.C. 422i-  
3           422k-1) are redesignated as sections 403 through  
4           407, respectively.

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

8                   (A) By striking “section 3” and inserting  
9                   “title I”.

10                   (B) By striking “effective October 1,  
11                   1986.” and inserting “for any fiscal year”.

12                   (C) By striking “for loans and grants pur-  
13                   suant to this Act” and inserting “for loans and  
14                   grants pursuant to title I”.

15                   (D) By striking “five years after the date  
16                   of enactment of this Act” and inserting “five  
17                   years after the date of enactment of the Small  
18                   Reclamation Water Resources Project Act of  
19                   2000”.

20                   (E) By striking “section 4(c)” and insert-  
21                   ing “title I”.

22 **SEC. 3. GUIDELINES.**

23           Within 180 days after enactment of this Act, the Sec-  
24           retary of the Interior shall complete and publish in the

1 Federal Register such administrative guidelines as may be  
2 necessary to carry out the amendments made by this Act.

3 **SEC. 4. EFFECTIVE DATE.**

4 The amendments made by this Act shall take effect  
5 on the date of enactment of this Act. Nothing in this Act  
6 or in any amendment made by this Act shall affect any  
7 loan or grant that has been approved before the date of  
8 enactment of this Act.

9 **SEC. 5. LIMITATION.**

10 Activities funded under this Act shall not be consid-  
11 ered a supplemental or additional benefit under the Act  
12 of June 17, 1902 (82 Stat. 388), and all Acts amendatory  
13 thereof or supplementary thereto.

○