

Questions for the Record  
Subcommittee on Oversight and Investigations  
House Natural Resources Committee  
Oversight Hearing on “The Status of the Reclamation Fund and the Bureau of Reclamation’s  
Future Infrastructure Funding Needs”  
July 24, 2019

**Questions from Chairman TJ Cox**

**Question 1. I understand that in 2016, Reclamation began to estimate major repair and rehabilitation needs over the next 30 years. What is the most recent current estimate?**

**Response:** Reclamation expanded the Major Repair and Rehabilitation (MR&R) reporting period from five years to thirty years in FY 2016 to better represent the agency’s long-term capital needs. The longer reporting period provides enhanced visibility of future needs to address risks, sustain benefits, and ensure the continued reliable performance of Reclamation facilities. Reclamation’s estimated 30-year MR&R need is \$10.4 billion. A breakdown of those estimates is provided below.

<b>MR&amp;R Funding Source</b>	<b>Total 30-Year Estimate</b>
Appropriated – Excluding Dam Safety	\$1,382,239,144
Appropriated – Dam Safety	\$1,698,241,000
Appropriated – Other Federal	\$607,240,191
Non-Appropriated Power Users	\$4,832,806,739
Non-Appropriated Reserved Works	\$154,186,626
Non-Appropriated Transferred Works	\$1,738,329,668
<b>Total 30-Year Estimate:</b>	<b>\$10,413,043,369</b>

**Question 2. What is the level of uncertainty about this 30-year estimate? Is it possible that the funding needs for major repair and rehabilitation are much higher?**

**Response:** In 2015, Reclamation issued an Infrastructure Investment Strategy that described how Reclamation planned to improve the characterization and reporting of anticipated repair needs of its assets. Since 2015, Reclamation has improved the consistency, completeness, and utility of the MR&R data through changes in Reclamation’s data reporting and processes for documenting needs at Reclamation facilities. As MR&R data collection and planning processes continue to improve, it is anticipated that the 30-year estimate will continue evolve and provide a better picture of Reclamation’s long-term infrastructure needs.

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### **Questions from Representative Jim Costa**

**Question 1. Without direct access to the Reclamation Fund, the Bureau of Reclamation relies on annual funding from congressional appropriations. Given the current congressional earmark ban, Reclamation must make a budget request for funding for certain extraordinary maintenance or rehabilitation construction activities on federally-owned projects. As I understand it, the cost of these projects is typically charged to either the federal (paid for by Reclamation) or non-federal (paid for or reimbursed by project water contractors) portions of the total project costs. Does Reclamation routinely request funding for such projects from appropriations? If so, does Reclamation request both federal and non-federal shares or just the federal share? How is the non-federal share funded if Reclamation does not provide such funding through appropriations? Do the non-federal entities responsible for their share of these costs have any difficulties or experience challenges in obtaining such funding? Are there projects that simply don’t get done due to the lack of non-federal funding?**

**Response:** Extraordinary maintenance (XM) on Reclamation owned and operated facilities (reserved works) and Reclamation owned but non-Federally operated facilities (transferred works) is funded in many ways that varies project by project based on relevant authorities, ownership of the facility, and agreements with other Federal or non-Federal entities. On Reserved Work facilities Reclamation requests funds through the annual appropriations process; under Reclamation Law reimbursable costs are those that are advanced or repaid by the project’s beneficiaries while non-reimbursable costs are those that are funded by the Federal government because certain purposes of the project are, in general, viewed as public benefits. Depending on the nature of the work, the existing authorities enabling the activity, and the agreements in place with project beneficiaries and stakeholders, some of the Federal appropriations may be reimbursable and/or upfront financing may be provided by water and/or power users. For XM, the cost share is usually established and coordinated to allow for the federal and non-federal funding to be available at the same time. Based on the existing authorities and contractual agreements in place—and on a case by case basis—it is important to note that non-federal funding either comes back to the Reclamation Project or returns to the Reclamation Fund of the Treasury.

For transferred works, the managing entity is generally responsible for operations and maintenance of a facility; however, there are cases in which Federally appropriated funds can be used. For example, under P.L. 111-11 (Sec. 9603), transferred works may request financial

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assistance from the Secretary for extraordinary operation and maintenance work if it’s “to minimize the risk of inherent harm to public health or safety, or property,” and may negotiate a repayment plan of up to 50 years. Also, single purpose transferred work agreements usually stipulate that the district/managing entity is solely responsible for operation and maintenance expenses; however, with multi-purpose transferred work agreements Reclamation pays the district/managing entity for non-reimbursable benefits (i.e., benefits that are public benefits). In both situations, either under P.L. 111-11 authority or standard practice multi-purpose agreements, XM activities at transferred works can place a strain on Reclamation appropriations, as they require funding through annual appropriations that would otherwise be financed by the operating entity. Since FY 2009, Reclamation has received more than \$150 million in requests for XM activities from transferred works operating entities.

Depending on the region or district of the project requiring work and the ability to pay, there are non-Federal entities that have more difficulty providing non-Federal funds. This issue is a primary reason why P.L. 111-11, was enacted; to advance federal funds in exceptional cases on a reimbursable basis. However, it is often not pragmatic to fully fund all identified XM activity in a single fiscal year, which results in some less urgent work being deferred. On Reserved Works facilities, these activities form Reclamation’s deferred maintenance list, which represents a portion of the MR&R needs. As of the end of FY 2018, Reclamation had a deferred maintenance list that totaled approximately \$330 million. Reclamation works with managing entities to ensure that postponed activities at Transferred Works facilities are captured in the MR&R. Each year, Reclamation prioritizes Federal funds and works with project beneficiaries and stakeholders to identify the most efficient methods to address these needs, as well as newly identified or emerging XM activity, with the funding that is available.

**Question 2. At the hearing, restoring the capacity of the Friant Kern Canal in California’s Central Valley that has been lost to subsidence came up several times as a project that could benefit from direct access to the Reclamation Fund. Since the Reclamation Fund currently cannot be directly accessed by Reclamation for such purposes, the Friant Kern Canal has been chosen as a project eligible for funding under the Water Infrastructure Investments for the Nation (WIIN) Act, but Congress must approve the WIIN Act projects in an appropriations bill, a process that until recently has stalled for FY 2020. If for some reason the Friant Kern Canal is not approved to receive funding on a timely basis by Congress as a WIIN Act project in the FY 2020 appropriations process, what is**

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**Reclamation prepared to do to ensure federal funding to move this crucial rehabilitation project forward in the near-term?**

**Response:** The San Joaquin River Restoration Settlement Act (Public Law 111-11, Title X, Part III) (Settlement Act) provides \$25 million in mandatory funding to conduct studies and construct a feasible project that would restore the designed and built capacity of the Friant-Kern Canal. Of that money, \$7 million has been obligated to complete a feasibility study, design and engineering, environmental compliance, and construction of an immediate repair that was completed in May 2019, restoring 300 cubic feet per second to the Friant-Kern Canal. There is \$18 million remaining of those mandatory funds that could be used for construction upon completion of the feasibility study.

In addition to the Settlement Act funding, \$2.2 million of Water Infrastructure Improvement Act for the Nation (WIIN) funding was provided in 2018 to assist with the above-mentioned activities. The Settlement Act provides authority to appropriate up to an additional \$50 million for various activities identified in Title III, of which about \$46 million remains to be appropriated that might be used for the Friant-Kern Canal Capacity Improvements. Available to Friant Water Authority (FWA) now, without any further action from Congress, is \$21 million (includes mandatory and FWA funds) resulting in a total Federal and FWA investment of \$32.2 million (\$25 million from the Settlement Act, \$2.2 million in WIIN funding, and \$5 million from FWA receipts collected pursuant to Section 10010 of the Settlement Act). If WIIN funding is delayed or not made available, Reclamation and the FWA would need to prioritize the most cost-effective projects that incrementally restore capacity and could be completed within available Federal and/or State/FWA resources.