March 9, 2020

The Honorable Jared Huffman

Chairman, House Subcommittee on Water, Oceans, and Wildlife

1527 Longworth House Office Building

Washington, D.C. 20515

**Subject: Draft Version of the FUTURE Drought Resiliency Act**

Dear Chairman Huffman:

On behalf of the Eastern Municipal Water District, we are writing to express support for provisions of the draft version of the FUTURE Drought Resiliency Act, including:

1. Reauthorizing and expanding the Bureau of Reclamation’s Title XVI and Desalination grant programs that were established in the 2016 WIIN Act (Sections 101 and 105);

2. Authorizing $300 million over five years for the WaterSMART grant program (Section 107); and

3. Clarifying that homeowners do not need to pay income tax when receiving rebates from water utilities for making water conservation and stormwater management improvements (Section 201).

Eastern Municipal Water District (EMWD) is the water, wastewater service, and recycled water provider to more than 825,000 people living and working within a 555-square mile service area in western Riverside County. EMWD is California’s sixth-largest retail water agency and our mission is to deliver value to our customers and the communities we serve by providing safe, reliable, economical and environmentally sustainable water, wastewater and recycled water services. EMWD provides service to retail customers located within the cities of Hemet, Menifee, Moreno Valley, Murrieta, Perris, San Jacinto, and Temecula; and, in the adjacent unincorporated communities.

EMWD supports Section 101 of the FUTURE Drought Resiliency draft as it reauthorizes and expands the U.S. Bureau of Reclamation’s (USBR) competitive grant Title XVI program authorized in the Water Infrastructure Improvements for the Nation (WIIN) Act (Public Law 114-322). As you are aware, Title XVI is the only federal program that provides funding specifically for water reuse projects. This program, which provides up to a 25% federal match, has successfully advanced many water recycling projects and in California, has resulted in substantially reduced reliance on imported supplies.

Since original enactment of Title XVI in 1992, Title XVI has provided $639 million in federal grant funding and leveraged an additional $2.4 billion in non-federal funding for water recycling projects in the West. In addition, Title XVI projects have produced more than 400,000 acre-feet of drought-proof water supplies. Even though the competitive grant Title XVI-WIIN was only authorized a few years ago, project funding demand is very high – currently estimated at $550 million for over 50 projects. Moreover, the funding demand will only increase as additional recycling projects become eligible. The draft’s Title XVI- WIIN reauthorization of $500 million over five years will provide annual funding that will help keep pace with demand.

Additionally, EMWD strongly supports continuing the USBR Desalination program, that also originated in the 2016 WIIN Act. EMWD was pleased to see that Section 105 increases the existing desalination program funding authorization to $240 million through 2024. Desalination, both brackish and ocean, that produces drinking water from otherwise unusable saltwater, is another critical tool to help “drought-proof” the arid West. EMWD has embarked on a successful brackish groundwater desalination program with two desalters in operation and a third desalter currently under construction. EMWD’s two operating brackish groundwater desalters provide eight million gallons of potable water per day and its third desalter will have the capacity to produce an additional 5.4 million gallons per day.

USBR’s WaterSMART program, established in 2009 (Public Law 111-11), provides funding to irrigation and water districts, tribes, states and other entities with water or power delivery authority for small scale projects that conserve water and accomplish other benefits that contribute to water supply reliability in the western United States. EMWD has been a strong supporter of the WaterSMART program since its inception in 2009 and has been a direct recipient of WaterSMART grants over the years that have supported multiple water use efficiency initiatives. As such, EMWD supports the draft’s Section 107 that would provide $300 million of authorized funding for the WaterSMART program over a five-year period.

However, EMWD has serious concerns about the provision in Section 107 that would expand the WaterSMART program’s direct eligibility to nonprofit conservation organizations. EMWD believes this could lead to unintended results and confusion over ownership and responsibilities for operation and maintenance of infrastructure and for grant compliance requirements. EMWD supports modifying this provision to allow nonprofits to receive WaterSMART grants when they are in direct partnership and are co-applicants with eligible public, state, and tribal entities.

EMWD wholeheartedly supports Section 201 of the draft which is identical language from your earlier introduced legislation (H.R. 2313, Water Conservation Rebate Tax Parity Act) to expand the income tax exclusion for homeowners who receive rebates from water utilities to purchase and install water conservation or stormwater management systems in residential homes. EMWD has long-endorsed this effort, that you have championed, to have the Internal Revenue Service (IRS) treat water conservation rebates in the same manner as it does energy conservation rebates, such as Energy Star-certified windows and doors, and energy efficient appliances.

Lastly, while we have prioritized our comments to only those sections which are outlined above, we recognize that other key water programs are also addressed in the draft. EMWD embraces a full range of options to develop sustainable water supplies in California and other arid Western states. To that end, we also support the continuation of federal programs to increase water storage in the Reclamation states.

Thank you for this opportunity to comment on the FUTURE Drought Resiliency Act draft. We look forward to working with you and your staff once this legislation is formally introduced and begins to move through the legislative process. If you or your staff have any questions, please contact us at 951-928-6130 or via email at jonesp@emwd.org.

Sincerely,

 

Ronald W. Sullivan Paul D. Jones II, P.E.

President, Board of Directors General Manager