



Senator Feinstein Introduces Bill That Will Help Redwood Valley County Water District Secure a Reliable Supply of Drinking Water

- Bill would allow county to renegotiate loans from the federal government and help solve its current financial problems; no government funds will be used -

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Washington, DC – U.S. Senator Dianne Feinstein (D-Calif.) today introduced legislation that would allow Redwood Valley County Water District to renegotiate loans it received from the federal government for an unsuccessful water project, allowing the county to take steps toward initiating a new project that will develop a reliable supply of drinking water for the area.

“By providing a workable and reasonable solution to a longstanding problem, the legislation creates a win-win solution for the Bureau of Reclamation and the Redwood Valley County Water District,” Senator Feinstein said. **“It is an absolutely essential step if the county is to obtain a reliable water supply.”**

The District has recently identified two potential new projects, either of which could supply a reliable source of drinking water.

No government funds will be sought for these projects, and the District will rely on private financing, a strategy that the Bureau is encouraging. However, before the District can secure private financing for new projects, it must renegotiate the existing loans to provide for their repayment subsequent to repayment of the new loans.

Specifically, this legislation:

- Allows the Redwood County Valley Water District to secure a private loan for a project to provide the region with a reliable source of drinking water, and
- Requires the Water District to repay its currently suspended loan to the federal government once the new water project is paid for.

The new water project will provide enough revenue to allow the District to repay both its private loan and the United States government.

Congressman Mike Thompson (D-Calif.) has introduced similar legislation in the House of Representatives.

Background

In 1983, the Redwood Valley County Water District completed a project to supply water to a rural agricultural community near Ukiah, in Northern California. Two Bureau of Reclamation loans totaling \$7.3 million partially financed this project. The District was unable to repay these loans.

As a result of this situation, in 1998 Congress passed a law that indefinitely suspended the District's obligations to repay these Bureau loans and ordered the Secretary of Interior to renegotiate the terms of the loans. This loan renegotiation has never taken place and now the District finds its water supply highly uncertain. The Bureau of Reclamation acknowledged in a 2000 report that the District needs a reliable water supply in order to solve its current financial dilemma.

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