U.S. Government Accountability Office

Freshwater Supply: Interior Should Continue to Identify Improvements to the Large-Scale Water Recycling Program

GAO-26-107888
Q&A Report to Congressional Committees
January 8, 2026

Accessible Version

Why This Matters

Communities in many parts of the United States are facing water scarcity due to population growth and drought. In response, some are turning to water recycling as a strategy to supplement and conserve their existing water sources. Water recycling (also known as water reuse) involves treating wastewater or other unusable water so it can be used again for purposes such as increasing available supply, replenishing groundwater, reducing the need for imported water, and improving resilience to droughts and other disasters, such as wildfires.

The U.S. Department of the Interior's Bureau of Reclamation manages water resources in the western United States by developing and overseeing water infrastructure that supports agriculture, communities, industries, and ecosystems. The Infrastructure Investment and Jobs Act (IIJA) directed the Secretary of the Interior to establish a competitive grant program for large-scale water recycling and reuse projects (Pub. L. No. 117-58, § 40905, 135 Stat. 429, 1122) (2021). The IIJA provided $450 million in appropriations for these projects for fiscal years 2022 through 2026 (Pub. L. No. 117-58, tit. III, 135 Stat. 429, 1365).

The IIJA includes a provision for GAO to submit a report to congressional committees about the selection process for the program. This report examines the extent to which Reclamation's program elements (grant selection process and selection criteria) aligned with relevant IIJA criteria, then examines the projects selected and the challenges Reclamation and grantees experienced with the program's implementation. (See fig. 1 for examples of these projects.)

Figure 1: Sites in California and Utah for Large-Scale Water Recycling Projects

From left to right: Los Angeles Groundwater Replenishment Project, a reservoir for the Washington County Regional Reuse System in Utah, and the site of the Chino Basin Resiliency Project in California.

Sources: Los Angeles Department of Water and Power (left) and GAO (center and right). | GAO-26-107888

Key Takeaways

- Reclamation's grant selection process and selected projects aligned with the relevant IIJA criteria for the Large-Scale Water Recycling Program.
- Reclamation selected five projects to receive about $308 million—four in Southern California and one in Utah. Reclamation has not yet selected projects for the remaining IIJA appropriations of about $142 million because the program is under review. The five projects, when completed, will provide such benefits as reducing the strain on the Colorado River by millions of gallons per day, assist in providing water to millions of customers, and creating at least an estimated 24,000 jobs.
- Reclamation officials experienced some challenges implementing the grant program. For example, the IIJA does not allow the development of feasibility studies as an eligible use of funds or include a funding limit in dollars (in addition to the funding limit of up to 25 percent of the project costs included in the act) for each project. Allowing both may help the agency distribute the funding sooner and reduce the federal government's risk of cost escalation.
- We recommend that Reclamation report, through the U.S. Department of the Interior, its experience to Congress, including legislative opportunities for improving the program if it is revised or reauthorized, or to improve similar programs. Interior concurred with the recommendation.

What is water recycling?

Water recycling (also known as water reuse) involves treating wastewater or other water that is unusable (e.g., stormwater) and then reusing it for beneficial purposes. Such purposes include agricultural irrigation, industrial processes, landscape watering, groundwater replenishment, and even potable uses such as drinking water. Water recycling can also support construction activities, environmental restoration, and recreational uses such as maintaining water levels in lakes or ponds used for swimming and boating.

Municipal wastewater, industrial, or other types of unusable water typically undergo four treatment processes for the purpose of recycling: primary and secondary, for discharge into a body of water such as the Colorado River, which can then be used by communities downstream; tertiary, for nonpotable uses; and advanced, for potable uses. The treatment processes and other aspects of water recycling could be subject to various federal and state laws depending on the jurisdiction and end use.

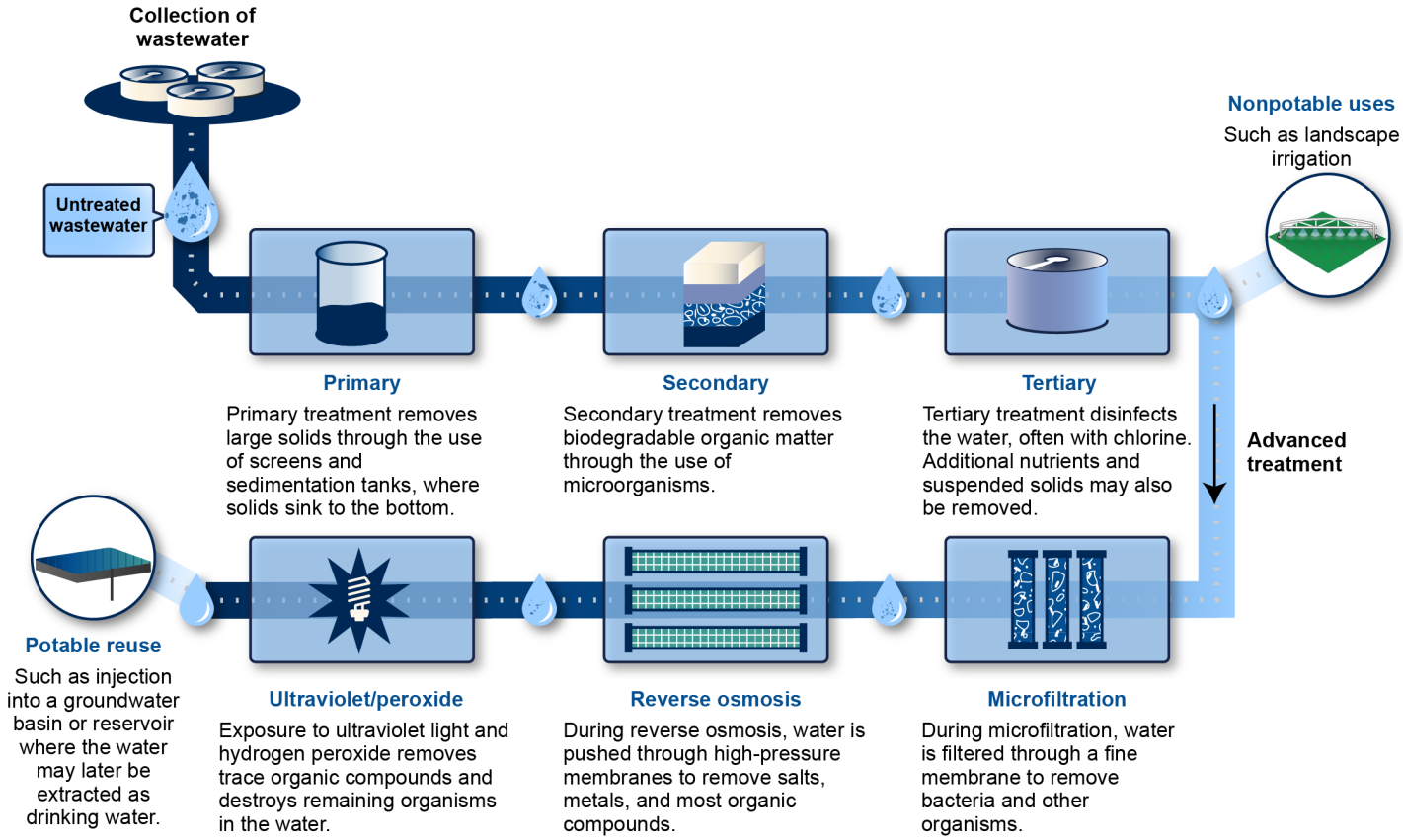
Key Concepts in Water Recycling

- **Acre-foot of water**: about 326,000 gallons of water, or enough water to cover an acre of land—about the size of a football field—1-foot deep.
- **Construction project**: a project to plan, design, or construct infrastructure for the treatment and distribution of recycled water.
- **Feasibility study**: a document that identifies specific water recycling opportunities; describes alternatives; and addresses other considerations, such as the financial capability of the project sponsor.
- **Nonpotable**: water that is not suitable for drinking but may be suitable for other purposes such as agricultural irrigation.
- **Potable**: water that is suitable for drinking.
- **Project sponsor**: water, wastewater or sanitation districts, municipalities, Tribes, and other entities eligible for grants.

Source: GAO analysis of information from the Bureau of Reclamation and reports related to water reuse. | GAO-26-107888

Figure 2 shows the typical treatment processes that may be applied for water recycling, including for nonpotable and potable uses.[1]

Figure 2: Example of Treatment Processes in Water Recycling



Source: GAO analysis of information from reports on water reuse. | GAO-26-107888

Note: This figure provides an overview of the water recycling process and is not representative of all treatment processes that water may undergo. For more information on various water treatment processes and technologies, see GAO, *Municipal Freshwater Scarcity: Using Technology to Improve Distribution System Efficiency and Tap Nontraditional Water Sources*, GAO-16-474 (Washington, D.C.: Apr. 29, 2016).

What is Reclamation's role in water recycling?

Reclamation leads or provides assistance in the construction of infrastructure in Western states for the purpose of developing water supplies.[2] Since 1992, when Congress passed the Reclamation Projects Authorization and Adjustment Act of 1992, the agency has had a water recycling program (the Title XVI Water Reclamation and Reuse Program) covering small-scale grants for planning, feasibility, and construction.[3]

Federal funding for construction projects under the Title XVI program is generally limited to 25 percent of total project costs (up to $30 million in federal funding).[4] The program also provides grants for project feasibility studies (up to $450,000).

The IIJA established a new category of water recycling funding for projects with total costs of $500 million or more, called "large-scale."[5] Similar to the Title XVI program, federal funding is limited to 25 percent of total project costs. Unlike the Title XVI program, the IIJA states there should not be a dollar ceiling on federal funding for large-scale projects and does not include the required project feasibility study as an eligible use of the funds.[6]

To what extent did Reclamation's program elements align with IIJA criteria?

Reclamation's Large-Scale Water Recycling Program elements (grant selection process and project selection criteria) aligned with relevant IIJA criteria or federal regulations, according to our review of agency documents.

IIJA criteria

The IIJA includes criteria specific to Reclamation's Large-Scale Water Recycling Program. IIJA's criteria require eligible projects to be located in a state served by Reclamation and have a total estimated project cost of at least $500 million (see table 1). The IIJA identifies other criteria that the agency can use to prioritize projects in its grant selection process. For example, Reclamation can prioritize a project that intends to provide environmental benefits, such as increasing water supply reliability in drought-stricken areas (see table 2). For more information on how Reclamation's evaluation criteria aligned with IIJA criteria, see appendix I. The IIJA also specifies that the federal cost-share for large-scale water recycling program grants shall not exceed 25 percent of the total project costs.[7]

Table 1: Selected Criteria in the IIJA for the Bureau of Reclamation's Large-Scale Water Recycling Program

Criteria		Program alignment with criteria
Eligible project:[a] A project is eligible for a grant under this program if the project—		
1.	reclaims and reuses (a) municipal, industrial, domestic, or agricultural wastewater, or (b) impaired groundwater or surface water;	Met
2.	has a total estimated cost of $500,000,000 or more;	Met
3.	is located in a Reclamation State;[b] and	Met
4.	is constructed, operated, and maintained by an eligible entity.[c]	Met
Project evaluation:[d] The Secretary of the Interior may provide a grant for an eligible project under the program if—		
1.	the eligible entity determines through a feasibility study or equivalent study, and the Secretary concurs, that the eligible project—(A) is technically and financially feasible; (B) provides a federal benefit in accordance with the reclamation laws; and (C) is consistent with applicable federal and state laws;	Met
2.	the eligible entity has sufficient non-federal funding available to complete the eligible project, as determined by the Secretary; and	Met
3.	the eligible entity is financially solvent, as determined by the Secretary.	Met

Source: GAO analysis of Infrastructure Investment and Jobs Act (IIJA) and Reclamation documentation. | GAO-26-107888

[a]Infrastructure Investment and Jobs Act, Pub. L. No. 117-58, § 40905(c), 135 Stat. 429, 1122 (2021) (codified at 43 U.S.C. § 3205(c)). The eligibility criteria also require the project to provide a federal benefit in accordance with the reclamation laws. *Id.* § 3205(c)(5). This criterion is also included in the project evaluation criteria.

[b]The program defines a "Reclamation State" as the following states and territories: Arizona, California, Colorado, Hawaii, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Wyoming, American Samoa, Guam, the Northern Mariana Islands, and the Virgin Islands. *See* 43 U.S.C. § 3205(a)(4) (citing to 43 U.S.C. § 391). Reclamation limited the eligible projects to those located in the Western United States due to policy considerations and other relevant laws, according to officials. We consider this in alignment with the eligibility criteria because the eligible projects would be located in a subset of the eligible Reclamation States.

[c]The program defines "eligible entity" as (A) a State, Indian Tribe, municipality, irrigation district, water district, wastewater district, or other organization with water or power delivery authority; (B) a state, regional, or local authority, the members of which include one or more organizations with water or power delivery authority; or (C) an agency established under state law for the joint exercise of powers or a combination of entities described in (A) and (B). 43 U.S.C. § 3205(a)(1).

[d]43 U.S.C. § 3205(d). The Secretary is also required to submit to Congress written notice of the determinations within 30 days of concurrence with the results of the feasibility or equivalent study. *Id.* § 3205(d)(4).

Table 2: Priority Criteria in the IIJA for the Bureau of Reclamation's Large-Scale Water Recycling Program

Priority criteria		Program alignment with criteria
In providing grants to eligible projects under the program, the Secretary shall give priority to eligible projects that meet one or more of the following criteria:[a]		
1.	The project provides multiple benefits, including	
	(a) water supply reliability benefits for drought-stricken states and communities,	Met
	(b) fish and wildlife benefits, and	Met
	(c) water quality improvements.	Met
2.	The eligible project is likely to reduce impacts on environmental resources from water projects owned or operated by federal and state agencies, including through measurable reductions in water diversions from imperiled ecosystems.	Met
3.	The eligible project would advance water management plans across a multi-state area, such as drought contingency plans in the Colorado River Basin.	Met
4.	The eligible project is regional in nature.	Met
5.	The eligible project is collaboratively developed or supported by multiple stakeholders.	Met

Source: GAO analysis of Infrastructure Investment and Jobs Act (IIJA) and Reclamation documentation. | GAO-26-107888

[a]Infrastructure Investment and Jobs Act, Pub. L. No. 117-58, § 40905(e), 135 Stat. 429, 1123 (2021) (codified at 43 U.S.C. § 3205(e)).

As part of the overall selection process, the IIJA requires the Secretary of the Interior to submit a notice to Congress no later than 30 days after completing its review of the projects' feasibility studies.[8] The notices describe whether the selected projects meet the feasibility requirements and are, therefore, eligible for funding. Our review of agency documentation and information from an agency official show that Reclamation officials submitted two reports (one for each round) 56 to 65 days after review of the projects' feasibility studies. Officials stated that while additional time was needed to obtain approval from agency leadership, the delay did not affect implementation.

Federal regulations

The Large-Scale Water Recycling Program is subject to federal grant regulations. To quickly stand up this new program and ensure that it met these regulations, Reclamation modeled the application and selection process after the existing Title XVI grant program, according to agency officials. We found that the program's grant selection process aligned with selected federal grant regulations. For example, eligibility requirements and key dates were announced in public notices per the Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.[9] For more information on the steps in Reclamation's selection process, see appendix II. For more information on how Reclamation's process aligned with federal regulations governing federal financial assistance, see appendix III.[10]

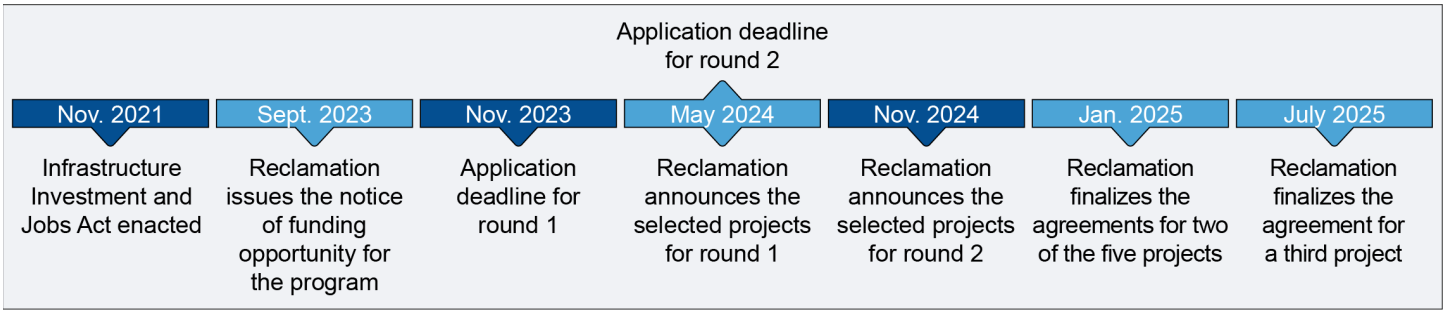
What is the time frame for implementing the program?

Congress enacted the IIJA in November 2021, and Reclamation issued a notice of funding opportunity in September of 2023, with an application deadline of November 2023. Reclamation officials said that almost 2 years passed from the enactment of IIJA to the issuance of the notice of the funding opportunity because potential applicants were not ready to submit complete applications. These officials said that at the time of IIJA's enactment there were no entities with ready-to-go plans for large-scale projects; these entities needed approvals from governing boards, time and funding to complete the application requirements, or a combination of them. For example, the application required a feasibility study that included more than what was typical under the Title XVI

program, such as an independent peer review and additional details in an economic analysis.[11]

Reclamation is implementing the Large-Scale Water Recycling Program in three rounds.[12] Reclamation selected the first round of projects for the program in May 2024 and then selected the projects for the second round in November 2024 (see fig. 3). The notice of funding opportunity for the third round is paused and under review until further notice, according to the grants.gov webpage.[13]

Figure 3: Timeline for Implementation of the Bureau of Reclamation's Large-Scale Water Recycling Program (Rounds 1 and 2)



Source: GAO analysis of Bureau of Reclamation information. | GAO-26-107888

What projects did Reclamation select for the program?

Reclamation selected all five of the projects that applied for funds (four in Southern California and one in Utah) in rounds 1 and 2 of the Large-Scale Water Recycling Program (see table 3), according to officials. The communities served by the projects include rural, suburban, and urban areas, according to grantees and a project stakeholder. The grantees for all five projects plan to use the funds to further their design efforts, and grantees for three projects are also using the funds for construction, according to project documentation.

Table 3: Projects Selected for the Bureau of Reclamation's Large-Scale Water Recycling Program (Rounds 1 and 2)

Large-scale water recycling project	Grantee	Description	Estimated production of recycled water (mgd)[a]	Total estimated project cost (dollars in billions)
Chino Basin Resiliency Project[b]	Inland Empire Utilities Agency	This project includes a series of water infrastructure projects, including injection wells and a water treatment facility.	13.4	$1.0
Los Angeles Groundwater Replenishment Project	Los Angeles Department of Water and Power	This project is for a water treatment facility and learning center at an existing wastewater plant.	18.4	0.8
Pure Water Southern California Program	Metropolitan Water District of Southern California	This project includes a new water purification facility, pipelines, and updates to the wastewater facility	115.0[c]	5.8
VenturaWaterPure Program	City of San Buenaventura, California	This project is to upgrade the wastewater facility and build a new water purification facility.	3.2	0.7
Washington County Regional Reuse System	Washington County Water Conservancy District	This project includes new and expanded wastewater treatment facilities, four new reservoirs, about 60 miles of pipeline, and multiple pump stations.	4.5[d]	1.6
Total			**154.5**	**$9.9**

Source: GAO analysis of Bureau of Reclamation and grantee information. | GAO-26-107888

[a]mgd = million of gallons per day

[b]The full name is the Advanced Treatment of Recycled Water to Enhance Chino Basin Resiliency Project.

[c]A future planned expansion of the Pure Water Southern California Program—not included in this grant—is intended to increase recycled water production to 150.0 mgd.

[d]The estimated production of recycled water for the Washington County Regional Reuse System is intended to increase production to 27.7 mgd by 2070.

Appendix IV includes profiles of each of the five projects—including the funding status, project timeline and impacts (potential benefits), and a depiction of the water recycling approach.

To what extent did the selected projects align with IIJA criteria?

Each of the five selected projects aligned with the relevant IIJA criteria, according to our analysis of Reclamation assessment results. The projects aligned with the eligibility criteria, such as having a total estimated project cost of at least $500 million. In addition, each project met multiple priority criteria in the IIJA that Reclamation used in prioritizing projects (see table 4).

Table 4: Infrastructure Investment and Jobs Act Priority Criteria and Projects in the Large-Scale Water Recycling Program

Priority criteria	LAGWR[a]	PWSC[b]	Ventura Pure Water[c]	Chino Basin[d]	Wa. County Reuse[e]
In providing grants to eligible projects under the program, the Secretary of the Interior must give priority to eligible projects that meet one or more of the following criteria:[f]					
1. The project provides multiple benefits, including					
a) water supply reliability benefits for drought-stricken states and communities	Met	Met	Met	Met	Met
b) fish and wildlife benefits	Met	Met	Met	Met	Met
c) water quality improvements	Met	Met	Met	Met	Met
2. The eligible project is likely to reduce impacts on environmental resources from water projects owned or operated by federal and state agencies, including through measurable reductions in water diversions from imperiled ecosystems.	Met	Met	Met	Met	Met
3. The eligible project would advance water management plans across a multi-state area, such as drought contingency plans in the Colorado River Basin.	Met	Met	Not met	Not met	Met
4. The eligible project is regional in nature.	Met	Met	Met	Met	Met
5. The eligible project is collaboratively developed or supported by multiple stakeholders.	Met	Met	Met	Met	Met

Source: GAO analysis of Bureau of Reclamation and grantee information. | GAO-26-107888

[a]LAGWR—Los Angeles Groundwater Replenishment Project

[b]PWSC—Pure Water Southern California

[c]Ventura Pure Water—VenturaPureWater Program

[d]Chino Basin—Advanced Treatment of Recycled Water to Enhance Chino Basin Resiliency Project

[e]Wa. County Reuse—Washington County Regional Reuse System

[f]Infrastructure Investment and Jobs Act, Pub. L. No. 117-58, § 40905(e), 135 Stat. 429, 1123 (2021) (codified at 43 U.S.C. § 3205(e)).

[g]The selected projects are not required to meet these criteria. The Infrastructure Investment and Jobs Act states that the Secretary of the Interior must give priority in awarding grants to eligible projects that meet one or more of the criteria listed in the table.

What is the status of funding for the selected projects?

Reclamation had selected grant amounts for the five projects totaling about $308 million and obligated $236.5 million as of December 2025. The agency obligated $216 million for two projects in January 2025. In February 2025, Interior, pursuant to an executive order, began reviewing grants and approved projects across the department, delaying Reclamation officials from obligating the remaining funds.[14] In July 2025, Reclamation obligated an additional $20.5 million for a third project. The three grantees confirmed that those funds are available to them. In December 2025, Reclamation officials said the department was still reviewing the other grants (totaling $71.5 million) but that Reclamation would obligate the remaining funds after Interior approves the execution of the

grant agreements. See table 5 below for the status of funding for each project as of December 2025.[15]

Key Budget Terms Related to Projects in the Large-Scale Water Recycling Program

- **Selected for funding:** Reclamation selects a grantee's project for funding after completing the review of the project grantee's application.
- **Obligated:** Reclamation obligates (or awards) funding when a financial assistance agreement is executed. A financial assistance agreement outlines the work the project grantee will complete with the funding.
- **Expended:** The project grantee draws down the obligated/awarded funds as work is completed by requesting disbursements. Once funding is disbursed to the project grantee, the funds are considered expended.

Source: GAO analysis of information from the Bureau of Reclamation. | GAO-26-107888

Table 5: Funding Status for Projects Selected for the Bureau of Reclamation's Large-Scale Water Recycling Program (Rounds 1 and 2), as of December 2025

Dollars in millions	Reclamation's selected grants[a]				
Large-scale water recycling project	**Round 1**	**Round 2**	**Combined (Rounds 1 and 2)**	**Obligated amount[b]**	**Expended amount[c]**
Chino Basin Resiliency Project[d]	$0.0	$10.9	$10.9	$0.0	$0.0
Los Angeles Groundwater Replenishment Project	30.0	30.0	60.0	0.0	0.0
Pure Water Southern California Program	99.2	26.3	125.5	125.5	21.3
VenturaWaterPure Program	30.0	60.5	90.5	90.5	1.5
Washington County Regional Reuse System	20.5	0.6	21.2	20.5	0.0
Total	**$179.7**	**$128.3**	**$308.0**	**$236.5**	**$22.8**

Source: GAO analysis of Bureau of Reclamation and grantee information. | GAO-26-107888

Notes: Numbers may not sum to the total because of rounding.

As of August 2025, Reclamation had not selected projects for the remaining estimated $142 million of the $450 million appropriation for Large-Scale Water Recycling Program grants.

[a]Reclamation selects a project for funding after completing its review of the project grantee's application.

[b]Reclamation develops a financial assistance agreement for the scope of work that the project grantee will complete with the funding they have been selected to receive. Reclamation obligates (or awards) that funding when the financial assistance agreement is executed.

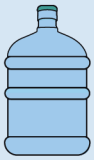
[c]The project grantee draws down the obligated/awarded funding as work is completed by requesting disbursements of funding for that work. Once funding is disbursed to the project grantee, it is considered expended.

[d]The full name is the Advanced Treatment of Recycled Water to Enhance Chino Basin Resiliency Project.

What are the potential benefits of the selected projects?

The projects selected for rounds 1 and 2 of the Large-Scale Water Recycling Program are intended to provide a range of benefits, such as replenishing and improving the water quality of local groundwater basins, improving the habitat for federally protected threatened or endangered species, reducing water imports from the Colorado River, and supporting increased population growth in the region. For more information on the selected projects, including their potential benefits, see figure 4 and appendix IV which includes profiles that describe, among other things, the potential benefits of each project.

Figure 4: Combined Potential Benefits of the Five Projects Selected for Rounds 1 and 2 for the Bureau of Reclamation's Large-Scale Water Recycling Program

	More than **154 million gallons per day** of recycled water by 2035,[a] enough to cover an area the size of Washington, D.C., with about 4 feet of water every year.[b]
	The service areas of the projects include over **19 million customers**, across 7 counties covering urban, rural, suburban, and tribal areas. Customers include agricultural, commercial, industrial, institutional, and residential.
	Reducing reliance on imported and drought-prone water supplies, including the Colorado River, by **115 million gallons per day**.
	Improving protection of critical habitats for at least **17 sensitive species** of wildlife, including the tidewater goby, western snowy plover, Chinook salmon, and greater sage-grouse.
	Creating at least **24,000 construction jobs**, as well as others indirectly related to development of the projects.
	More than **$45 billion in financial benefits** and more than $24 billion after accounting for project costs. These stem from job creation for construction and after construction, water quality benefits through avoided water softener costs, avoided manufacturing loss, avoided city water revenue losses due to water supply shortages, and avoided revenue losses to hospitality, tourism, arts, and agriculture.

Source: GAO analysis of information from the Bureau of Reclamation and project grantees. | GAO-26-107888

Note: The five projects selected for rounds 1 and 2 of the Large-Scale Water Recycling Program are the (1) Chino Basin Resiliency Project (grantee: Inland Empire Utilities Agency); (2) Los Angeles Groundwater Replenishment Project (grantee: Los Angeles Department of Water and Power); (3) Pure Water Southern California Program (grantee: Metropolitan Water District of Southern California); (4) VenturaWaterPure Program (grantee: City of San Buenaventura, California); and (5) Washington County Regional Reuse System (grantee: Washington County (Utah) Water Conservancy District).

[a]By 2035, the five projects will produce up to 154.5 million gallons per day of recycled water and will produce up to 212.7 million gallons per day by 2070.

[b]The geographic area of Washington, D.C. is approximately 68.3 square miles.

Project stakeholders and grantees said that the water recycling projects are critical to providing water to residents and supporting local economic growth. For example, one project stakeholder told us that the water recycling project is critical to meeting the demand for housing and expanding the economy in a rapidly growing metropolitan area. Another grantee said its project is necessary to meet a consent decree about diverting treated wastewater from a nearby river. This grantee also said that being able to provide recycled water to residents is a significant benefit that influences many aspects of managing a city.

Grantees stated that yet another benefit of receiving a large-scale water recycling grant is that the funds will help ensure that the full construction costs for the projects are not passed on to customers (see fig. 5). Local governments and their utilities generally pay the majority of the costs to repair, replace, and upgrade drinking water and wastewater infrastructure, primarily by charging rates for drinking water and wastewater services.[16]

Figure 5: Impact of Federal Grant on Ratepayers

Site of the VenturaWaterPure Program

The Large-Scale Water Recycling Program grants can help offset the amount of the cost increases for communities, according to grantees.

The VenturaWaterPure Program grantee estimated that monthly fiscal year (FY) 2027 through FY 2035 rates for combined water and wastewater services for the City of San Buenaventura, California customers will be lower because of the grant funding.

For an estimated average monthly bill for a single-family residential customer, this difference will be the largest in FY 2029 ($17.65). Afterward, the savings are generally lower in FY 2030 through FY 2035, ranging from $10.00 to $12.00.

Sources: GAO analysis of information from the City of San Buenaventura, California; GAO (photo). | GAO-26-107888

What program implementation challenges did Reclamation experience related to the IIJA criteria?

Reclamation officials experienced some challenges related to the IIJA criteria in implementing rounds 1 and 2 of the Large-Scale Water Recycling Program.

Feasibility studies are not included for IIJA funding. The IIJA requires a feasibility study, among other things, as part of the application for project funding and for Reclamation to concur that the project is technically and financially feasible.[17] As such, the costs of developing feasibility studies are not included in the total project costs eligible for IIJA funding. All five grantees told us that they needed to develop or update their feasibility studies to apply to the program. Reclamation officials confirmed that all the potential applicants requested time to complete feasibility studies and thus were not able to apply for the program until 2023, about 24 months after the IIJA was enacted in 2021.[18] Officials told us that having the flexibility to fund applicants' efforts to develop their feasibility studies would have helped the agency fund the projects sooner.

To assist potential applicants, Reclamation created a separate one-time funding opportunity to fund feasibility studies or other design-related activities for water recycling projects. Reclamation used $9.5 million of unallocated carryover funds from the Title XVI program.[19] Four potential applicants used the funds for feasibility studies or other design-related activities to support the application. Table 6 lists the entities that received funds for a feasibility study or other design activities and were also selected for the Large-Scale Water Recycling Program.

Table 6: Funding the Bureau of Reclamation Provided for Feasibility Studies or Other Design Activities for Selected Large-Scale Water Recycling Projects (Rounds 1 and 2)

Dollars in millions

Large-scale water recycling project	Approximate funding
Chino Basin Resiliency Project[a]	$2.8
Los Angeles Groundwater Replenishment Project	0.3
Pure Water Southern California Program	5.0
Washington County Regional Reuse System	1.4
Total	**$9.5**

Source: GAO analysis of Bureau of Reclamation information. | GAO-26-107888

Notes: Numbers may not total to the sum because of rounding.

Reclamation officials stated they provided about $29 million in grant funding to 31 entities for the purpose of conducting feasibility studies or other design activities of water recycling projects. The grantees included some smaller scale projects and other large-scale projects that entities did not apply to rounds 1 or 2 of the Large-Scale Water Recycling Program.

[a]The full name for this project is the Advanced Treatment of Recycled Water to Enhance Chino Basin Resiliency Project.

Lack of clarity about the inclusion of insular areas because of an existing law. Reclamation officials told us that the agency excluded projects in insular areas (e.g., Guam and the Northern Mariana Islands) because the IIJA did not align with an existing law that requires Interior to fund 100 percent of approved projects in insular areas.[20] The IIJA included certain insular areas in its definition

of “Reclamation States” eligible for funding but did limit the federal investment to 25 percent of the total project costs.[21] However, Reclamation officials made a policy decision to exclude them because fully funding projects in the insular areas could prevent Reclamation from awarding other grants. Officials told us that they were not aware of interest in large-scale water recycling projects in the insular areas. However, these officials said, they planned to identify other funding opportunities for entities interested in water recycling projects for insular areas.

IIJA did not include a funding limit (in dollars) for each project to mitigate the federal government's risk from cost escalation. The IIJA states that federal funding for the large-scale projects is limited to 25 percent of total project costs but does not include a dollar amount ceiling. As previously mentioned, the Title XVI program includes both a percentage and a dollar amount ceiling. Reclamation officials told us that the percentage ceiling for the Large-Scale Water Recycling Program entails additional monitoring for projects' potential escalating costs. Additionally, a percentage-based cap means the federal investment increases in tandem with total cost. This could occur if a project, with rising total costs over time, applies for and is awarded funds across multiple rounds of the program.

Officials created a dollar ceiling in practice for this program. For example, in round 1, officials determined that each selected project would receive $30 million, or the full request if 25 percent of the estimated project costs was less than $30 million, and the highest-scoring project would receive any remaining funds for that round. Specifically, for round 1, to determine the distribution of $179.7 million, Reclamation determined that two projects would receive $30 million, one would receive $20.5 million, and one would receive $99.2 million ($30 million and the remaining $69.2 million). Officials told us this method allowed them to provide larger amounts to higher scoring projects and ensure transparency.

Adhering to the 30-day deadline to report determinations to Congress. As mentioned previously, Reclamation did not meet the IIJA criteria of submitting a notice to Congress within 30 days after completing its review and determinations of the projects’ feasibility studies. Instead, Reclamation submitted these reports from 56 to 65 days after the agency’s review. Officials said the extra time was required to obtain the necessary approvals from agency leadership before submitting the report.

What other challenges did Reclamation experience implementing the program?

Reclamation officials experienced challenges related to workforce capacity and funding availability in implementing rounds 1 and 2 of the Large-Scale Water Recycling Program.

Increased amount of communication needed with the project sponsors (or grant applicants). Officials said that because of the scale and complexity of large-scale projects, their level of communication with project sponsors was higher than with Title XVI program grantees. During the selection process, Reclamation officials said that they needed more time to understand how large-scale projects were structured and implemented to ensure they made appropriate funding decisions. For example, officials said they spent time working with a grantee on assessing the cost-share requirements of the grantee’s proposed project when the grantee was not able to identify all the nonfederal funding for the project. This effort prevented the grantee from having to withdraw their application, according to the grantee.

Decrease in Reclamation's workforce capacity. By April 2025, after the selection of projects for rounds 1 and 2, Reclamation experienced a decrease in its program staff, according to officials. Two key officials responsible for the implementation of the program left the agency. In addition, two staff responsible for monitoring grants (after the projects are selected) left the agency. These resignations represented a loss of institutional knowledge for the agency, according to officials.

Delays in executing remaining agreements for rounds 1 and 2 and in implementing round 3. As previously mentioned, Reclamation awarded funding for two of the five selected large-scale water recycling projects in January 2025, but a department-wide grant and project review in February 2025 delayed Reclamation from obligating additional funds. In July 2025, the agency obligated an additional $20.5 million to a third project. Officials said that, as of December 3, 2025, they had not yet received approval to execute the agreements and award funding for the other selected projects.

The delay has some implications for project construction, according to grantees and Reclamation officials. For example, a Buy America Build America (BABA) waiver for the projects expired in February 2025.[22] Officials said that the waiver's expiration could increase project costs by restricting access to previously allowed foreign-made equipment, which may be less expensive, and that the expiration could delay construction because of the time and related expenses necessary to purchase new equipment. In April 2025, officials said they were working to determine an alternative solution for these grantees, including possibly applying for project-specific waivers.

How has Reclamation addressed the program implementation challenges?

Reclamation implemented strategies in rounds 1 and 2 to address the identified challenges, such as developing a separate funding opportunity to fund feasibility studies, excluding insular areas from consideration, and incorporating a project funding limit. Defining strategies to mitigate the challenges to program implementation is consistent with actions policymakers should take to assess an environment as described in key practices for evidence-based policymaking, which GAO developed based on federal laws and guidance and past GAO work.[23]

GAO's evidence-based policymaking guide emphasizes the importance of "assessing the environment" (understanding the context, performance, and challenges of federal initiatives) to inform future improvements and legislative decisions. In the context of Reclamation's Large-Scale Water Recycling Program, this means reporting to Congress not only on successful implementations but also on the program's challenges, such as delays, technical complexities, or administrative hurdles. Doing so generates new insights that reveal what aspects of the program are working well, where inefficiencies or bottlenecks are occurring, and how funding and administrative processes can be refined. These insights allow decision-makers to make targeted adjustments that improve program delivery, ensure public funds are used effectively, and give Congress a clear basis for determining whether to reauthorize, revise, or expand the program. Early assessment is consistent with GAO's evidence-based policymaking practices and helps ensure that lessons learned from initial implementation can be captured and acted upon before key opportunities for improvement are lost.

As of December 2025, Reclamation officials had not selected projects for the remaining $142 million appropriated for the program because the program is under review until further notice. As a result, officials said that they have not had the opportunity to conduct a full review of potential external factors or formally share any experience with decision-makers, such as Interior leadership or

Congress. Reclamation's reporting about the implementation of the program to Congress could improve the Large-Scale Water Recycling Program or future water recycling programs. Specifically, sharing this information with Congress for its consideration may lead to changes in legislation, resulting in more timely distribution of funding, inclusion of all potentially eligible projects in the case of insular areas, and allowing for more control and transparency in the management of the federal investment.

What challenges did grantees experience?

The grantees for the selected large-scale water recycling projects described their experiences with Reclamation officials as positive and helpful. Some grantees also described challenges with applying for or receiving grant funding.

Need to separate components of the project for different funding opportunities. One grantee told us that, because it was applying for funds from another federal program, it was required to divide the project plans into discrete components. For example, the grantee planned for its design and construction work of the water treatment facility to be funded by the Large-Scale Water Recycling Program and construction of pipelines to be funded by the Federal Emergency Management Agency. The grantee said that, as a result, it had to update its feasibility study, including to present detailed feasibility analyses, information on design and construction, and benefits and costs specific to each phase.

BABA waiver's expiration. As mentioned above, the BABA waiver for projects expired in February 2025. One grantee told us that the expiration of the waiver could hinder their efforts to purchase needed equipment and could increase project costs because it could impede access to previously allowed foreign-made equipment, and may require them to purchase new, potentially more expensive, equipment. Reclamation officials stated that grantees may consider pursuing other waivers, such as a project-specific waiver, and that officials are developing related guidance for the grantees.

Delay in receiving grant funding. As mentioned above, grantees for two of the five projects have not received grant funding because Reclamation has not executed the agreements for the grants. One grantee told us that the delay in receiving the funds could impact project timelines.

Conclusions

Reclamation provides federal resources to communities aiming to use water recycling to increase and replenish their local water supplies. The IIJA's Large-Scale Water Recycling Program enables Reclamation to provide additional federal resources to communities planning significant water infrastructure projects. Reclamation's process for selecting the five projects for the first two rounds aligned with the IIJA requirements and selected regulations. But Reclamation officials we interviewed experienced program implementation challenges.

Reclamation implemented strategies to address these challenges. Officials said these strategies may help the agency distribute the funding sooner, manage the federal government's investment, and allow for more transparency in funding. Reporting its experience in implementing the program could help Reclamation supply decision-makers such as Congress with information that can be used to improve how the Large-Scale Water Recycling Program or future water recycling programs are implemented.

Recommendation for Executive Action

The Commissioner of the Bureau of Reclamation should, through the U.S. Department of the Interior, report to Congress the agency's experience implementing the Large-Scale Water Recycling Program, including legislative opportunities for Congress to consider to improve the program, if it is revised or reauthorized, or to improve similar programs. (Recommendation 1)

Agency Comments

We provided a draft of this report to the Secretary of the Interior for review and comment. In an email response, Interior concurred with our recommendation and stated it had no further comments.

How GAO Did This Study

To assess the extent to which Reclamation's selection process and selection criteria for the Large-Scale Water Recycling Program aligned with relevant criteria in the IIJA, we reviewed Reclamation's guidance and program and project documentation and then assessed these against the relevant criteria in the IIJA. To determine whether Reclamation met the criteria, we identified whether the IIJA criteria were reflected in guidance, notices, and other program documentation. For example, we identified whether the program and project documentation supported an applicant's estimated project cost of $500 million or more and location in a Reclamation State.

We also assessed Reclamation's guidance and program and project documentation against selected federal grant regulations, including certain criteria from the Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and Financial Assistance Interior Regulations. To determine whether Reclamation met these criteria, we identified whether program and project documentation reflected the selected regulations. For example, we reviewed whether the funding opportunity included information on how the applications would be evaluated, described certain unallowable costs, and had information on cost-sharing. We interviewed Reclamation officials about the application and selection processes and reviewed other relevant documentation.

To assess the extent to which the selected projects aligned with IIJA criteria and to learn more about their intended benefits, we reviewed project documentation, interviewed stakeholders associated with the projects, and conducted site visits with each grantee. We identified stakeholders by reviewing applications and other project documents. We then judgmentally selected stakeholders to interview for each project. Stakeholders included water districts, environmental and community organizations, and Tribes. To understand the challenges Reclamation and grantees experienced with the program's implementation, we reviewed the relevant portions of the IIJA, interviewed officials and grantees, and assessed Reclamation's efforts against GAO's key practices for evidence-based policymaking. GAO developed these practices based on federal laws and guidance and past GAO work.[24]

We conducted this performance audit from October 2024 to January 2026 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

List of Addressees

The Honorable Mike Lee
Chairman
The Honorable Martin Heinrich
Ranking Member
Committee on Energy and Natural Resources
United States Senate

The Honorable Bruce Westerman
Chairman
The Honorable Jared Huffman
Ranking Member
Committee on Natural Resources
House of Representatives

We are sending copies of this report to the appropriate congressional committees, the Secretary of the Interior, and other interested parties. In addition, the report is available at no charge on the GAO website at https://www.gao.gov.

GAO Contact Information

For more information, contact: Cardell Johnson, Director, Natural Resources and Environment, JohnsonCD1@gao.gov.

Public Affairs: Sarah Kaczmarek, Managing Director, Media@gao.gov.

Congressional Relations: A. Nicole Clowers, Managing Director, CongRel@gao.gov.

Staff Acknowledgments: Tahra Nichols (Assistant Director), John Barrett (Analyst in Charge), Adrian Apodaca, Taylor Bailey, Bryan Bourgault, Karen Chen, Margaret Childs, Michael Del Campo, David Dornisch, Elizabeth Erdmann, Chaya Johnson, Gwen Kirby, Barbara Lancaster, Ben Licht, Krista Mantsch, Lena Nour, Lauren Ostrander, Andy Payne, Leslie Pollock, Brenda Rabinowitz, Lesley Rinner, Wes Sholtes, Courtney Tepera, Linda Tsang, and Matthew Voit.

Appendix I: Alignment of Reclamation's Evaluation Criteria with the IIJA

The Infrastructure Investment and Jobs Act (IIJA) includes criteria eligible projects are to be evaluated against for the Large-Scale Water Recycling Program. The U.S. Department of the Interior's Bureau of Reclamation incorporated these evaluation criteria in its process to score and select projects (see table 7).

Table 7: Evaluation Criteria for Reclamation's Large-Scale Water Recycling Program Grants and Criteria in the Infrastructure Investment and Jobs Act (IIJA)[a]

Reclamation's evaluation criteria	Description	Maximum points	Based on criteria in the IIJA
1. Water supply		35	
a) Stretching water supplies	Points will be awarded based on the extent to which the project is expected to secure and stretch reliable water supplies.	18	Priority criteria 1(a) and 1(c)[b]
b) Contributions to water supply sustainability	Points will be awarded for projects that contribute to a more reliable water supply.	17	Priority criteria 1(a), 1(b), and 1(c)[b]
2. Environment and water quality	Points will be awarded based on the extent to which the project will improve surface, groundwater, or effluent discharge quality; will restore or enhance habitat for nonlisted species; or will provide water or habitat for federally listed threatened or endangered species.	15	Priority criteria 1(b), 1(c), and 2[b]
3. Economic benefits		25	
a) Cost-effectiveness	Points will be awarded based on the cost per acre-foot of water expected to be delivered upon completion of the project and how the cost of the project compares with a nonreclaimed water alternative.	15	IIJA criterion that the project is technically and financially feasible[a]
b) Economic Analysis and Project Benefits	Points will be awarded based on the analysis of the project's benefits relative to the project's costs.	10	IIJA criterion that the project is technically and financially feasible[a]
4. Presidential and U.S. Department of the Interior priorities	Up to 15 points may be awarded based on the extent that the project demonstrates support for the Biden Administration's priorities, including Executive Order (E.O.) 14008: *Tackling the Climate Crisis at Home and Abroad* and E.O. 13985: *Advancing Racial Equity and Support for Underserved Communities Through the Federal Government,* and the President's memorandum, *Tribal Consultation and Strengthening Nation-to-Nation Relationships.*[c]	15	Not included in the IIJA
5. Reclamation's Obligations and Watershed Perspective		10	
a) Reclamation's Legal and Contractual Water Supply Obligations	Points will be awarded for Projects that help to meet Reclamation's legal and contractual obligations.	5	IIJA criterion that the project provides a federal benefit in accordance with the reclamation laws[a]
b) Watershed Perspective	Points will be awarded based on the extent to which the Project promotes or applies a watershed perspective by implementing an integrated resources management approach, implementing a regional planning effort, forming collaborative partnerships with entities representing diverse interests, or conducting public outreach.	5	Priority criteria 3, 4, and 5[b]
Total		**100**	

Source: GAO analysis of Bureau of Reclamation information and IIJA statutory provisions. | GAO-26-107888

[a]The IIJA states that the Secretary of the Interior may provide a grant to an eligible project if the Secretary concurs with the eligible entity that the project (a) is technically and financially feasible; (b) provides a federal benefit in accordance with reclamation laws; and (c) is consistent with applicable federal and state laws, among other things. 43 U.S.C. § 3205(d)(1).

[b]The five priority criteria in the IIJA consist of (43 U.S.C. § 3205(e)):

(1) The eligible project provides multiple benefits, including: (a) water supply reliability benefits for drought-stricken states and communities; (b) fish and wildlife benefits; and (c) water quality improvements.

(2) The eligible project is likely to reduce impacts on environmental resources from water projects owned or operated by federal and state agencies, including through measurable reductions in water diversions from imperiled ecosystems.

(3) The eligible project would advance water management plans across a multi-state area, such as drought contingency plans in the Colorado River Basin.

(4) The eligible project is regional in nature.

(5) The eligible project is collaboratively developed or supported by multiple stakeholders.

[c]In January 2025, the Trump Administration revoked E.O. 14008 and E.O. 13985. See Exec. Order No. 14148, Initial Rescissions of Harmful Executive Orders and Actions, 90 Fed. Reg. 8237 (Jan. 28, 2025).

Appendix II: Reclamation's Project Selection Process

The U.S. Department of the Interior's Bureau of Reclamation process to select projects for the Large-Scale Water Recycling Program consists of the steps listed below, according to officials and our review of documents. This process is similar to Reclamation's process for selecting projects under the Title XVI program, which we reported on in 2018.[25]

1. To start its selection process, Reclamation announces funding opportunities by developing the funding opportunity announcement, which is publicly available on its website, SAM.gov, and on www.grants.gov. This announcement contains information for applicants to consider prior to applying, including the types of eligible projects, estimated funding available, information on the application review process, the application due date, and the criteria that Reclamation will use to score applications.
2. Applicants submit applications for the Large-Scale Water Recycling Program grants to Reclamation in response to the announcements, according to Reclamation officials.
3. Reclamation officials then review the applications to ensure the projects are eligible and that applications are complete and submitted on time.
4. Next, an application review committee scores eligible applications. The application review committee is composed of Reclamation staff representing the five regions and other staff with technical expertise. Committee members individually review and score each application based on the evaluation criteria in the announcement.
5. After the individual scoring, the application review committee meets collectively to discuss the scores. If there are any outliers in the scores—for example, if a committee member scores an application significantly higher or lower than the other members—the committee is to discuss and may adjust the score to help ensure fairness and consistency in how the applications are scored relative to the evaluation criteria, according to agency officials.
6. Following this discussion, Reclamation averages the members' scores for each application and then ranks the applications on the basis of the average scores.
7. Reclamation creates a list of recommended projects and amounts for the awards for these projects on the basis of the rankings.

Appendix III: Alignment of Reclamation's Selection Process with Selected Federal Grant Regulations

The process the U.S. Department of the Interior's Bureau of Reclamation uses to select projects for its Large-Scale Water Recycling Program aligned with selected federal grant regulations. For example, the process aligned with selected provisions from the Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the Financial Assistance Interior Regulation, which supplements the Uniform Guidance (see table 8).[26]

Table 8: Selected Federal Grant Regulations Relevant to the U.S. Department of the Interior (DOI) Bureau of Reclamation's Large-Scale Water Recycling Program

Federal grant regulation		Program alignment with regulation
Selected provisions from the Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 C.F.R. Part 200)		
Public notice of federal financial assistance programs (2 C.F.R. § 200.203): Did DOI add the Large-Scale Water Recycling Program to the Assistance Listings maintained by the General Services Administration at SAM.gov that includes the following elements?		
1.	Program description, purpose, goals, and measurement	Met
2.	Identification of whether the program will issue federal awards on a discretionary or non-discretionary basis	Met
3.	Projected total amount of funds available for the program	Met
4.	The statutory authority for funding the program and the agency, subagency, or specific program unit that will issue the awards (to the extent possible) and associated funding identifier	Met

Federal grant regulation	Program alignment with regulation
5. General eligibility requirements	Met
6. Applicability of single audit requirements as required by 2 C.F.R. part 200, subpart F	Met
Summary information in notices of funding opportunities (NOFO) (2 C.F.R. § 200.204(a)): Did DOI display the following information on Grants.gov, preceding the full text of the NOFO that includes the following elements?	
1. Federal agency name	Met
2. Funding opportunity title	Met
3. Announcement type (whether the funding opportunity is the initial announcement or a modification of a previously announced opportunity)	Met
4. Funding opportunity number (required, if the federal agency has assigned a number to the funding opportunity announcement)	Met
5. Assistance listing number(s)	Met
6. To the extent appropriate, the total amount of funding that the federal agency expects to award, the anticipated number of awards, and the expected dollar values of individual awards, which may be a range or average	Met
7. Key dates include due dates for submitting applications	Met
Availability period (2 C.F.R. § 200.204(b)): Was the NOFO available for application for at least 60 calendar days?	Met
Merit Review (2 C.F.R. § 200.205):	
1. Has DOI designed and documented a process and standards to review the merit of applications for discretionary federal awards? These standards should identify the number of people the agency requires to participate in the merit review process and provide opportunities for a diverse group of participants, including those representing underserved communities.	Met
2. Has DOI periodically reviewed its merit review process?	Met
Risk Assessment (2 C.F.R. § 200.206)(b)):	
1. Does DOI establish and maintain policies and procedures for conducting a risk assessment to evaluate the risks posed by applicants before issuing federal awards?	Met
2. Did DOI conduct a risk assessment to evaluate the risks posed by applicants before issuing federal awards for the Large-Scale Water Recycling Program?	Met
Notice of funding opportunity content: 2 C.F.R. pt. 200, App. I(b)	
Federal award information (2 C.F.R. pt. 200, App. I(b)(1)): Does the NOFO have a basic federal award information section?	Met
Program description (2 C.F.R. pt. 200, App. I(b)(3)): Does the NOFO have a full program description? This should contain program description information about the funding opportunity, including the following:	
1. The general purpose of the funding and what it is expected to achieve for the public good	Met
2. The federal agency's funding priorities or focus areas, if any	Met
3. Program goals and objectives	Met
4. A description of how the award will contribute to achieving the program's goals and objectives	Met
5. The expected performance goals, indicators, targets, baseline data, data collection, and other outcomes the federal agency expects recipients to achieve	Met
6. Information on program-specific unallowable costs so that the applicant can develop an application and budget consistent with program requirements and any limits on indirect costs	Met
7. Citations for authorizing statutes and regulations for the funding opportunity	Met
Eligible applicants/entities (2 C.F.R. pt. 200, App. I(b)(2)(i)): Does the NOFO have eligible applicants information that clearly identifies the type of entities that are eligible to apply, restrictions, or other criteria per statutory requirements in 43 U.S.C. § 3205(a)(1)?	Met
Cost sharing (2 C.F.R. pt. 200, App. I(b)(2)(ii)): Does the NOFO have eligibility information on required cost sharing (i.e., whether there is required cost sharing, matching, or cost participation and restrictions on the types of cost sharing that is acceptable)?	Met
Submission requirements (2 C.F.R. pt. 200, App. I(b)(4)-(5)): Does the NOFO have submission requirements information that identifies application contents and format; instructions; and due dates and times for all submissions?	Met
Funding restrictions (2 C.F.R. pt. 200, App. I(b)(3)(G)): Does NOFO have funding restrictions information, including information on funding restrictions, such as whether there are certain unallowable costs?	Met
Threshold/initial screen review criteria (2 C.F.R. pt. 200, App. I(b)(6)(i)): Does NOFO have threshold criteria that the federal agency will use to determine whether an application or project is ineligible? This includes a responsiveness review process; criteria or disqualifying factors to be reviewed; and a reference to the regulation or requirement that describes the restriction, if applicable.	Met

Federal grant regulation	Program alignment with regulation
Merit review criteria (2 C.F.R. pt. 200, App. I(b)(6)(ii)-(iii)):	
1. Does the NOFO have criteria that the federal agency will use to evaluate/score applications for merit? This includes review criteria evaluators will use to judge applications, including any statutory, regulatory, or other preferences that will be applied in the review process.	Met
2. Does the NOFO list the criteria and weights?	Met
3. Does the NOFO have a review and selection process? This should include a brief description of the merit review process and may include who is responsible for evaluating applications, the number of people on an evaluation panel and how it operates, how reviewers are selected, reviewer qualifications, and how conflicts of interest are avoided.	Met
4. Is the NOFO clear on how cost sharing will be considered in the evaluation process?	Met
Risk review (2 C.F.R. pt. 200, App. I(b)(6)(iv)): Does the NOFO describe the factors used for the federal agency's risk review as required by 2 C.F.R. § 200.206?	Met
Award notices (2 C.F.R. pt. 200, App. I(b)(7)): Does the NOFO address what a successful applicant can expect to receive following selection, including award notices, pre-award costs; notice delivery; and timing, form, and content of notifications to unsuccessful applicants?	Met
Administrative and national policy requirements (2 C.F.R. pt. 200, App. I(b)(8)): Does the NOFO provide information on administrative and policy requirements so potential applicants can identify any requirements it would have difficulty complying with, including general terms and conditions of the award and any relevant specific terms and conditions?	Met
Financial Assistance Interior Regulation (FAIR), Supplementing the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards: 2 C.F.R. pt. 1402	
Evaluation and selection plan (2 C.F.R. § 1402.204(c)): Did DOI provide GAO with an evaluation and selection plan that includes the following: 1. Merit review factors and subfactors 2. A rating system 3. Evaluation standards or descriptions that explain the basis for assignment of the various rating system grades/scores 4. Program policy factor 5. The basis for selection	Met
Basic review standards (2 C.F.R. § 1402.204(d)-(g)): Did DOI initially screen applications/proposals to ensure that they meet the standards below before the merit review process?	
1. Completeness. DOI may return applications/proposals that are incomplete or otherwise fail to meet the requirements of the NOFO to the applicant to be corrected, modified, or supplemented, or may reject the application/proposal outright. Until the application/proposal meets the substantive requirements of the announcement and this part, it shall not be given detailed evaluation.	Met
2. Timeliness. Applications that are submitted beyond the announced deadline date must be removed from the review process.	Met
3. Threshold screening for the adequacy of the budget and compliance with statutory and other requirements.	Met
Merit review evaluation screening (2 C.F.R. § 1402.204(h)): Did DOI develop merit review criteria based on statutory requirements that focus on the project's underlying merit (i.e., significance, approach, and feasibility) and the broader importance or potential impact of the project?	Met

Source: GAO analysis of Bureau of Reclamation information and federal regulations. | GAO-26-107888

[a]The NOFO specifies that ineligible items include operations, maintenance, and replacement activities, such as replacing malfunctioning components of an existing facility with the same components. The NOFO also specifies that the costs for preparing and submitting an application in response to the funding opportunity are not eligible project costs.

Appendix IV: Profiles of the Five Selected Projects

Details about the five water recycling projects selected to receive grants by the Bureau of Reclamation are included on the following pages.

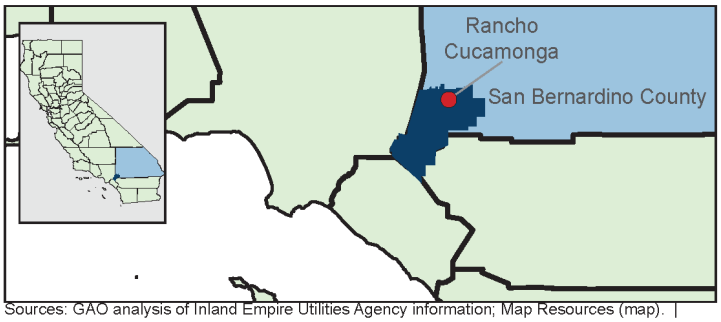
CHINO BASIN RESILIENCY PROJECT

GENERAL DESCRIPTION

The Chino Basin Resiliency Project aims to provide 13.4 million gallons per day of purified water by constructing a new water purification facility and installing new injection wells and pipelines. The purified water will be used to replenish the Chino Basin, the largest basin in Southern California. The Chino Basin holds approximately 1.6 trillion gallons of water—making up approximately 40 percent of the region's water supply. The project will assist in increasing the water supply for 935,000 residents in the Inland Empire Utility Agency's 242-square mile service area.

LOCATION

Regional Water Recycling Plant No. 4
Rancho Cucamonga, CA



Sources: GAO analysis of Inland Empire Utilities Agency information; Map Resources (map). | GAO-26-107888

GRANTEE

Inland Empire Utilities Agency

FUNDING

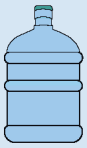
Chino Basin Resiliency Project Dollars in millions	
Federal funding	
Large-Scale Water Recycling Program	
Round 2	$10.9
Other federal funding	
EPA's WIFIA loan[a]	$25.0
Reclamation's Water Recycling and Desalination Planning Grant	$2.8
Federal Community Project Request	$1.1
Nonfederal funding	$990.2
Total estimated project cost	**$1,030.0**

Sources: GAO analysis of Bureau of Reclamation information and information from an Inland Empire Utilities Agency official. | GAO-26-107888
Note: Nonfederal funding sources include the California Water Commission Grant and State Water Resources Control Board Water Recycling Funding Program. Funding sources and amounts listed here are as of August 2025, according to an official. These include funds secured and not yet secured and are subject to change.
[a]U.S. Environmental Protection Agency's (EPA's) Water Infrastructure Finance and Innovation Act of 2014 (WIFIA) loan. The loan amount is to be determined, but is estimated to be at least $25.0 million, according to an official with the utility. Reclamation officials stated that the EPA WIFIA loan does not count towards the 25 percent total federal cost-share under the Large-Scale Water Recycling Program.

Source: GAO. | GAO-26-107888

PLANNED IMPACTS

The project grantee anticipates the new water supply will have several economic and environmental benefits for the service area:

	Diverting high-temperature treated wastewater from the local Santa Ana River to the Advanced Water Purification Facility, which protects local wildlife. In the summer, discharge from the wastewater treatment plant can be over 90°F. This increase in temperature harms native fish and benefits some invasive fish.
	Improving the water conditions for certain salmon species, such as the Chinook salmon by increasing pulse flow releases to the Feather River.
	Creating a new water source (15,000 acre-feet per year) that can offset the need for imported water by 6 percent.

Source: GAO analysis of Inland Empire Utilities Agency information. | GAO-26-107888

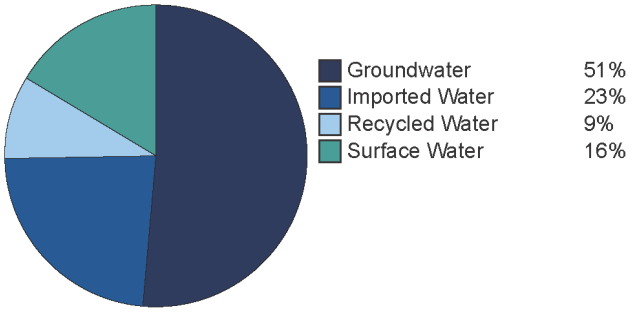
TIMELINE

July 2024	July 2028	July 2027 - Dec. 2027	October 2031	June 2032
Start design	Complete design	Begin construction	Complete construction	Begin operation

Source: GAO analysis of information from an Inland Empire Utilities Agency official. | GAO-26-107888

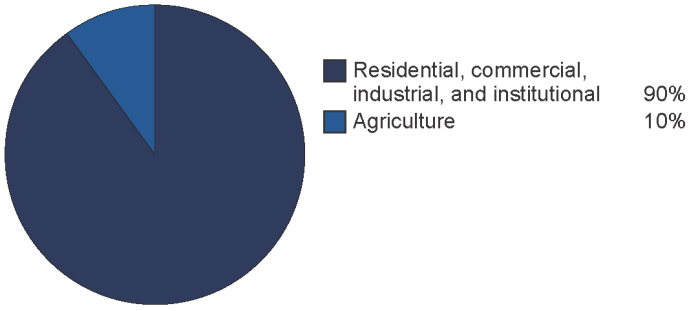
SERVICE AREA

Water Supply Sources for the Inland Empire Utilities Agency (Annual Average, Fiscal Year 2023-2024)



Source: GAO analysis of information from Inland Empire Utilities Agency official. | GAO-26-107888
Note: Percentages in the figure above do not sum to 100 percent due to rounding.

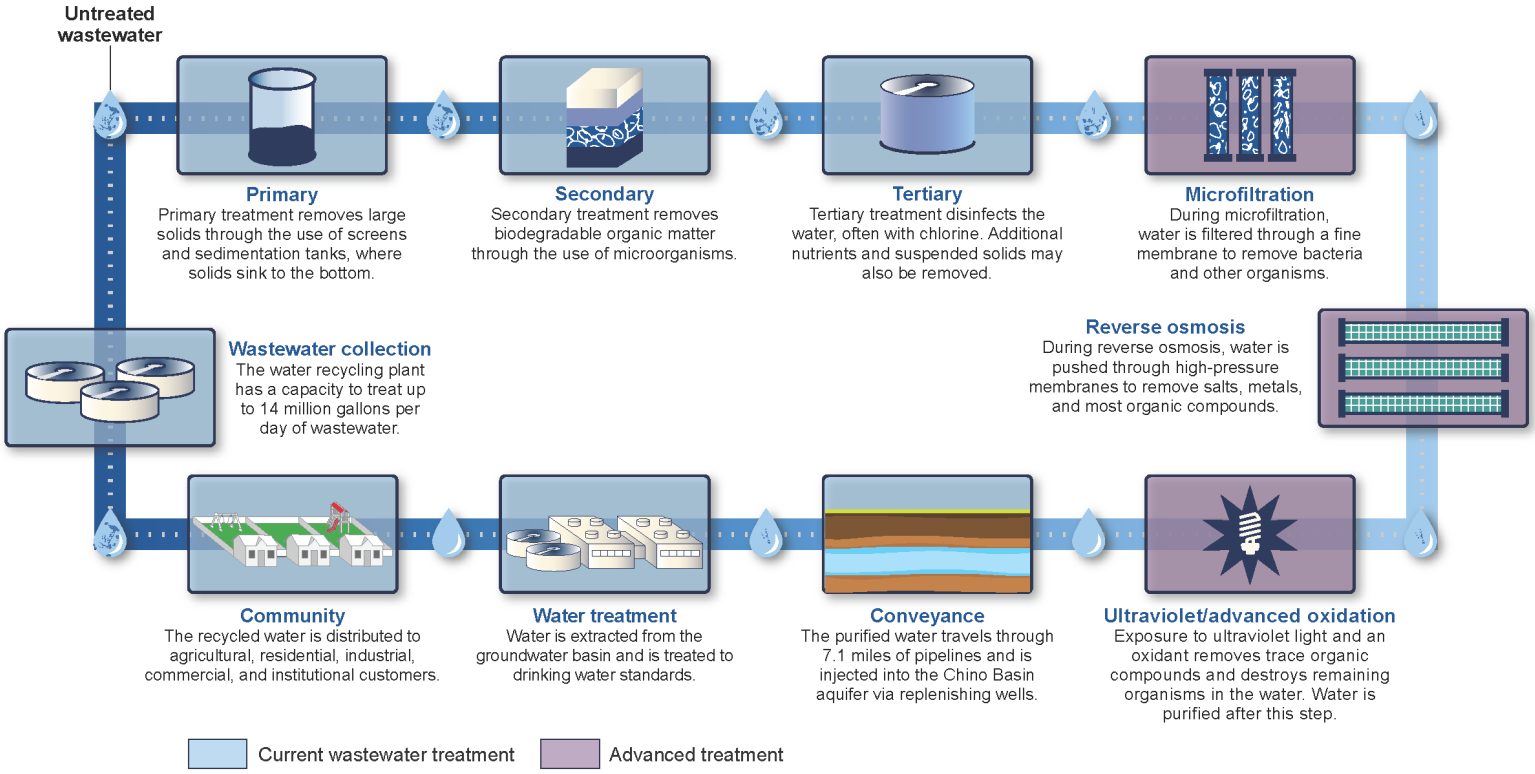
Total Water Demand for the Inland Empire Utilities Agency, by Customer Type (Annual Average, 2010)



Source: GAO analysis of Inland Empire Utilities Agency information. | GAO-26-107888

HOW THE CHINO BASIN RESILIENCY PROJECT WORKS

According to the project grantee, the Chino Basin Resiliency Project will upgrade an existing tertiary wastewater treatment plant that produces water suitable for discharge back into the environment. The new facility will take water from the existing wastewater treatment plant and purify it through membrane filtration, reverse osmosis, and exposure to ultraviolet light and advanced oxidation to produce purified water. The purified water will travel through new pipelines to new replenishment wells, which will recharge the Chino Basin. After a period of time, local agencies in the Chino Basin will extract the water from the basin through groundwater extraction wells and treat it to drinking water standards. The resulting water will be available to various customers, including residential, industrial, commercial, and institutional customers (see figure below).



Source: GAO analysis of information from the Bureau of Reclamation, the Inland Empire Utilities Agency, and GAO-19-110. | GAO-26-107888

LOS ANGELES GROUNDWATER REPLENISHMENT PROJECT

GENERAL DESCRIPTION

The Los Angeles Groundwater Replenishment Project aims to provide 18.4 million gallons of recycled water per day by constructing a new water purification facility. Water treated at the existing water reclamation plant will be diverted to the new facility to be purified. The purified water will be used to replenish the San Fernando Groundwater Basin, serving as an additional source of water for about 250,000 residents. The basin provides a source of drinking water for over 800,000 of the City of Los Angeles' population of about 3.9 million people.

LOCATION

Donald C. Tillman Water Reclamation Plant
Van Nuys, California

Sources: GAO analysis of Los Angeles Department of Water and Power information; Map Resources (map). | GAO-26-107888

GRANTEE

Los Angeles Department of Water and Power

FUNDING

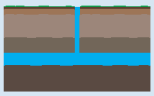
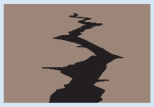
Los Angeles Groundwater Replenishment Project Dollars in millions	
Federal funding	
Large-Scale Water Recycling Program	
Round 1	$30.0
Round 2	$30.0
Other federal funding	
EPA's WIFIA loan[a]	$224.0
Reclamation's Water Recycling and Desalination Planning Grant	$0.3
Nonfederal funding	$509.7
Total estimated project cost	**$794.0**

Sources: GAO analysis of Bureau of Reclamation information and information from a Los Angeles Department of Water and Power official. | GAO-26-107888
Note: Nonfederal funding sources include California's Clean Water State Revolving Fund and the Metropolitan Water District of Southern California's Local Resources Program. Funding sources and amounts listed here are as of August 2025, according to an official. The amounts include funds secured and not yet secured and are subject to change.
[a]U.S. Environmental Protection Agency's (EPA) Water Infrastructure Finance and Innovation Act of 2014 (WIFIA) loan. Reclamation officials stated that EPA's WIFIA loan does not count towards the 25 percent total federal cost-share under the Large-Scale Water Recycling Program.

Source: Los Angeles Department of Water and Power. | GAO-26-107888

PLANNED IMPACTS

Project grantee anticipates the new water supply will have several economic and environmental impacts for the City of Los Angeles and California:

	Saving money over time at about 74 percent of the cost of continuing to import water. The anticipated net benefit of the project is about $472 million in savings, calculated considering the reduction of imported water purchased over the 50-year life-cycle of the project.
	Reducing reliance on imported water from the Colorado River and Northern California by a reduction of 18.4 million gallons per day.
	Improving water quality in the San Fernando Groundwater Basin by lowering the concentration of contaminants by dilution. For example, the water purification process removes polyfluorinated substances (PFAS).
	Creating a drought-resistant water supply that is also less susceptible to earthquakes.
	Improving habitats for vulnerable species such as the California gull and greater sage-grouse through reduced water exports.

Source: GAO analysis of Los Angeles Department of Water and Power information. | GAO-26-107888

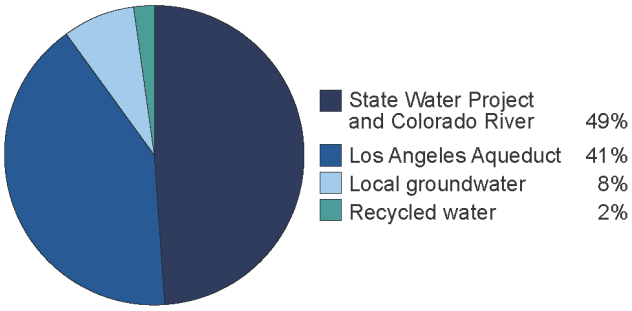
TIMELINE

February 2023	November 2024	December 2024	January 2028	April 2028
Start design	Complete design	Begin construction	Complete construction	Begin operation

Source: GAO analysis of information from a Los Angeles Department of Water and Power official. | GAO-26-107888

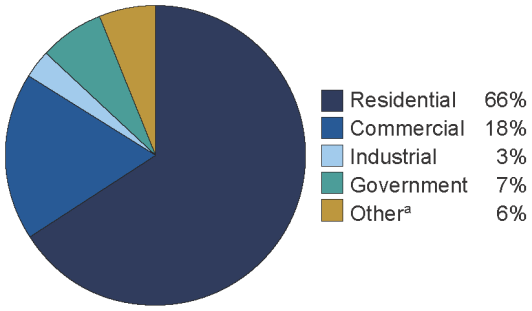
SERVICE AREA

Water Supply Sources for the City of Los Angeles (Annual Average, 2016-2020)



Source: GAO analysis of Los Angeles Department of Water and Power information. | GAO-26-107888

Total Water Demand for the City of Los Angeles, by Customer Type (30-year average)

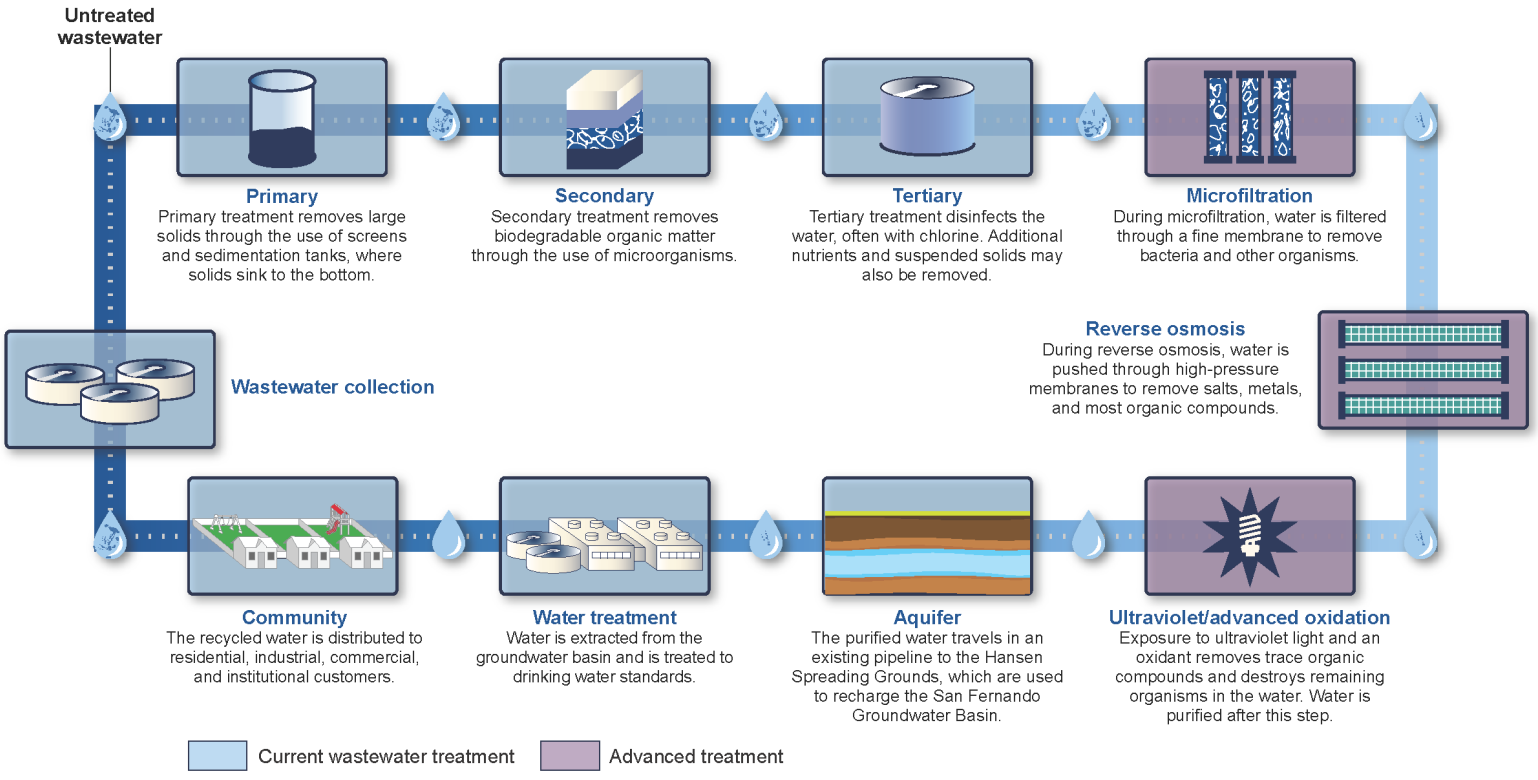


Source: GAO analysis of information from a Los Angeles Department of Water and Power official. | GAO-26-107888

[a]Other includes authorized and unauthorized unbilled uses such as mainline flushing, water losses, and theft, based on a 30-year average.

HOW THE LOS ANGELES GROUNDWATER REPLENISHMENT PROJECT WORKS

According to the project grantee, the Los Angeles Department of Water and Power (LADWP) has an existing tertiary wastewater treatment plant that produces water suitable for discharge back into the environment or reuse. This plant has received 52.0 million gallons per day of wastewater, on average, and treats approximately 27.8 million gallons per day of wastewater, with the remainder flowing to another wastewater treatment plant. The new Advanced Water Purification Facility will take the water from this plant and purify it through microfiltration, reverse osmosis, and exposure to ultraviolet light and advanced oxidation to produce purified water. The purified water will travel through an existing pipeline to the existing Hansen Spreading Grounds, which are used to recharge the San Fernando Groundwater Basin. After a period of time, LADWP will extract the water from the basin through existing groundwater extraction wells and treat to drinking water standards. The resulting water will be available to residential, industrial, commercial, and institutional customers (see figure below).



Sources: GAO analysis of information from the Los Angeles Department of Water and Power and GAO-19-110. | GAO-26-107888

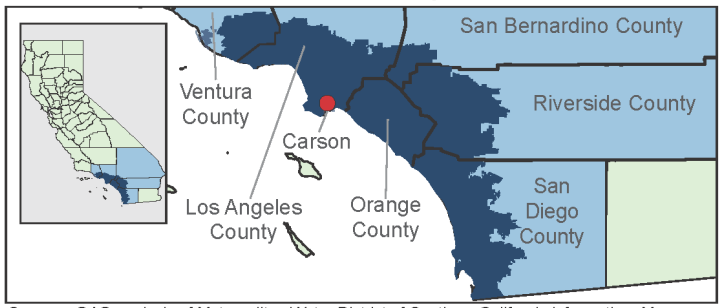
PURE WATER SOUTHERN CALIFORNIA PROGRAM

GENERAL DESCRIPTION

The Pure Water Southern California Program aims to provide 150 million gallons of recycled water per day by constructing a new water purification facility and pipe system over two phases—115 million gallons per day in Phase 1 and an additional 35 million gallons per day in a future expansion. The facility will provide water for up to 26 member agencies in the region, serving 19 million people across six counties. Water treated at an existing wastewater treatment plant will be sent to the new facility to be purified.

LOCATION

A.K. Warren Water Resource Facility, Carson, CA



Sources: GAO analysis of Metropolitan Water District of Southern California information; Map Resources (map). | GAO-26-107888

GRANTEE

Metropolitan Water District of Southern California

FUNDING

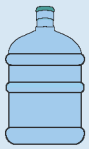
Pure Water Southern California Program (Phase 1) Dollars in millions	
Federal funding	
Large-Scale Water Recycling Program	
Round 1	$99.2
Round 2	$26.3
Other federal funding	
Reclamation's Water Recycling and Desalination Planning Grant	$5.0
Reclamation's Research Studies Grant	$0.8
Nonfederal funding	$5,668.7
Total estimated project cost	**$5,800.0**

Sources:GAO analysis of Bureau of Reclamation information and information from Metropolitan Water District of Southern California officials. | GAO-26-107888
Note: Nonfederal funding sources include California state funding, local funding, and Metropolitan partner contributions. Funding sources and amounts listed here are as of July 2025, according to officials. These include funds secured and not yet secured and are subject to change.

Source: GAO analysis of Metropolitan Water District of Southern California information. GAO-26-107888

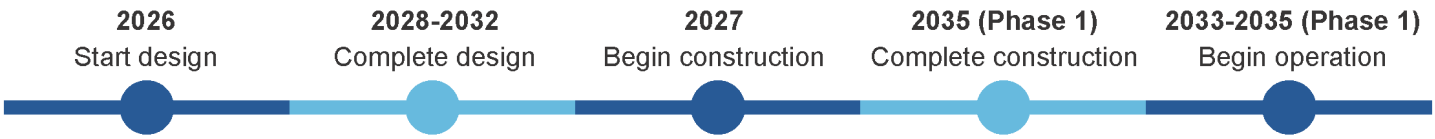
PLANNED IMPACTS

The project grantee anticipates the new water supply will have several economic and environmental benefits:

	Replenishing and improving the quality of water within three groundwater basins - the West Coast Basin, Central Basin, and Main San Gabriel Basin.
	Reducing reliance on imported water from the Colorado River and Northern California by 115 million gallons per day (50 percent of daily imports).
	Realizing an estimated $38 billion in benefits (over a 30-year period) and benefiting the local economy. Specifically: • Reduction in imported water purchases • Creation of about 47,000 jobs • Generate an estimated $700 million in state and local tax revenue • Value to water users from avoided water supply shortage

Source: GAO analysis of Metropolitan Water District of Southern California information. GAO-26-107888

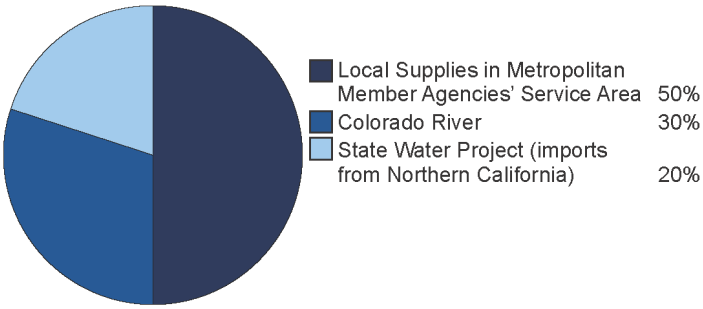
TIMELINE



Source: GAO analysis of information from Metropolitan Water District of Southern California officials. | GAO-26-107888
Note: Project components have overlapping timelines, resulting in a range of dates for some steps.

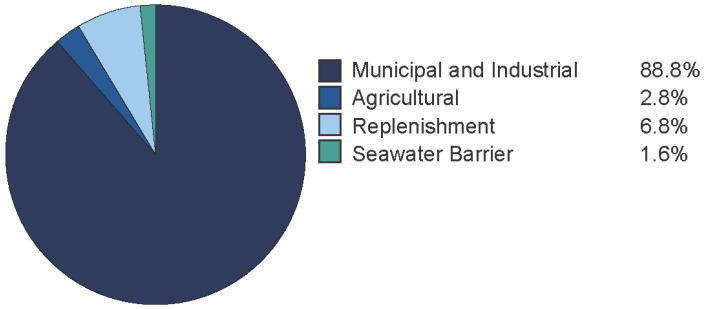
SERVICE AREA

Sources for Water Supply for The Metropolitan Water District of Southern California (Annual Average, 2015-2024)



Source: GAO analysis of Metropolitan Water District of Southern California information. | GAO-26-107888

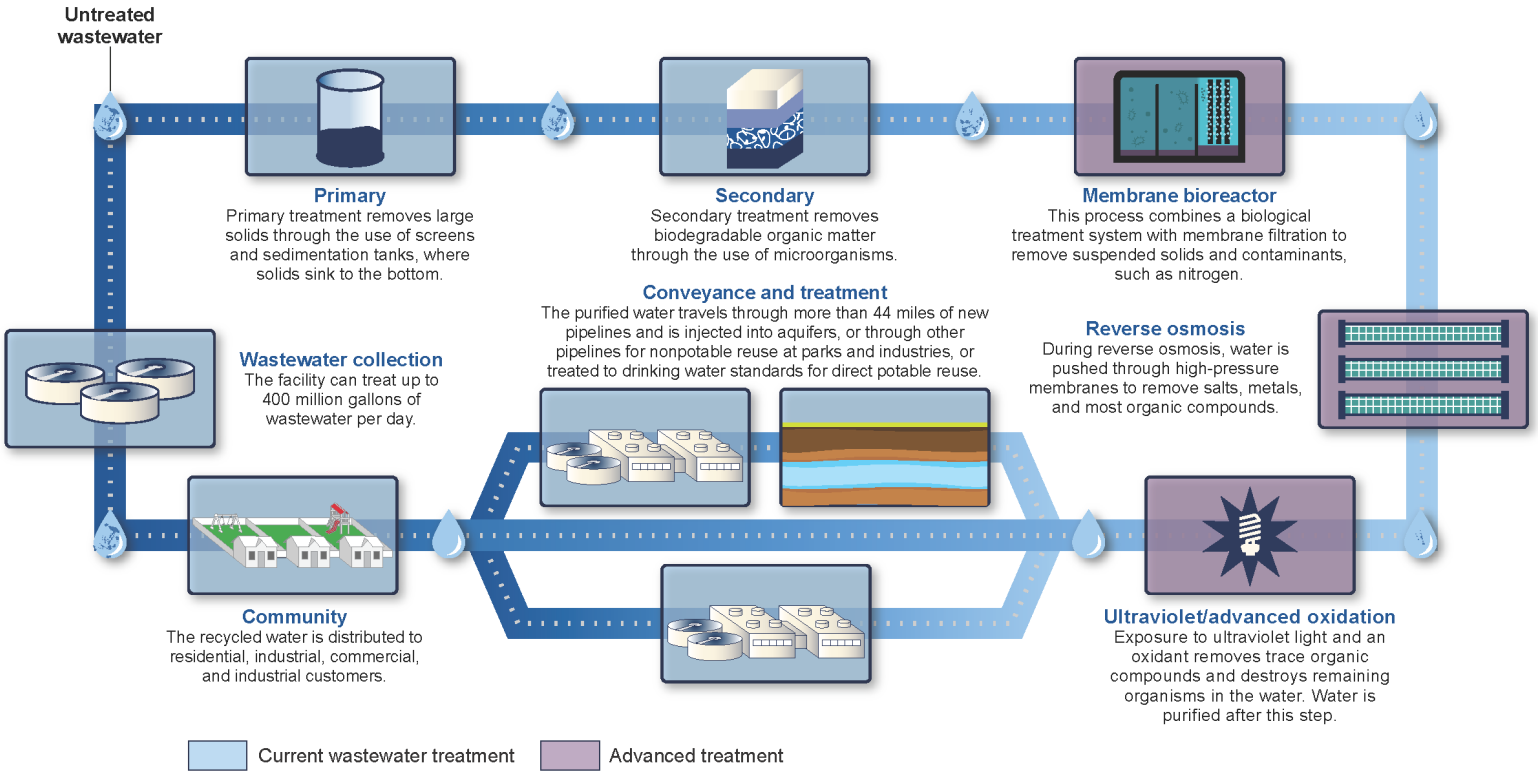
Total Water Demand for the Metropolitan Water District of Southern California, by Customer Type (Annual Average, 2015-2024)



Source: GAO analysis of information from Metropolitan Water District of Southern California officials. | GAO-26-107888

HOW THE PURE WATER SOUTHERN CALIFORNIA PROGRAM WORKS:

According to the project grantee, the Pure Water Southern California Program will upgrade an existing secondary wastewater treatment plant to pretreat wastewater and construct a new purification facility. The Advanced Water Purification Facility will take the water from the treatment plant and purify it through reverse osmosis and exposure to ultraviolet light and advanced oxidation to produce purified water. The purified water will travel through more than 44 miles of new pipelines to injection wells to recharge groundwater basins, or through other pipelines for nonpotable reuse at parks and industries, and water treatment plants for direct potable reuse. The resulting water will be available to residential, industrial, commercial, and institutional customers served by Metropolitan's member agencies (see figure below).



Sources: GAO analysis of information from the Metropolitan Water District of Southern California and GAO-19-110. | GAO-26-107888

VENTURAWATERPURE PROGRAM

GENERAL DESCRIPTION

The VenturaWaterPure Program aims to provide 3.2 million gallons of purified water per day by constructing a new water purification facility, upgrading its existing water reclamation facility, and installing new injection wells and pipelines. Ventura recycles about 9 million gallons per day of water and will use the purified water from the new water purification facility to replenish one of the city's groundwater basins. The project will ensure that Ventura's water supply meets drinking water quality standards for its approximately 113,500 residents and that its wastewater treatment practices meet the requirements of its discharge permit and a federal consent decree.

Source: GAO. | GAO-26-107888

LOCATION

Ventura Water Reclamation Facility, Ventura, CA

Sources: GAO analysis of San Buenaventura (City of Ventura) information; Map Resources (map). | GAO-26-107888

GRANTEE

City of San Buenaventura (City of Ventura)

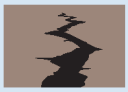
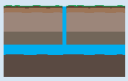
FUNDING

VenturaWaterPure Program Dollars in millions	
Federal funding	
Large-Scale Water Recycling Program	
Round 1	$30.0
Round 2	$60.5
Other federal funding	
EPA's WIFIA loan[a]	$173.8
Reclamation's WIIN grant[b]	$18.0
Nonfederal funding	$393.1
Total estimated project cost	**$675.4**

Sources: GAO analysis of Bureau of Reclamation information and information from a City of San Buenaventura (City of Ventura) official. | GAO-26-107888
Note: Nonfederal funding sources include California's Clean Water State Revolving Fund and City of Ventura funds. Funding sources and amounts listed here are as of July 2025, according to an official. These include funds secured and not yet secured and are subject to change.
[a]U.S. Environmental Protection Agency's (EPA) Water Infrastructure Finance and Innovation Act of 2014 (WIFIA) loan. Reclamation officials stated that EPA's WIFIA loan does not count towards the 25 percent total federal cost-share under the Large-Scale Water Recycling Program.
[b]U.S. Bureau of Reclamation's Water Infrastructure Improvements for the Nation Act (WIIN Act) grant.

PLANNED IMPACTS

The project grantee anticipates the new water supply will have several economic and environmental benefits for the service area:

	Creating a new source for the city's water supply with local water.
	Achieving compliance with a federal consent decree and wastewater discharge permit by reducing discharges into the Santa Clara River Estuary.
	Increasing the amount of high-quality water to supplement existing surface water supplies which have been depleted through drought.
	Improving the quality of the groundwater the city uses for its local water supply.
	Improving the protection of sensitive species and critical habitats, such as the federally protected southern California steelhead, tidewater goby, and the California least tern.
	Improving the long-term reliability of the city's wastewater treatment system by repairing or replacing the existing treatment equipment which is approaching the end of its useful lifespan. The current equipment includes aeration basins and secondary clarifiers over 50 years old.
	Assisting the city in meeting development goals. Without a new water supply, the city would likely have a moratorium on residential and business growth, according to city officials.
	Reducing customers' average monthly bills for combined water and wastewater services.

Source: GAO analysis of City of San Buenaventura (City of Ventura) information. | GAO-26-107888

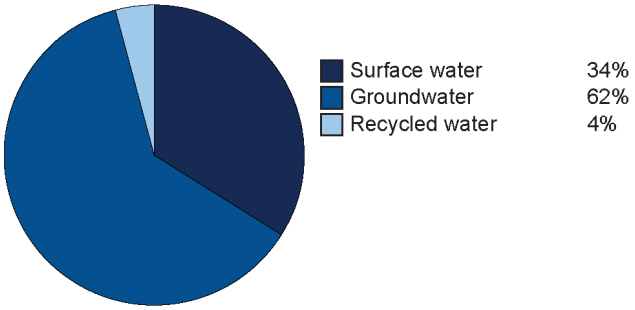
TIMELINE

2022-2025	2024-2027	2024-2027	2025-2030	2025-2030
Start design	Complete design	Begin construction	Complete construction	Begin operation

Source: GAO analysis of information from City of San Buenaventura (City of Ventura) official. | GAO-26-107888
Note: Project components have overlapping timelines, resulting in a range of dates for each step.

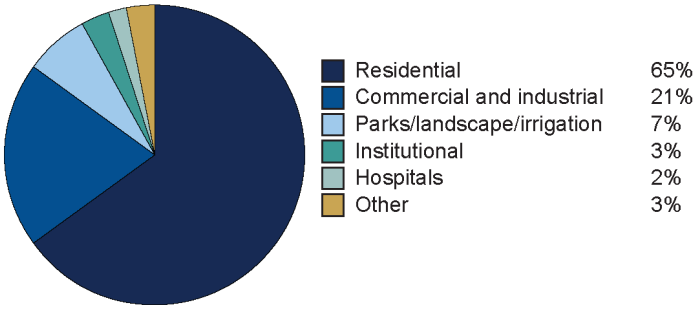
SERVICE AREA

Water Supply Sources for City of Ventura (Annual Average, 2016-2020)



Source: GAO analysis of San Buenaventura (City of Ventura) information. | GAO-26-107888

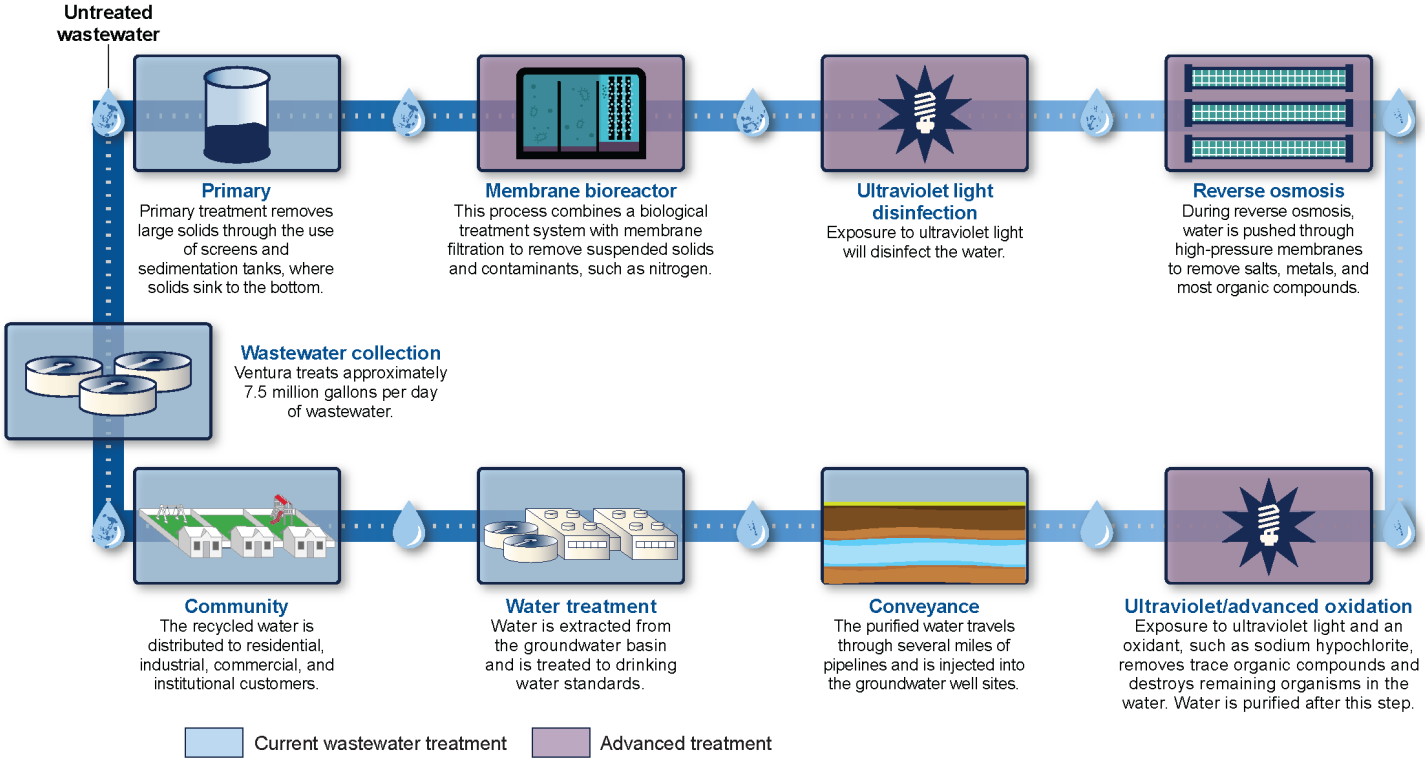
Total Water Demand for the City of Ventura, by Customer Type (Annual Average, 2016-2020)



Source: GAO analysis of San Buenaventura (City of Ventura) information. | GAO-26-107888
Note: Percentages in the figure above do not sum to 100 percent due to rounding.

HOW THE VENTURAWATERPURE PROGRAM WORKS

According to the project grantee, the VenturaWaterPure Program will upgrade the existing tertiary wastewater treatment plant and construct a new water purification facility that produces water suitable for discharge back into the environment. A membrane bioreactor and ultraviolet light disinfection will replace the secondary and tertiary processes. Then the new Advanced Water Purification Facility will take the water from this plant and further purify it through reverse osmosis and exposure to ultraviolet light and advanced oxidation. The purified water will travel through new pipelines to groundwater injection wells, which will recharge a groundwater basin. After a period of time, the City of Ventura will extract the water from the basin through a combination of new and existing groundwater extraction wells and treat it to drinking water standards. The resulting water will be available to residential, industrial, commercial, and institutional customers (see fig. below).



Sources: GAO analysis of information from the City of San Buenaventura (City of Ventura) and GAO-19-110. | GAO-26-107888

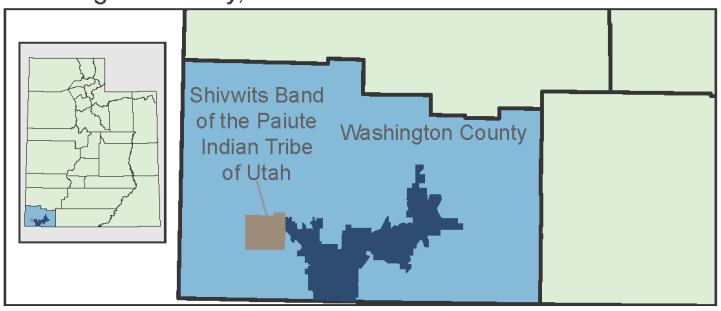
WASHINGTON COUNTY REGIONAL REUSE SYSTEM

GENERAL DESCRIPTION

The Washington County Regional Reuse System aims to provide approximately 4.5 million gallons of water per day (mgd) by 2029, 17.9 mgd by 2037, and up to 27.7 mgd by 2070. The first phase includes providing nonpotable reuse water for agricultural use in exchange for potable water. The second phase consists of constructing a new water purification facility, pipelines, and surface water reservoir. The system will serve eight communities in the county, according to an official, and these are expected to collectively have approximately 350,000 residents by the 2040s.

LOCATION

Washington County, Utah



Sources: GAO analysis of Washington County Water Conservancy District information; Map Resources (map). | GAO-26-107888

GRANTEE

Washington County Water Conservancy District

FUNDING

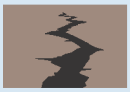
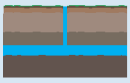
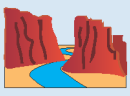
Washington County Regional Reuse System Dollars in millions	
Federal funding	
Large-Scale Water Recycling Program	
Round 1	$20.5
Round 2	$0.6
Other federal funding	
Reclamation's Water Recycling and Desalination Planning Grant	$1.4
Reclamation's Small Storage Program Grant	$11.6
EPA's WIFIA loans[a]	$725.0
Nonfederal funding	$840.9
Total estimated project cost	**$1,600.0**

Source: GAO analysis of Bureau of Reclamation information and information from a Washington County Water Conservancy District official. | GAO-26-107888
Note: Nonfederal funding sources include Utah Legislature, Washington County, and City of St. George. Funding sources and amounts listed here are as of August 2025, according to an official. These include funds secured and not secured and are subject to change.
[a]U.S. Environmental Protection Agency's (EPA) Water Infrastructure Finance and Innovation Act of 2014 (WIFIA) loan. An official said the district plans to pursue this loan of up to $725.0 million. Reclamation officials stated that EPA's WIFIA loan does not towards the 25 percent total federal cost share under the Large-Scale Water Recycling Program.

Source: GAO. | GAO-26-107888

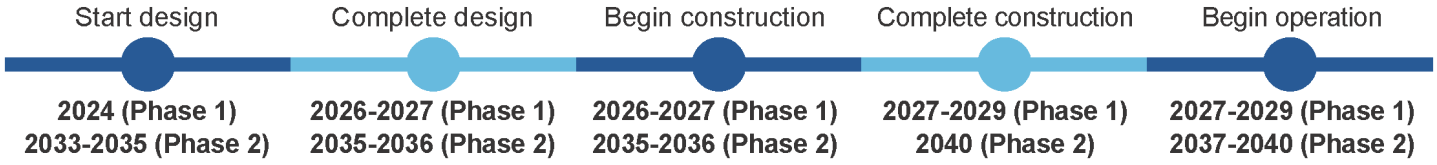
PLANNED IMPACTS

The project grantee anticipates the new water supply will have several economic and environmental impacts for the region:

	Delaying construction on costly water supply projects such as pipelines until approximately 2045 to 2055.
	Conserving water to meet statewide goals for municipal water needs.
	Avoiding water shortages due to emergency outages, natural disasters, or acute drought.
	Reducing the depletion of groundwater, the predominant potable water supply (and emergency supply) for the county.
	Supporting regional recreation by increasing water levels in reservoirs that also serve as parks.
	Improving habitats for vulnerable species such as the Virgin River chub and woundfin through improved streamflow.
	Reducing salts and nutrient loading into the Virgin River and Colorado River. Reducing salts in the Colorado River helps to meet U.S. water quality treaty obligations with Mexico.

Source: GAO analysis of Washington County Water Conservancy District information. | GAO-26-107888

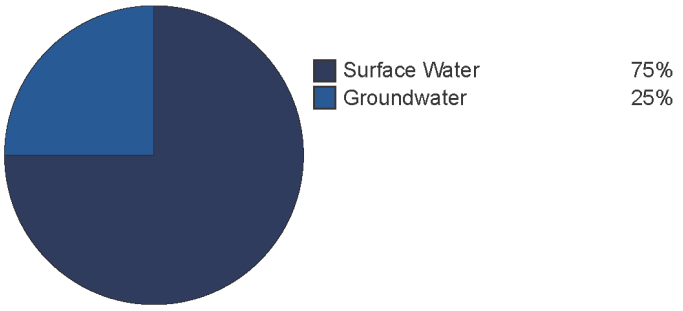
TIMELINE



Source: GAO analysis of information from a Washington County Water Conservancy District official. | GAO-26-107888
Note: Project components have overlapping timelines, resulting in a range of dates for some steps.

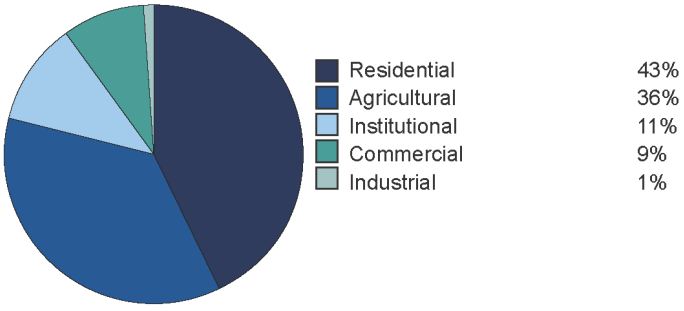
SERVICE AREA

Water Supply Sources for the Washington County Water Conservancy District (2023)



Source: GAO analysis of information from a Washington County Water Conservancy District official. | GAO-26-107888

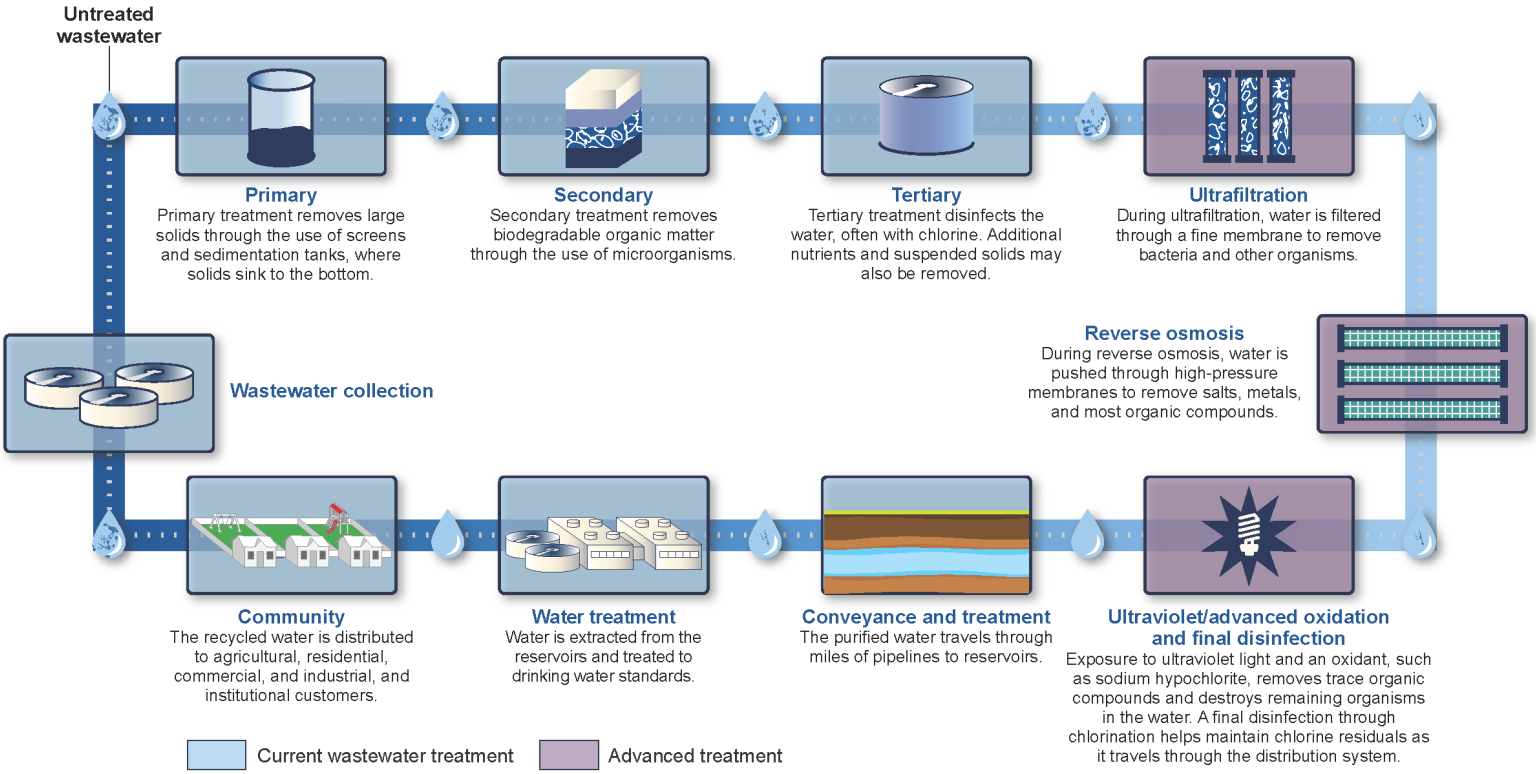
Total Water Demand for Washington County, by Customer Type (2024)



Source: GAO analysis of information from a Washington County Water Conservancy District official. | GAO-26-107888

HOW THE WASHINGTON COUNTY REGIONAL REUSE SYSTEM WORKS

Washington County Regional Reuse System will upgrade existing water recycling facilities to produce nonpotable recycled water, which can be delivered to agricultural users. This will allow the system to use existing water suitable for potable use. Additionally, the Regional Reuse System will construct facilities that will treat nonpotable recycled water through ultrafiltration, reverse osmosis, and exposure to ultraviolet light and advanced oxidation to produce purified water. The purified water will travel through new pipelines to new and existing surface water reservoirs located throughout the county. The resulting water will be available to agricultural, residential, industrial, commercial, and institutional customers (see figure below).



Sources: GAO analysis of information from the Washington County Water Conservancy District and GAO-19-110. | GAO-26-107888

Endnotes

[1]There are two types of potable recycling: indirect and direct. Indirect potable recycling is the intentional addition of treated municipal wastewater to a drinking water source such as a lake or reservoir or groundwater aquifer. If recycled water is added to a groundwater aquifer, it may be referred to as groundwater recharge. Direct potable recycling routes treated wastewater into a drinking water treatment facility for final treatment or into a potable water distribution system.

[2]The states within Reclamation's service area include Arizona, California, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, and Wyoming.

[3]Pub. L. No. 102-575, tit. XVI, § 1602, 106 Stat. 4600, 4664 (codified as amended at 43 U.S.C. § 390h).

[4]In 2022, Reclamation stated that Title XVI program provides up to 25-percent cost-shared funding for the planning, design, and construction of water reuse projects, with a per-project maximum of $30 million, unless otherwise specified by Congress. Bureau of Reclamation, *Water Recycling and Desalination Programs* (Nov. 2022).

[5]Infrastructure Investment and Jobs Act, Pub. L. No. 117-58, § 40905, 135 Stat. 429, 1122 (2021) (codified at 43 U.S.C. § 3205).

[6]Pub. L. No. 117-58, § 40905(f)(2), 135 Stat. 429, 1123 (2021) (codified at 43 U.S.C. § 3205(f)(2)).

[7]Reclamation officials stated that Reclamation interprets the 25 percent federal cost-share requirement to include other sources of federal grant funding. According to officials, the U.S. Environmental Protection Agency's Water Infrastructure Finance and Innovation Act of 2014 loans for eligible projects do not count towards the 25 percent total federal cost-share under the Large-Scale Water Recycling Program.

[8]43 U.S.C. § 3205(d)(4).

[9]*See* 2 C.F.R. pt. 200.

[10]Other regulations governing Reclamation's financial assistance include the Executive Office of the President Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 C.F.R. Part 200), which applies to all federal agencies; and the Financial Assistance Interior Regulation, Supplementing the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 C.F.R. Part 1402), which are the U.S. Department of the Interior's financial assistance regulations that implement or supplement the Office of Management and Budget's Uniform Guidance.

[11]Grantees told us that they needed to update their feasibility studies to reflect updated costs for the project, separate out portions of the project funded by other grants, and include additional information in the application not required by the Title XVI program. This information included an independent peer review and additional details in an economic analysis.

[12]This report addresses rounds 1 and 2 of the program. Including round 3 in our scope would have prevented us from publishing this report within the timeframe required by the IIJA (January 2026). *See* 43 U.S.C. § 3205(i)(2)(B) (requiring GAO to submit the report to Congress within 1 year after the date of the program's initial grant award).

[13]See www.grants.gov/search-results-detail/350116 (accessed November 14, 2025). As directed by Executive Order 14154, the U.S. Department of the Interior had paused obligations and expenditures for its Large-Scale Water Recycling Program on January 20, 2025, and resumed making disbursements on February 19, 2025. *See* Exec. Order No. 14154, Unleashing American Energy, 90 Fed. Reg. 8353 (Jan. 29, 2025). GAO found that this pause in obligations and expenditures was a permissible programmatic delay that did not violate the Impoundment Control Act of 1974. *See* In re Department of the Interior—Applicability of the Impoundment Control Act to Pause of Large-Scale Water Recycling and Reuse Program, B-337233 (GAO July 23, 2025). Interior officials stated that it continues to review award documents for other approved projects, and that it intends to obligate the remainder of its appropriation for the Large-Scale Water Recycling Program.

[14]*See* Exec. Order No. 14222, Implementing the President's "Department of Government Efficiency" Cost Efficiency Initiative, 90 Fed. Reg. 11095 (Mar. 3, 2025) (signed on February 26, 2025) (requiring agency heads to review all existing covered contracts and grants and, where appropriate and consistent with applicable law, terminate or modify such covered contracts and grants).

[15]As of December 2025, Reclamation had not yet selected projects for the remaining estimated $142 million because of the ongoing review of the program, but Reclamation officials said that Reclamation intends to obligate the remainder of its IIJA appropriation for Large-Scale Water Recycling Program.

[16]GAO, *Water Infrastructure Resilience: Agencies Could Better Assess Efforts to Assist Communities Vulnerable to Natural Disasters*, GAO-25-107013 (Washington, D.C.: Aug. 11, 2025).

[17]43 U.S.C. § 3205(d)(1).

[18]As previously mentioned, grantees told us that they needed to update their feasibility studies to reflect updated costs for the project, separate out portions of the project funded by other grants, and include additional information in the application not required by the Title XVI program.

[19]From 1992 to 2009, Congress authorized the funding for 53 Title XVI program projects. GAO, *Bureau of Reclamation: Water Reuse Grant Program Supports Diverse Projects and Is Managed Consistently with Federal Regulations*, GAO-19-110 (Washington, D.C.: Dec. 13, 2018). Starting in fiscal year 2011, Congress began appropriating funding for the Title XVI program without directing specific funding to specific projects. By 2021, only the 53 projects that were already authorized by Congress were eligible for this funding. However, some of the congressionally authorized projects had reached their funding limit or no longer needed funding, according to Reclamation officials. As a result, Reclamation officials stated that they had unallocated carryover funds. Officials told us that demand for funding under the Title XVI program had shifted from congressionally authorized projects.

[20]Interior must waive matching fund requirements otherwise required by law for financial assistance provided for insular areas. *See* Pub. L. No. 96-205, tit. VI, § 601, 94 Stat. 84, 90 (1980) (codified as amended at 48 U.S.C. § 1469a(d) and statutory note). The insular areas that are eligible for the Large-Scale Water Recycling Program grants include American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, and the U.S. Virgin Islands. 43 U.S.C. § 3205(a)(4).

[21]43 U.S.C. § 3205(a)(4) (citing to 43 U.S.C. § 391); 3205(f)(1).

[22]Federal financial assistance programs for infrastructure must comply with domestic content procurement preference requirements established in the Build America, Buy America Act, which was enacted as part of the Infrastructure Investment and Jobs Act. *See* Pub. L. No. 117-58, §§ 70901-70927, 135 Stat. 429, 1194-1309 (2021) (codified at 41 U.S.C. § 8301 note). The domestic content procurement preference applies to all iron, steel, manufactured products, and construction materials used for infrastructure projects receiving federal financial assistance. § 70912(2). Agencies may waive the domestic content procurement preference requirements under certain conditions. § 70914(b).

[23]GAO, *Evidence-Based Policymaking: Practices to Help Manage and Assess the Results of Federal Efforts*, GAO-23-105460 (Washington, D.C.: July 12, 2023).

[24]GAO-23-105460.

[25]GAO, *Bureau of Reclamation: Water Reuse Grant Program Supports Diverse Projects and Is Managed Consistently with Federal Regulations*, GAO-19-110 (Washington, D.C.: Dec. 13, 2018).

[26]2 C.F.R. pts. 200, 1402.