



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

August 20, 1998

H.R. 4111

A bill to provide for outlet modifications to Folsom Dam, a study for reconstruction of the Northfork American River Cofferdam, and the transfer to the state of California all right, title, and interest in and to the Auburn Dam, and for other purposes

As ordered reported by the House Committee on Resources on July 15, 1998

SUMMARY

H.R. 4111 would authorize the Secretary of the Interior, acting through the Bureau of Reclamation (BOR), to modify Folsom Dam and construct a dam on the American River. It would authorize the appropriation of \$231 million for these purposes and such sums as necessary for operating and maintaining these projects and for related expenses. The bill also would authorize the Secretary to transfer the Auburn Project to the state of California.

CBO estimates that implementing the bill would require new spending subject to appropriation totaling \$196 million over the 1999-2003 period. (The remaining amounts authorized by the bill would be spent after 2003.) Enacting H.R. 4111 would not affect direct spending or receipts for the next five years; therefore, pay-as-you-go procedures would not apply. The legislation contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

The proposed modifications to Folsom Dam, the dam proposed for the American River, and the Auburn Project are intended primarily for controlling flooding in and around Sacramento, California. The Auburn Project is only partially complete. BOR ceased construction of the Auburn Dam in 1975 after an earthquake raised concerns about its quake resistance. Although most experts now concur that a seismically safe dam can be built, environmental and cost sharing concerns have prevented the bureau from resuming construction. The state of California has expressed interest in obtaining title to and completing the project.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 4111 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars					
	1998	1999	2000	2001	2002	2003
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law						
Estimated Authorization Level ^a	2	2	2	2	2	2
Estimated Outlays	2	2	2	2	2	2
Proposed Changes						
Estimated Authorization Level	0	12	12	69	69	69
Estimated Outlays	0	8	10	49	61	69
Spending Under H.R. 4111						
Estimated Authorization Level ^a	2	14	14	71	71	71
Estimated Outlays	2	10	12	51	63	71

Note: H.R. 4111 also would affect direct spending by increasing offsetting receipts, but the receipts would be less than \$7,500 a year and would not begin until 2004.

a. The 1998 level is the amount appropriated for that year for operating and maintaining Folsom Dam and the Auburn Project. Continuation of these annual expenses is authorized under current law.

BASIS OF ESTIMATE

For purposes of this estimate, CBO assumes that:

- H.R. 4111 will be enacted by the beginning of fiscal year 1999,
- nonfederal parties will pay those costs identified in the bill as nonfederal,
- the amounts authorized are for construction costs only, and additional amounts subject to appropriation will be needed for studies, operations, maintenance, and related expenses, and
- the amounts needed for implementing the bill will be appropriated for each year.

Amounts of annual appropriations needed to meet anticipated construction schedules were estimated by CBO based on information provided by BOR. Estimated outlays are based on historical rates of spending for the activities authorized by the bill.

Spending Subject to Appropriation

Modifying Folsom Dam. The bill would authorize the appropriation of \$101 million for modifying Folsom Dam. Additional amounts totaling about \$54 million would be paid by nonfederal sponsors. Based on information provided by BOR, we expect that the agency would begin designing the improvements in 1999, that construction would begin in fiscal year 2001, and that the modifications would be completed by the end of 2003. In addition, an average of less than \$2 million a year would be needed beginning in 2004, the year after the modifications are complete, to pay for new operational requirements.

Constructing an Additional Dam. The bill would authorize \$130 million for constructing a dam on the American River. Additional amounts totaling \$70 million would be paid by nonfederal sponsors. The dam would be constructed only if a feasibility study indicates that the project compares favorably to an alternative flood control project that has been proposed for the area. For purposes of this estimate, CBO assumes that the dam would be constructed and that design and construction would follow roughly the same schedule as the modifications proposed for Folsom Dam. Based on information provided by BOR, CBO estimates that, in addition to the amounts authorized for constructing the project, less than \$100,000 would be needed in 1999 for conducting the feasibility study and less than \$100,000 would be needed each year beginning in 2004 for operating and maintaining the project.

Auburn Project. CBO estimates that transferring the Auburn Project to the state of California would reduce future spending subject to appropriation by about \$1 million per year beginning in 2004, assuming appropriations are reduced to reflect lower federal obligations related to the project. The bill would authorize the Secretary of the Interior, at the request of the governor of California, to transfer the Auburn Project to the state within one year after completing the other projects authorized by the bill. In exchange, the state of California would accept certain obligations of the United States related to the project, including the federal share of the cost of managing the project site.

Under current law, BOR pays the state of California about \$1 million annually for managing the project site. These costs would be borne by the state if the project is transferred. Because the transfer would not take place until the other projects authorized by the bill are completed, CBO expects that any transfer could not occur until 2004.

Direct Spending

Enacting the bill would increase offsetting receipts by less than \$7,500 per year beginning in 2004. Nonfederal entities are required under current law to pay a share of the cost of operating and maintaining Folsom Dam. The modifications to Folsom Dam that are proposed in H.R. 4111 would increase the cost of operating and maintaining the dam by less than \$10,000 a year. Based on information provided by BOR, CBO estimates that up to 75 percent of the estimated increase in the cost of operating and maintaining the dam would be repaid.

PAY-AS-YOU-GO CONSIDERATIONS: None

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 4111 contains no intergovernmental mandates as defined in UMRA. Both the projects authorized by this bill—modification of the Folsom Dam and reconstruction of the Northfork American River Cofferdam—would be completed only if nonfederal partners agree to contribute 35 percent of total project costs. Assuming costs consistent with the amounts authorized by this bill, CBO estimates that nonfederal contributions would total \$124 million over fiscal years 1999 through 2003. In addition, CBO estimates that these nonfederal entities would contribute a small amount each year, beginning in 2004, towards operating and maintaining the Folsom Dam.

The bill would authorize transfer of the Auburn Dam site to the state of California only if such a transfer were requested by the governor. Should the state accept this transfer, it would also assume responsibility for the cost of managing the site—about \$1 million per year.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

This bill would impose no new private-sector mandates as defined in UMRA.

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