



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

February 12, 2016

S. 1694

Yakima River Basin Water Enhancement Project Phase III Act of 2015

*As ordered reported by the Senate Committee on Energy and Natural Resources
on November 19, 2015*

SUMMARY

S. 1694 would expand the purposes of federal water projects in the Yakima River Basin in the State of Washington to increase the amount of water available for communities and irrigation systems during drought years, and to restore fish populations, wetlands and ecosystems in the basin. The bill also would direct the Bureau of Reclamation (BOR) to develop construction plans for future projects to secure future water supplies in the region. Based on information from the BOR, CBO estimates that implementing the legislation would cost \$59 million over the 2017-2021 period and about \$240 million after 2021, assuming appropriation of the authorized and necessary amounts.

Enacting S. 1694 could affect direct spending if non-federal partners contribute funds for the BOR to construct certain local projects; therefore, pay-as-you-go procedures do apply. However, the net effect of collecting and spending those contributions would be negligible. Enacting S. 1694 would not affect revenues. CBO estimates that enacting the bill would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

S. 1694 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would benefit the state and local governments in Washington, as well as tribes of the Yakama Nation, by authorizing funding and technical assistance for water infrastructure and conservation projects. Any costs incurred by those entities, including matching contributions, would be incurred voluntarily.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effects of S. 1694 are 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					2017- 2021
	2017	2018	2019	2020	2021	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Wapato Irrigation and Cle Elum Dam Projects						
Estimated Authorization Level	8	8	8	7	6	37
Estimated Outlays	5	7	8	7	7	34
Water Projects in Yakima Basin Tributaries						
Estimated Authorization Level	2	4	4	4	4	18
Estimated Outlays	1	3	4	4	4	16
Other Provisions						
Estimated Authorization Level	2	2	2	2	2	10
Estimated Outlays	1	2	2	2	2	9
Total Changes						
Estimated Authorization Level	12	14	14	13	12	65
Estimated Outlays	7	12	14	13	13	59

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 1694 will be enacted near the end of 2016, the specified and estimated amounts will be appropriated, and outlays will follow the historical rate of spending for similar activities.

S. 1694 would authorize the BOR to modify and complete certain water projects and to construct new ones in the Yakima River Basin. Under the bill, the federal share of the costs to complete those projects could not exceed 50 percent. Based on information from the BOR, CBO estimates that implementing the legislation would cost \$59 million over the 2017-2021 period and about \$240 million after 2021.

Wapato Irrigation and Cle Elum Dam Projects

S. 1694 would increase the ceiling on amounts authorized to be appropriated for improving the Wapato Irrigation Project by \$77 million (for a total authorization level of \$100 million) and for raising the height of the Cle Elum Dam by \$9 million (for a total authorization level of \$12 million). The bill also would increase the ceiling on amounts authorized to be appropriated for environmental oversight of those projects by \$3 million. Based on information from the BOR, CBO estimates that implementing those provisions would cost \$34 million over 2017-2021 period and \$55 million in the decade after 2021. CBO estimates that significant spending would be necessary after 2021 because improvements to the Wapato Irrigation Project are expected to take about 15 years to complete.

Water Projects in the Yakima Basin Tributaries

S. 1694 would authorize the BOR to conduct studies and construct projects to increase water supplies and to facilitate transfers of water in tributaries of the Yakima river for irrigation, recharging groundwater, and restoring riparian habitats. Based on information from the BOR, CBO expects that projects in the Kittitas Reclamation District would probably be pursued under this provision; several other smaller projects in the Yakima Basin Tributaries would probably be implemented as well. Under the bill, all construction costs for eligible projects would be a federal responsibility and could reach \$200 million, including \$120 million for the Kittitas projects. CBO estimates that project costs over the 2017-2021 period would total \$16 million to conduct feasibility studies and environmental reviews. Most construction costs for those projects would occur after 2021.

Other Provisions

S. 1694 would authorize the construction of projects to access water storage in Lake Kachess and to construct a pipeline between the Keechelus Reservoir and Lake Kachess to manage water supplies during periods of drought. Based on information from the BOR, CBO estimates that constructing those projects would cost \$350 million. Under the bill, no federal funds could be used to construct those projects. Instead, the BOR would be authorized to negotiate agreements with the state or other nonfederal entities to fully fund and construct those projects.

Exactly how any such agreements would work is uncertain. One possibility is that funds for construction could be donated to the federal government by the state or other parties and spent by the BOR. Under such an agreement, donations would be recorded in the federal budget as an increase in offsetting receipts and the expenditure of those funds would be recorded as an increase in direct spending—resulting in no significant net costs over the period of construction. The costs to provide oversight and review of those projects would be a federal responsibility. Based on information from the BOR, CBO estimates that federal costs to provide oversight of the Keechelus and Kachess projects, and to prepare other plans required by the bill would total \$9 million over the 2017-2021 period.

PAY-AS-YOU-GO CONSIDERATIONS

Enacting S. 1694 could affect direct spending if non-federal partners contribute funds for the BOR to construct certain local projects; therefore, pay-as-you-go procedures apply. However, the net effect of collecting and spending those contributions would be negligible. Enacting S. 1694 would not affect revenues.

INCREASE IN LONG TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting S. 1694 would not increase net direct spending or on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2027.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1694 contains no intergovernmental or private-sector mandates as defined in UMRA and would benefit the state and local governments in Washington, as well as tribes of the Yakama Nation, by authorizing funding and technical assistance for their water infrastructure and conservation projects. Any costs incurred by those entities, including matching contributions, would be incurred voluntarily.

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