



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 15, 2017

### **S. 714**

### **Yakima River Basin Water Enhancement Project Phase III Act of 2017**

*As ordered reported by the Senate Committee on Energy and Natural Resources  
on March 30, 2017*

#### **SUMMARY**

S. 714 would expand the purposes of federal water projects in the Yakima River Basin in the State of Washington. Those expansions would aim 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 plans to construct projects in the region. Based on information from BOR, CBO estimates that implementing the legislation would cost \$59 million over the 2018-2022 period and about \$240 million after 2022, assuming appropriation of the authorized and necessary amounts.

Enacting S. 714 could affect direct spending if nonfederal partners contribute funds for BOR to construct certain local projects; therefore, pay-as-you-go procedures apply. However, CBO estimates that the net effect of collecting and spending such contributions would be negligible. Enacting S. 714 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 2028.

S. 714 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary effects of S. 714 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-
	2017	2018	2019	2020	2021	2022	2022
<b>INCREASES IN SPENDING SUBJECT TO APPROPRIATION</b>							
Wapato Irrigation and Cle Elum Dam Projects							
Estimated Authorization Level	0	8	8	8	7	6	37
Estimated Outlays	0	5	7	8	7	7	34
Water Projects in Yakima Basin Tributaries							
Estimated Authorization Level	0	2	4	4	4	4	18
Estimated Outlays	0	1	3	4	4	4	16
Other Provisions							
Estimated Authorization Level	0	2	2	2	2	2	10
Estimated Outlays	0	1	2	2	2	2	9
Total Changes							
Estimated Authorization Level	0	12	14	14	13	12	65
Estimated Outlays	0	7	12	14	13	13	59

Note: Implementing the bill would cost about \$240 million after 2022, assuming appropriation of the authorized and estimated amounts.

## **BASIS OF ESTIMATE**

For this estimate, CBO assumes that S. 714 will be enacted near the end of 2017, that the specified and estimated amounts will be appropriated each year, and that outlays will follow the historical rate of spending for similar activities.

S. 714 would authorize 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.

### **Wapato Irrigation and Cle Elum Dam Projects**

S. 714 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 (for a total authorization level of \$5 million). Based on information from BOR about the construction schedules and time required to complete this work, CBO estimates that

implementing those provisions would cost \$34 million over 2018-2022 period and \$55 million in the decade after 2022. CBO estimates most of the spending would occur after 2022 because improvements to the Wapato Irrigation Project are expected to take about 15 years to complete.

### **Water Projects in the Yakima Basin Tributaries**

S. 714 would authorize 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 BOR about how this new authority would be used, CBO expects BOR would use this authority to pursue projects in the Kittitas Reclamation District. BOR also would probably implement several other smaller projects in the Yakima Basin Tributaries. 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. (The amount of funding for those projects is not specified by the legislation.) Over the 2018-2022 period, CBO estimates that conducting feasibility studies and environmental reviews would cost \$16 million. Most of the costs for constructing those projects would occur after 2022.

### **Other Provisions**

S. 714 would authorize the construction of projects to access water 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 BOR, CBO estimates that constructing those projects would cost \$350 million but, under the bill, no federal funds could be used for those purposes. Instead, BOR would be authorized to negotiate agreements with the state or other nonfederal entities to fully fund and construct those projects.

How 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 BOR. Under such an agreement, donations would be recorded in the federal budget as an increase in offsetting receipts, (which are recorded in the budget as reductions in direct spending), and the expenditure of those funds would be recorded as an increase in direct spending. In that scenario the net effect on direct spending would not be significant. The costs to provide oversight and review of those projects would be a federal responsibility. Based on information from BOR, CBO estimates that providing oversight of the Keechelus and Kachess projects, and preparing other plans required by the bill would cost a total of \$9 million over the 2018-2022 period.

## **PAY-AS-YOU-GO CONSIDERATIONS**

Enacting S. 714 could affect direct spending if nonfederal partners contribute funds for 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. 714 would not affect revenues.

## **INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS**

CBO estimates that enacting S. 714 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

S. 714 contains no intergovernmental or private-sector mandates as defined in UMRA and would benefit state and local governments in Washington, as well as tribes of the Yakama Nation, by authorizing financial and technical assistance for water infrastructure and conservation projects. Any costs incurred by those entities, including matching contributions, would be incurred voluntarily.

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