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SAN GABRIEL BASIN DEMONSTRATION PROJECT FUNDING INCREASE

—————
AUGUST 25, 2004.—Ordered to be printed

Filed, under authority of the order of the Senate of July 22, 2004

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Mr. DOMENICI, from the Committee on Energy and Natural
Resources, submitted the following

R E P O R T

[To accompany H.R. 1284]

The Committee on Energy and Natural Resources, to which was referred the Act (H.R. 1284) to amend the Reclamation Projects Authorization and Adjustment Act of 1992 to increase the Federal share of the costs of the San Gabriel Basin demonstration project, having considered the same, reports favorably thereon with an amendment and recommends that the Act, as amended, do pass.

The amendment is as follows:

On page 2, line 15, strike “\$12,500,000” and insert “\$6,500,000”.

PURPOSE

The purpose of H.R. 1284 is to amend the Reclamation Projects Authorization and Adjustment Act of 1992 to increase the Federal share of the costs of the San Gabriel Basin Demonstration Project.

BACKGROUND AND NEED

The San Gabriel Basin Demonstration Project was authorized in section 1614 of the Reclamation Projects Authorization and Adjustment Act of 1992 (Public Law 102-575), as amended in 1996. The project has three components: the Rio Hondo Water Recycling Program; the San Gabriel Valley Water Reclamation Project; and the San Gabriel Basin Demonstration Project. The authorization caps the Federal cost-share at 25 percent of the total cost of the project.

The Federal share of the project is currently authorized at \$38 million. Of this amount, approximately \$32 million has been obligated.

The aquifer underlying the San Gabriel Basin in southern California contains a variety of contaminants, including volatile organic compounds. Areas within the San Gabriel Valley have been placed on the national priority list by the Environmental Protection Agency and are subject to remediation under the Superfund program. Groundwater from the aquifer is an important supply of drinking water.

Local project sponsors plan to expand the scope of the demonstration project. According to the measure's proponents, in order to expand the project's scope, an increase in the Federal cost ceiling authorization is necessary.

LEGISLATIVE HISTORY

H.R. 1284 was introduced by Congresswoman Napolitano on March 13, 2003, and referred to the House Committee on Resources. The Resources Committee's Subcommittee on Water and Power conducted a hearing on H.R. 1284 on April 1, 2003, and the full Committee discharged the measure on July 14, 2003. The House of Representatives passed H.R. 1284 under suspension on September 16, 2003. On September 17, 2003, the bill was received in the Senate and referred to the Committee on Energy and Natural Resources. On October 15, 2003, the Subcommittee on Water and Power held a hearing on H.R. 1284. The Energy and Natural Resources Committee, on July 14, 2004, by a unanimous vote of a quorum present, ordered H.R. 1284 as amended, favorably reported.

COMMITTEE RECOMMENDATION

The Senate Committee on Energy and Natural Resources, in an open business meeting on July 14, 2004, by unanimous voice vote of a quorum present, recommends that the Senate pass H.R. 1284, if amended as described herein.

COMMITTEE AMENDMENT

During the consideration of H.R. 1284, the Committee adopted an amendment which increases the cost ceiling for the San Gabriel Basin Demonstration Project by \$6,500,000 instead of \$12,500,000.

SECTION-BY-SECTION ANALYSIS

Section 1 increases the cost ceiling for the San Gabriel Demonstration Project by \$6,500,000.

COST AND BUDGETARY CONSIDERATIONS

The following estimate of costs of this measure has been provided by the Congressional Budget Office.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 22, 2004.

Hon. PETE V. DOMENICI,
Chairman, Committee on Energy and Natural Resources,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1284, an act to amend the Reclamation Projects Authorization and Adjustment Act of 1992 to increase the federal share of the costs of the San Gabriel Basin demonstration project.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Julie Middleton.

Sincerely,

ELIZABETH M. ROBINSON
(For Douglas Holtz-Eakin, Director).

Enclosure.

H.R. 1284—An act to amend the Reclamation Projects Authorization and Adjustment Act of 1992 to increase the federal share of the costs of the San Gabriel Basin demonstration project

Summary: H.R. 1284 would increase the amount authorized to be appropriated for the San Gabriel Basin demonstration project in California by \$6.5 million. Under current law, \$38 million has been authorized to be appropriated for this project, and about \$31 million has been appropriated to date. The project is designed to improve the quality and storage capacity of groundwater in the San Gabriel Basin. The increase in the authorized funding level would allow the Bureau of Reclamation to assist in the expansion of the project to include more facilities.

Assuming appropriation of the authorized amount, CBO estimates that implementing the act would cost about \$2 million in 2009 and an additional \$5 million after that year. Enacting H.R. 1284 would not affect direct spending or revenues.

H.R. 1284 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. Enacting this legislation would benefit the project's local sponsors.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 1284 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—					
	2004	2005	2006	2007	2008	2009
SPENDING SUBJECT TO APPROPRIATION						
Estimated spending under current law ¹						
Estimated authorization level	1	1	2	2	2	0
Estimated outlays	1	1	2	2	2	1
Proposed changes:						
Estimated authorization level	0	0	0	0	0	3
Estimated outlays	0	0	0	0	0	2
Spending under H.R. 1284:						
Estimated authorization level	1	1	2	2	2	3

	By fiscal year, in millions of dollars—					
	2004	2005	2006	2007	2008	2009
Estimated outlays	1	1	2	2	2	3

¹ About \$7.5 million remains to be appropriated from the original authority for the San Gabriel demonstration project. The 2004 level is the amount appropriated for that year for the project.

Basis of estimate: For this estimate, CBO assumes that H.R. 1284 will be enacted this year, and that the necessary funds will be appropriated for each year, but that no new funding requirements would be triggered until 2009. (The estimate assumes that amounts already authorized will be appropriated in 2005 through 2008.) CBO estimates that implementing H.R. 1284 would cost about \$2 million in 2009 and an additional \$5 million after that year.

Under current law, about \$7.5 million remains to be appropriated from the original authority of \$38 million for the San Gabriel Basin demonstration project. Based on information from the bureau, CBO expects that the new funds authorized under this act would not be required until 2009.

Intergovernmental and private-sector impact: H.R. 1284 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. Enacting this legislation would benefit the project's local sponsors.

Previous CBO estimate: On June 23, 2003, CBO transmitted a cost estimate for H.R. 1284 as ordered reported by the House Committee on Resources on June 11, 2003. In June of 2003, CBO estimated that implementing H.R. 1284 would cost \$11 million over the 2004–2008 period. Since that estimate was prepared, the Bureau of Reclamation has modified its plans to complete the San Gabriel Demonstration Project by extending its completion date until 2009. Because of that change, we now estimate that implementing the legislation would entail new costs of \$2 million over the 2005–2009 period.

Estimate prepared by: Federal Costs: Julie Middleton. Impact on State, Local, and Tribal Governments: Marjorie Miller. Impact on the Private Sector: Amina Masood.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

REGULATORY IMPACT EVALUATION

In compliance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee makes the following evaluation of the regulatory impact which would be incurred in carrying out H.R. 1284. The bill is not a regulatory measure in the sense of imposing Government-established standards of significant responsibilities on private individuals and businesses.

No personal information would be collected in administering the program. Therefore, there would be no impact on personal privacy.

Little, if any, additional paperwork would result from the enactment of H.R. 1284.

EXECUTIVE COMMUNICATIONS

On March 5, 2004, the Committee on Energy and Natural Resources requested legislative reports from the Department of the Interior and the Office of Management and Budget setting forth executive views on H.R. 1284. These reports had not been received at the time the report on H.R. 1284 was filed. When the reports become available, the Chairman will request that they be printed in the Congressional Record for the advice of the Senate. The testimony provided by the Department of the Interior at the Subcommittee hearing follows:

STATEMENT OF JOHN W. KEYS III, COMMISSIONER, BUREAU
OF RECLAMATION, DEPARTMENT OF THE INTERIOR

Madam Chairman, and members of the Subcommittee, I am John Keys, Commissioner of the Bureau of Reclamation. I am pleased to be here today to comment on H.R. 1284, which amends the Reclamation Projects Authorization and Adjustment Act of 1992, to increase the Federal share of the cost of the San Gabriel Basin Demonstration Project.

Based on our investigation of this project, we do not believe a cost ceiling increase is warranted at this time and, as we stated in testimony before the House Resources Committee on this bill, the Administration cannot support H.R. 1284 as written. We believe that there is sufficient funding available to provide the Federal cost share for all projects that are contemplated for the San Gabriel Basin cleanup program.

Title XVI of P.L. 102-575, enacted in 1992, authorizes Reclamation to participate in the San Gabriel Basin Demonstration Project. There are three components of the project: the Rio Hondo Water Recycling Program, the Central Basin Municipal Water District; the San Gabriel Valley Water Reclamation Project with the Upper San Gabriel Valley Municipal Water District; and the San Gabriel Basin Demonstration Project being done by the San Gabriel Basin Water Quality Authority. Reclamation is authorized to provide up to 25 percent of the cost of planning, design, and construction of the project components for a Federal contribution of no more than \$38,090,000.

Congress provided the initial appropriation for the project in Fiscal Year 1994, and through Fiscal Year 2003, a total of \$28,852,000 has been made available for the three components. Of that amount, all but \$6,000 has been obligated to existing agreements. With the exception of Rio Hondo and San Gabriel Valley Reclamation components, all existing agreements have been fully funded. The Rio Hondo and San Gabriel Valley Reclamation components, which are water recycling projects, should be completed within the next two years, and are within \$700,000 of being fully funded for the 25 percent Federal share. This leaves a net available amount of \$8.6 million before the ceiling is reached.

The primary component of the San Gabriel Basin Demonstration is the groundwater cleanup program that will result in the Basin being used as a conjunctive use water resource for the region. Reclamation, working closely with the San Gabriel Basin Water Quality Authority since 1994, has executed 9 funding agreements with the Authority to fund specific portions of the cleanup work. All agreements have been fully funded for the 25 percent Federal share.

Over the last ten years that the project has received funding, the schedules for all three components have slipped significantly. In light of this, the San Gabriel Basin Demonstration Project has consistently carried over significant amounts of unexpected funds every year as a result of the extended schedules. Due to these delays, the construction schedule is not firm. In addition, smaller agreements to cover cleanup projects in the El Monte, South El Monte and Puente Valley Operable Units are being implemented. An agreement has been executed with the Water Quality Authority to fund design activities for these Operable Units. We have executed an agreement for the Monterey Park Treatment Facility, which is in the South El Monte Unit. To date we have obligated \$2.425 million for the project, and spent approximately \$1,114,000 of that amount.

We believe that the total funding ceiling provided by the title XVI authority and the Restoration Fund, which may also be available for these projects, is sufficient to provide the Federal cost share for all projects that are contemplated for the San Gabriel Basin cleanup program. This title XVI project has more than \$8 million remaining under its ceiling after fully funding all current project obligations. The Restoration Fund has \$25 million remaining under its ceiling after fully funding all current project obligations. We believe that this will adequately cover future projects being contemplated. Therefore, the cost ceiling for the San Gabriel Basin Demonstration Project authorized by title XVI does not need currently to be increased beyond its authorized limit and thus the Administration cannot support H.R. 1284.

In conclusion, Madam Chairman, I want to add that we have an excellent working relationship with the San Gabriel Demonstration Project partners and look forward to working with them to complete this important project. This concludes my remarks. I would be happy to answer any questions at this time.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the Act, H.R. 1284, as ordered reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

**THE RECLAMATION PROJECTS AUTHORIZATION AND
ADJUSTMENT ACT OF 1992**

Public Law 102-575, as amended by Public Law 104-266 (43
U.S.C. 390h-13)

* * * * *

SECTION 1631. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated such sums as may be necessary to carry out the purposes and provisions of this title.

* * * * *

(d) CEILING ON FEDERAL SHARE.—

(1) Notwithstanding any other provision of sections of this title and except as provided by paragraph (2), the Federal share of the costs of each of the individual projects authorized by sections authorized by this title shall not exceed \$20,000,000 (October 1996 prices).

(2) **[In the case]** (A) *Subject to subparagraph (B), the case of any project authorized by this title for which construction funds were appropriated before January 1, 1996, the Federal share of the costs of such project may not exceed the amount specified as the “total Federal obligation” for that project in the budget justification made by the Bureau of Reclamation for fiscal year 1997, as contained in part 3 of the report of the hearing held on March 27, 1996, before the Subcommittee on Energy and Water Development of the Committee on Appropriations of the House of Representatives.*

(B) *In the case of the San Gabriel Basin demonstration project authorized by section 1614, the Federal share of the cost of such project may not exceed the sum determined by adding—*

- (i) the amount that applies to that project under subparagraph (A); and*
- (ii) \$6,500,000.*

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