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SENATE

{ REPORT
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RECLAMATION WASTEWATER AND GROUNDWATER STUDY AND FACILITIES ACT

AUGUST 5, 2010.—Ordered to be printed

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

R E P O R T

[To accompany H.R. 2741]

The Committee on Energy and Natural Resources, to which was referred the Act (H.R. 2741) to amend the Reclamation Wastewater and Groundwater Study and Facilities Act to authorize the Secretary of the Interior to participate in the City of Hermiston, Oregon, water recycling and reuse project, and for other purposes, having considered the same, reports favorably thereon without amendment and recommends that the Act do pass.

PURPOSE

The purpose of H.R. 2741 is to amend the Reclamation Wastewater and Groundwater Study and Facilities Act to authorize the Secretary of the Interior to participate in the City of Hermiston, Oregon, water recycling and reuse project, and for other purposes.

BACKGROUND AND NEED

The City of Hermiston is located in an agricultural area of Eastern Oregon and plans to use reclaimed water to replace other water the City currently supplies to a neighboring irrigation district for irrigation purposes. The City will utilize the Bureau of Reclamation's Title XVI program to assist with funding to construct upgrades at its existing water treatment plant. The upgraded facility will allow the City to maintain compliance with its National Pollutant Discharge Elimination System discharge permit required by section 402 of the Clean Water Act by providing a new source of clean, recycled water that can be supplied to the Umatilla River to augment river flows instead of relying on pumped groundwater.

H.R. 2741 adds an additional project to the list of authorized Title XVI projects. Federal funding contributions are limited to 25% of the project costs, or \$20 million, whichever is less.

LEGISLATIVE HISTORY

H.R. 2741, sponsored by Representative Walden, passed the House of Representatives by voice vote on September 23, 2009. Companion legislation, S. 1573, was introduced by Senator Wyden on August 4, 2009. The subcommittee on Water and Power held a hearing on H.R. 2741 and S. 1573 on April 27, 2010. The Committee on Energy and Natural Resources considered H.R. 2741 at its business meeting on June 16, 2010, and ordered it favorably reported without amendment at its business meeting on June 21, 2010.

COMMITTEE RECOMMENDATION

The Committee on Energy and Natural Resources, in open business session on June 21, 2010, by voice vote of a quorum present, recommends that the Senate pass H.R. 2741.

SECTION-BY-SECTION ANALYSIS

Section 1 amends the Reclamation Wastewater and Groundwater Study and Facilities Act, Title XVI of Public Law 102–575, by adding a new section authorizing the Secretary of the Interior to participate in the design, planning, and construction of permanent facilities to reclaim and reuse water in the City of Hermiston, Oregon, with a federal cost-share not to exceed 25 percent of the total cost.

COST AND BUDGETARY CONSIDERATIONS

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

H.R. 2741—A bill to amend the Reclamation Wastewater and Groundwater Study and Facilities Act to authorize the Secretary of the Interior to participate in the city of Hermiston, Oregon, water recycling and reuse project

Summary: H.R. 2741 would authorize the Bureau of Reclamation to participate in developing a project to reclaim and reuse groundwater in Hermiston, Oregon. Assuming appropriation of the necessary amounts, CBO estimates that implementing H.R. 2741 would cost \$7 million over the 2011–2015 period.

Pay-as-you-go procedures do not apply to this legislation because it would not affect direct spending or revenues.

H.R. 2741 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 impact of H.R. 2741 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— | | | | | |
|----------------------------------------------|-----------------------------------------|------|------|------|------|-----------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2011–2015 |
| CHANGES IN SPENDING SUBJECT TO APPROPRIATION | | | | | | |
| Estimated Authorization Level | 7 | 0 | 0 | 0 | 0 | 7 |
| Estimated Outlays | 4 | 2 | 1 | 0 | 0 | 7 |

Basis of estimate: For this estimate, CBO assumes that H.R. 2741 will be enacted in fiscal year 2010 and that the federal share of the project's costs will be appropriated in 2011. Estimated outlays are based on historical spending patterns for similar water recycling projects.

H.R. 2741 would authorize the Bureau of Reclamation to design, plan, and construct water recycling facilities in Hermiston, Oregon. The federal share of the project's costs would be limited to the lesser of 25 percent of the total project costs or \$20 million. Based on information from the bureau, CBO estimates that the total cost of the project would be about \$26 million. Under the bill, the federal share of the project's costs would be about \$7 million; the remaining \$19 million would be the responsibility of local governments, as would operation and maintenance of the facility.

Pay-As-You-Go considerations: None.

Intergovernmental and private-sector impact: H.R. 2741 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. The bill would benefit Hermiston, Oregon, by authorizing federal assistance for planning, designing, and constructing water facilities.

Previous CBO estimate: On September 18, 2009, CBO provided a cost estimate for H.R. 2741 as ordered reported by the House Committee on Natural Resources on September 10, 2009. The two versions of the legislation are the same. Based on more recent information from the Bureau of Reclamation, CBO now estimates that the total cost of this project would be \$26 million, \$4 million more than we estimated in 2009. We now estimate that the federal share of the project's costs would be \$7 million.

Estimate prepared by: Federal Costs: Aurora Swanson; Impact on State, Local, and Tribal Governments: Melissa Merrell; Impact on the Private Sector: Amy Petz.

Estimate approved by: Peter H. Fontaine, 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. 2741.

The bill is not a regulatory measure in the sense of imposing Government-established standards or significant economic 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. 2741, as ordered reported.

CONGRESSIONALLY DIRECTED SPENDING

H.R. 2741, as ordered reported, does not contain any congressionally directed spending items, limited tax benefits, or limited tariff benefits as defined in rule XLIV of the Standing Rules of the Senate.

EXECUTIVE COMMUNICATIONS

STATEMENT OF KIRA L. FINKLER, DEPUTY COMMISSIONER
FOR EXTERNAL AND INTERGOVERNMENTAL AFFAIRS, BUREAU OF RECLAMATION, DEPARTMENT OF THE INTERIOR

Madam Chairwoman and Members of the Subcommittee, I am Kira Finkler, Deputy Commissioner for External and Intergovernmental Affairs at the Bureau of Reclamation (Reclamation). I am pleased to provide the views of the Department of the Interior (Department) on S. 1573, the City of Hermiston, Oregon, Water Recycling and Reuse Project. For reasons I will discuss below, the Administration cannot support the bill.

S. 1573 would amend the Reclamation Wastewater and Groundwater Study and Facilities Act (Public Law 102–575, 43 U.S.C. 390h *et seq.*), commonly called Title XVI, to authorize the Secretary of the Interior to participate in the design, planning, and construction of permanent facilities needed to reclaim and reuse wastewater in the City of Hermiston, Oregon. The project is being implemented by the City of Hermiston.

The City of Hermiston, located in north central Oregon, is one of the largest communities within Reclamation's Umatilla Project area. The project proposed by the City includes upgrades and construction at their existing wastewater treatment facility and construction of a delivery system that would deliver recycled water to the West Extension Irrigation District. The recycled water would be used by the District to irrigate agricultural lands. By 2031, it is estimated this proposed project would provide the District with an approximate 2,034 acre-feet of drought resistant water supply during the irrigation season. The current total estimated cost for this project is approximately \$25.8 million.

In January 2010, the City of Hermiston submitted their feasibility report to Reclamation for review under the Title XVI program. In April 2010, Reclamation's review team completed the review and made the certification that the proposed project "Meets Requirements" as defined under section 1604 of Public Law 102–575, as amended.

The City and Reclamation's Pacific Northwest Region are continuing to coordinate on actions that are necessary to be complete prior to implementation of the proposed project. This includes activities such as the determination of the project sponsor's financial capability, completion of Federal environmental compliance actions, water contracts, water rights, and entering into a land use agreement since the delivery pipe is to cross Reclamation land.

S. 1573 would authorize the City of Hermiston's project under Title XVI for Federal funding not to exceed 25 percent of the total cost of the project.

While the Department supports efforts to increase local water supplies and increase recycled water use, this project would compete for funds with other needs within the Reclamation program, including other Title XVI projects currently under construction. In general, the Department supports the Title XVI Reclamation and Reuse program. The 2011 budget proposal includes funding for the Department's WaterSMART Program, and Title XVI is an important element of that program. Specifically, the 2011 budget proposal includes \$29 million for the Title XVI program, a 113% increase over the 2010 enacted level.

As part of this total, the Department is requesting \$20 million for Title XVI projects to be selected using criteria to identify activities most closely aligned with Title XVI statutory and program goals. On March 15, 2010, Reclamation posted an announcement inviting comment on draft funding criteria for Title XVI projects. After these criteria are finalized with comments received up through April 16, Reclamation will review and rank Title XVI project proposals received *through a public funding opportunity announcement* based on those criteria subject to appropriations in fiscal year 2011.

Separately, in July of 2009, the Department announced the allocation of approximately \$135 million in grants for specifically authorized Title XVI projects using funds from the American Recovery and Reinvestment Act, or ARRA. We recognize that water reuse is an essential tool in stretching the limited water supplies in the West, and I believe the FY 2011 Budget request on top of the ARRA funding has demonstrated the emphasis placed by this Administration on this Program. However, given that there are 53 already authorized Title XVI projects and numerous competing mission priorities and demands on Reclamation's budget, the Department cannot support the authorization of new Title XVI projects or extensions of existing authorized cost ceilings at this time.

Reclamation will, however, continue to work with project proponents to evaluate the completeness of feasibility studies of their projects.

Madam Chairwoman, this concludes my testimony. Thank you for the opportunity to comment on S. 1573. I would be pleased 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 bill H.R. 2741, 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):

RECLAMATION PROJECTS AUTHORIZATION AND ADJUSTMENT ACT OF 1992

Public Law 102-575, Title XVI, Section 16XX (106 Stat. 4663)

AN ACT To amend the Reclamation Wastewater and Groundwater Study and Facilities Act to authorize the Secretary of the Interior to participate in the City of Hermiston, Oregon, water recycling and reuse project, and for other purposes

Be it enacted by the Senate and the House of Representatives of The United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Reclamation Projects Authorization and Adjustment Act of 1992”.

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TITLE XVI—RECLAMATION WASTEWATER AND GROUND WATER STUDIES

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SEC. 16xx. CITY OF HERMISTON, OREGON, WATER RECYCLING AND REUSE PROJECT.

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TITLE XVI—RECLAMATION WASTEWATER AND GROUNDWATER STUDIES

SEC. 1601. SHORT TITLE.

This title may be referred to as the “Reclamation Wastewater and Groundwater Study and Facilities Act”.

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SEC. 16XX. CITY OF HERMISTON, OREGON, WATER RECYCLING AND REUSE PROJECT.

(a) AUTHORIZATION.—The Secretary, in cooperation with the City of Hermiston, Oregon, is authorized to participate in the design, planning, and construction of permanent facilities to reclaim and reuse water in the City of Hermiston, Oregon.

(b) COST SHARE.—The Federal share of the costs of the project described in subsection (a) shall not exceed 25 percent of the total cost.

(c) LIMITATION.—The Secretary shall not provide funds for the operation and maintenance of the project described in subsection (a).

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