

Report to the House and Senate Committees on Appropriations

Distribution of Fiscal Year 2017 Funding for Water Conservation and Delivery – Pub. L. 114-322 (Section 4007), Water and Related Resources, Bureau of Reclamation and Discussion of Criteria and Recommendations

Summary

The Consolidated Appropriations Act, 2017 (P.L. 115-31) Explanatory Statement specified that “Of the additional funding provided under the heading ‘Water Conservation and Delivery’, \$67,000,000 shall be for water storage projects as authorized under section 4007 of Public Law 114-322.”

In accordance with Section 4007 of the Water Infrastructure Improvements for the Nation Act (P.L. 114-322, or “WIIN Act”), “Projects can only receive funding if enacted appropriations legislation designates funding to them by name, after the Secretary recommends specific projects for funding pursuant to this section and transmits such recommendations to the appropriate committees of Congress.” Therefore, because no projects were named in the appropriations legislation or Explanatory Statement, none of the \$67,000,000 could be used in Fiscal Year (FY) 2017, and it was carried over into FY 2018.

The WIIN Act provides the Secretary with the authority to participate in Federally-owned and State-led water storage projects. Reclamation has identified seven projects using FY 2017 funds recommended for funding in FY 2018 (see Attachments 2 and 3). The projects, which were identified through the Regions, were screened for eligibility and prioritized. Federally owned and state-led storage projects must meet the requirements of the WIIN Act before the Secretary may participate in project implementation. To ensure compliance, and ensure that the Federal government makes sound investment decisions, considerations used in the decision-making included:

Criteria for Studies:

1. Proposed projects must increase surface water storage (and/or groundwater for state-led projects);
2. Studies must have an existing in-progress feasibility study or a completed appraisal-level analysis with potentially viable alternatives identified;
3. Ability to complete the study before program expiration; and
4. Non-federal funds are available and partners are ready to proceed.

Criteria for Construction:

1. Feasibility study (or state-led planning study) has been completed and meets eligibility requirements of the WIIN Act Section 4007:
 - a. Does the project expand surface water storage (or groundwater for state-led projects)?

- b. Is the project technically, environmentally, and financially feasible? (And economically feasible for Federally owned storage projects?)
 - c. Is the Federal share of benefits greater than or equal to the Federal share of costs?
 - d. Is the Federal cost share less than or equal to 25 percent for state-led, or 50 percent for Federally owned storage projects?
 - e. Are all NEPA requirements satisfied?
2. What volume of additional storage (and deliveries) will be made available by the project?
 3. Describe the costs and benefits (economic, environmental, etc.) that will be provided by the storage project; include quantified and unquantified effects.
 - a. What are the annual Federal appropriations requirements? Are they reasonable and realistic?
 - b. Identify the ability of project beneficiaries to pay their share of estimated construction and annual operations and maintenance costs.
 - c. Non-federal funding sources have been identified and/or secured.
 4. What is the projected construction schedule? Identify the timeframe to proceed with construction including the following factors:
 5. Have all outstanding legal, water rights, and public opposition issues been addressed? If not what issues remain to be addressed and what is their current status / timeframe to address them?

Criteria for Funding Prioritization:

1. Project capability during the FY in which funding is requested, as appropriate;
2. Ability to complete projects or discrete segments of the projects;
3. Continued focus on public safety as well as ongoing operation and maintenance requirements;
4. Ability to meet other Federal or court ordered requirements;
5. Ability to make progress towards project completion without increasing future budget requirements;
6. Project's local or Congressional political support, and support of high-priority Administration programs, activities, and requirements;
7. Financial feasibility considerations, such as the acceleration of construction underway, that would achieve more efficient construction schedules, probable cost reductions and an earlier realization of project benefits;
8. Positive economic impacts to communities;
9. Consideration of Reclamation's responsibility to tribal nations;
10. Balancing geographical distribution against the most critical needs; and
11. Support for programs that through cost sharing or partnerships could leverage Federal dollars.

Secretarial Determination for Commencement of Construction

The Shasta Dam and Reservoir Enlargement Project is the result of Reclamation's Shasta Lake Water Resources Investigation Feasibility Report. This project would increase water supply storage and reliability while addressing related water resource problems and needs. Reclamation will have a cost-share partner prior to beginning construction which is planned for late 2019 (early FY'20).

A Final Feasibility Report and Environmental Impact Statement (EIS) for the Shasta Lake Water Resources Investigation (SLWRI) were transmitted to Congress on July 29, 2015. The Final Feasibility Report did not provide a recommendation to Congress due to outstanding considerations, primarily related to cost-sharing.

The 2015 Final Feasibility Report identified "Alternative CP4A", an 18.5 foot raise of the dam impounding an additional 634,000 acre-feet, as the National Economic Development Plan and provided financial feasibility evaluations for alternative CP4A. Estimated total project cost is approximately \$1.3 billion (2014 dollars).

Since publication of the FEIS and Feasibility Report, several new developments have occurred. In December 2016, the Water Infrastructure Improvements for the Nation (WIIN, PL 114-322) Act was enacted with new authorities for Reclamation's development of federal and non-federal water storage. In May 2017, Congress appropriated \$67 million for new storage consistent with WIIN Section 4007. And since January 2017, the Department of the Interior (Department) and Bureau of Reclamation (Reclamation) have taken a renewed focus on development of new water storage in California and elsewhere, with the expectation that these new authorities and funding could help initiate that effort.

As part of the Yakima Project located in central Washington, Cle Elum Dam was identified for a pool raise and is part of the Yakima River Basin Integrated Water Resource Management Plan (Yakima Basin Integrated Plan).

Section 4007(a)(1) of the WIIN Act defines a federally owned storage project as, "any project involving a surface water storage facility in a Reclamation State— (A) to which the United States holds title; and (B) that was authorized to be constructed, operated, and maintained pursuant to the reclamation laws." The Cle Elum Pool Raise project meets this definition because it is an expansion of an existing authorized project, and the expansion was authorized for implementation under Public Law 103-434, the Yakima River Basin Water Enhancement Project (YRBWEP) Act Title XII, October 31, 1994.

Section 4007(b)(3) requires that before the commencement of construction of a federally owned storage project, the Secretary must make the following determinations, "(A) that the proposed federally owned storage project is feasible in accordance with the reclamation laws; (B) secures an agreement providing upfront funding as is necessary to pay the non-Federal share of the capital costs; and (C) determines that, in return for the Federal cost-share investment in the federally owned storage project, at least a

proportionate share of the project benefits are Federal benefits, including water supplies dedicated to specific purposes such as environmental enhancement and wildlife refuges.”

Feasibility was completed for Cle Elum Pool Raise as part of the Yakima Basin Integrated Plan, and a least-cost analysis was performed. The least cost alternative was selected. The primary benefits of the project are to the environment by providing improved flows for fish. As a component of the Yakima Basin Integrated Plan, agreements are readily in place with the State of Washington as the cost share partner. Section 1206 of YRBWEP Title XII includes authorization to modify the radial gates at Cle Elum Dam to provide an additional 14,600 acre-feet of storage capacity in Cle Elum Reservoir; provide for shoreline protection of Cle Elum Lake; and provide environmental mitigation for impacts from the Pool Raise as necessary. The additional storage is intended primarily for instream passage for fish while maintaining existing commitments for irrigation deliveries.

Section 4007(b)(2) limits federal cost share to 50 percent. The work completed thus far for the Cle Elum Pool Raise project is subject to a 50/50 cost share agreement with the State of Washington with the State currently providing more than 50 percent. The estimated Federal cost share is \$9,000,000 to complete the project, with an overall estimated cost of \$18,000,000. The funding request for FY 2018 for Cle Elum Pool Raise construction is \$2 million. Finally, section 4007(b)(4) requires that, “the Secretary of the Interior shall comply with all applicable environmental laws, including the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.)” Environmental compliance was completed for Cle Elum Pool Raise with a Record of Decision issued June 2015.

This project has been reviewed and approved to construct by Reclamation. The first phase of this project, the radial gate modification has been constructed and paid for by the State of Washington. The second phase of this project, shoreline protection of Cle Elum Reservoir, is underway. The shoreline protection final design is complete and is planned to be implemented over a five-year period. Contracting and construction of shoreline protection will be carried out over several years contingent to funding availability. The first shoreline contract is for U.S. Forest Service (USFS) facilities and was awarded in fiscal year 2017. Subsequently, approximately six shoreline protection contracts will be awarded for USFS and private properties. The reservoir will not be raised until shoreline protection has been completed. The water rights application is in process and Reclamation will be issued a water right for the 14,600 acre-feet in the near future.

Bureau of Reclamation

**FY 2018 - Distribution of FY 2017 Funding for WIIN Section 4007 Projects
(\$ in Thousands)**

| Category/Project | State(s) | Amount | Category |
|---|-----------------|---------------|-------------------------|
| Studies, Design, Pre-Construction, and Construction | | | |
| Shasta Dam and Reservoir Enlargement Project | California | 20,000 | Design, Pre-Constuction |
| North-of-Delta Offstream Storage Investigation/ Sites Reservoir Storage Project | California | 4,350 | Study |
| Upper San Joaquin River Basin Storage Investigation | California | 1,500 | Study |
| Friant-Kern Canal Subsidence Challenges Project | California | 2,200 | Study |
| Boise River Basin Feasibility Study | Idaho | 750 | Study |
| Yakima River Basin Water Enhancement Project - Cle Elum Pool Raise | Washington | 2,000 | Construction |
| Upper Yakima System Storage Feasibility Study | Washington | 2,500 | Study |
| Total of WIIN Sec. 4007 Funding Recommended for Distribution | | 33,300 | |

| Water Conservation and Delivery - WIIN Section 4007 | | | |
|---|---|-----------------|--|
| (S in Thousands) | | | |
| State | Project | Amount | Project Description |
| Studies, Design, Pre-Construction, and Construction | | | |
| California | Shasta Dam and Reservoir Enlargement Project | 20,000 | To increase storage supply and reliability while addressing related water resources problems and needs. Funds will be used to advance pre-construction activities including design, environmental, ESA, cultural, lands, design data, and agreements with project partners. Most of these activities will lead to a Record of Decision being executed in the Fall of 2019. |
| California | North-of-Delta Offstream Storage Investigation/ Sites Reservoir Storage Project | 4,350 | Funds will be used to complete an in-progress feasibility study. The proposed project includes an additional 1.8 million acre-feet of off-stream surface storage. The additional storage of the proposed project will address the need identified by the CALFED Bay-Delta Programmatic Record of Decision for up to 6 million acre-feet (MAF) of new storage in California—including up to 3 MAF of storage north of the Delta—to restore flexibility and adaptability to Central Valley Project and State Water Project operations. The project will benefit incremental Level 4 refuge water supply (primary objective); improve the survival of anadromous fish and other aquatic species (primary objective); and improve Delta environmental and export water quality (primary objective), sustainable hydropower generation (secondary objective), opportunities for recreation (secondary objective), and flood damage reduction (secondary objective). |
| California | Upper San Joaquin River Basin Storage Investigation | 1,500 | Funds will be used to complete an in-progress feasibility study. The Upper San Joaquin River Basin Storage Investigation consists of a potential 1.26 million AF new reservoir to expand water storage capacity in the upper San Joaquin River watershed to (1) improve water supply reliability and flexibility of the water management system for agricultural, municipal and industrial, and environmental uses; and (2) enhance water temperature and flow conditions in the San Joaquin River downstream from Friant Dam for salmon and other native fish. |
| California | Friant-Kern Canal Subsidence Challenges Project | 2,200 | Funds will be used to conduct a new feasibility study. The study will explore options to address the issue of Friant-Kern Canal (FKC) subsidence. The potential benefits would be 3000 AF/day of conveyance restored, which would allow significant increase in storage capacity in Millerton Reservoir during key times. Restoring FKC capacity would increase annual average surface water deliveries by 8,000 acre-feet. The maximum single year increase is approximately 110,000 acre-feet. Restoring FKC capacity will also ensure that the proposed Upper San Joaquin River Storage project will be able to deliver its full project benefits. |
| Idaho | Boise River Basin Feasibility Study | 750 | Funds will be used to conduct a new feasibility study. The Boise River Basin Feasibility Study (Study) will investigate the possibility of increasing surface water storage in the Boise River watershed located in southwestern Idaho by raising the heights of Reclamation's Arrowrock Dam (ten feet / 20,000 acre-feet) and Anderson Ranch Dam (six feet / 29,000 acre feet), as well as the U.S. Army Corps of Engineers Lucky Peak Dam (four feet / 10,000 acre-feet) and comparing different combinations at the three facilities and different raise options of the dam raises. Additional water storage would enhance long-term water supply for critical irrigation, domestic, industrial, and municipal needs in the Boise, Idaho area, while continuing to meet endangered species and power generation needs along with potentially providing additional flood risk management. It also recognizes the need to store additional runoff in wet years. |
| Washington | Yakima River Basin Water Enhancement Project - Cle Elum Pool Raise | 2,000 | Funds will be used for project construction. As part of the Yakima Project located in central Washington, Cle Elum Dam has been identified for a pool raise and is part of the Yakima River Basin Integrated Water Resource Management Plan (Yakima Basin Integrated Plan). The Cle Elum Pool Raise was authorized for implementation, including construction, under the Yakima River Basin Water Enhancement Project (YRBWEP) Title XII, October 31, 1994. The project includes modification of the radial gates on the spillway of Cle Elum Dam to provide an additional 14,600 acre-feet of storage capacity in Cle Elum Reservoir; and provides for shoreline protection of Cle Elum Reservoir. The additional storage is intended primarily for instream passage for fish while maintaining existing commitments for irrigation deliveries. |
| Washington | Upper Yakima System Storage Feasibility Study | 2,500 | Funds will be used to continue an in-progress feasibility study, started by non-federal partners. Part of the Yakima Integrated Plan, the proposed project will provide additional water storage ranging from 20,000 acre-feet to 30,000 acre-feet, by creating reservoirs off the Kittitas Reclamation District (KRD) canal. The additional storage from this project could be managed as Total Water Supply Available in the Yakima Basin and help prorable districts with water to purchase in a drought year. The Yakama Nation would receive benefit from this project as their water supply is prorable and would potentially help them with drought year water supply needs. |
| Total, Water Conservation and Delivery - WIIN Section 4007 | | \$33,300 | |