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104TH CONGRESS, 2d Session | HOUSE OF REPRESENTATIVES | REPORT 104–770

EMERGENCY DROUGHT RELIEF ACT OF 1996

SEPTEMBER 4, 1996.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. YOUNG of Alaska, from the Committee on Resources, submitted the following

REPORT

[To accompany H.R. 3910]

[Including cost estimate of the Congressional Budget Office]

The Committee on Resources, to whom was referred the bill (H.R. 3910) to provide emergency drought relief to the city of Corpus Christi, Texas, and the Canadian River Municipal Water Authority, Texas, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Emergency Drought Relief Act of 1996".

SEC. 2. EMERGENCY DROUGHT RELIEF.

(a) CORPUS CHRISTI.—

(1) EMERGENCY DROUGHT RELIEF.—For the purpose of providing emergency drought relief, the Secretary of the Interior shall defer all principal and interest payments without penalty or accrued interest for the 5-year period beginning on the date of enactment of this Act for the city of Corpus Christi, Texas, and the Nueces River Authority under contract No. 6–07–01–X0675 involving the Nueces River Reclamation Project, Texas: *Provided,* That the city of Corpus Christi shall commit to use the funds thus made available exclusively for the acquisition of or construction of facilities related to alternative sources of water supply.

(2) ISSUANCE OF PERMITS.—If construction of facilities related to alternative water supplies referred to in paragraph (1) requires a Federal permit for use of Bureau of Reclamation lands or facilities, the Secretary shall issue such permits within 90 days after the date of enactment of this Act, recognizing the environmental impact statement FES74–54 and the environmental assessment dated March 1991 (relating to the Lavaca-Navidad River Authority Pipeline permit).

(b) CANADIAN RIVER MUNICIPAL WATER AUTHORITY.—

29–006

(1) RECOGNITION OF TRANSFER OF LANDS TO THE NATIONAL PARK SERVICE.—All obligations and associated debt under contract No. 14–06–500–485 for land and related relocations transferred to the National Park Service to form the Lake Meredith National Recreation Area under Public Law 101–628, in the amount of $4,000,000, shall be nonreimbursable. The Secretary shall recalculate the repayment schedule of the Canadian River Municipal Water Authority to reflect the determination of the preceding sentence and to implement the revised repayment schedule within one year of the date of enactment of this Act.

(2) EMERGENCY DROUGHT RELIEF.—The Secretary shall defer all principal and interest payments without penalty or accrued interest for the 3-year period beginning on the date of enactment of this Act for the Canadian River Municipal Water Authority under contract No. 14–06–500–485 as emergency drought relief to enable construction of additional water supply and conveyance facilities.

PURPOSE OF THE BILL

The purpose of H.R. 3910 is to provide emergency drought relief to the city of Corpus Christ, Texas, and the Canadian River Municipal Water Authority, Texas.

BACKGROUND AND NEED FOR LEGISLATION

This legislation would provide financial assistance to certain water authorities in Texas by directing the Secretary of the Interior to defer all principal and interest payments without penalty or accrued interest for a period of five years for the City of Corpus Christi and the Nueces River Authority for their payments toward the Nueces River Project, and for a period of three years for the Canadian River Municipal Water Authority with respect to its payments toward the Canadian River Project.

In approving this deferral, it is not the intent of the Committee that the debt be forgiven, nor is it intended that the debt be reamortized following the deferrals so that the water authorities would be making higher payments over the remaining length of the original contract. Rather, the Committee intends that, following the deferrals, the payments would resume in accordance with the current repayment schedule, with additional years added beyond the current contract repayment length. This would have the effect of adding five years to the repayment of the Nueces River Project, and three years to the repayment of the Canadian River Project. The Committee would oppose the imposition of any additional terms and conditions on the water authorities as a result of contract modifications to incorporate these deferrals into the current repayment contracts.

The bill also provides that if the construction of alternative water supplies for the City of Corpus Christ requires a federal permit for use of Bureau of Reclamation lands or facilities, the Secretary of the Interior shall issue such permits within 90 days of enactment. Further, the bill states that the cost of lands in the Canadian River Project that were transferred to the National Park Service to form Lake Meredith National Recreation Area shall be nonreimbursable, and the repayment obligation of the Canadian River Municipal Water Authority is to be recalculated accordingly.

History of legislation

In November 1995, Congressman Solomon Ortiz (D–TX) introduced H.R. 2609, a bill to provide for the transfer of the following

Bureau of Reclamation facilities in Texas to water authorities: the Canadian River Project; the Palmetto Bend Project; and the Nueces River Reclamation Project. The bill was cosponsored by Congressman Greg Laughlin (R–TX), Congressman Mac Thornberry (R-TX), and Congressman Larry Combest (R–TX), and was the subject of a November 16, 1995, hearing in the Water and Power Resources Subcommittee.

It became apparent after the November hearing that a major goal of the facilities transfers was actually to free up capital for the water authorities to pursue other water supplies in the face of lower-than-expected water yields from the Nueces River Project and the Canadian River Project. These reduced yields, the size of which the Bureau of Reclamation disputes, have been exacerbated by the continuing drought in southern and western Texas.

The Nueces River Project (Choke Canyon Reservoir) is located in McMullen County, Texas. Choke Canyon Reservoir is used in conjunction with Lake Corpus Christi to provide municipal and industrial supplies to serve the 500,000 people in Corpus Christ and surrounding communities. The Project provides 40,000 acre-feet of water per year for freshwater and return flows to the Nueces estuary for environmental purposes. Recreational development is provided by the Choke Canyon State Park and the Dauthtrey Wildlife Management Area.

According to the City, the project yield of Choke Canyon Reservoir has been much lower than anticipated, although the Bureau of Reclamation disputes the hydrologic data, citing issues such as the point in the system where the data was collected. In addition, the City considers part of the yield reduction the 40,000 acre-feet of releases that the State of Texas is requiring the City to make for riparian habitat and Gulf Coast estuaries.

The Palmetto Bend Project (Lake Texana) is located on the Navidad River in Jackson County, Texas. The Project was authorized in 1968, and provides a municipal and industrial water supply for the central coastal region of Texas. The Lavaca–Navidad River Authority, which operates and maintains the project, currently has a contract with the City of Corpus Christi and Formosa Plastics to supply water. The River Authority and the Texas Parks and Wildlife Department provide recreational areas for public use.

The Canadian River Project (Lake Meredith) was authorized in 1950, and provides municipal and industrial water supplies, as well as flood control benefits. The project provides a water supply to 11 cities in the high plains area of Texas, including Lubbock and Amarillo. However, the reservoir has had severe natural salinity problems caused by brine discharges into the Canadian River in New Mexico. The Canadian River Municipal Water Authority, with assistance from the State of Texas and the Bureau of Reclamation, will be beginning a project to address these brine discharges within the next fiscal year. The project provides recreational benefits through the areas administered by the National Park Service that surround the reservoir. The Water Authority is responsible for the operation and maintenance of the project, and receives payments from the Bureau of Reclamation to help defray the operation and maintenance costs associated with the non-reimbursable elements of the project, such as flood control.

Drought in Texas

At the time the legislation was considered by the Full Committee, severe drought conditions prevailed in much of Arizona, New Mexico and Southeast Texas. Although much of Texas escaped the West-wide drought of the late 1980s, in July 1996, the Palmer Drought Severity Index recorded drought status throughout Texas, with the most severe conditions in South Texas and the Gulf Coast area. San Antonio had received only 34 percent of normal rainfall in 1996; El Paso ended a 68-day dry spell with 0.05 inches of rain on June 13; and in Corpus Christi, the dry weather has been accompanied by severe heat and record temperatures.

Due to weather conditions created by Hurricane Dolly, southern and central Texas have received several inches of rainfall during August 1996. However, the impact of this rainfall in alleviating drought conditions and improving reservoir storage is unclear.

Even without the drought, the Texas Water Development Board has predicted that Corpus Christi will require additional water supplies by 2010. The dry spell has exacerbated this water shortage. Reservoir levels in the two Bureau of Reclamation reservoirs that supply much of the city's water have dropped steadily since mid-1993. Prior to the August rainfall, projections by city officials indicated that all storage would be gone within two years.

An option for the city of Corpus Christi

In approving H.R. 3910, the Committee is not endorsing any specific alternative water supplies for the City of Corpus Christi or the Canadian River Authority. Any locally-developed alternative water supplies would have to be developed in accordance with state law, including any necessary state permits.

However, additional municipal and industrial water supplies are available from Lake Texana, part of the Bureau's Palmetto Bend Project, designed to supply 75,000 acre-feet annually on the Navidad River to the north. This reservoir has been less severely affected by the drought, and the Lavaca-Navidad River Authority, which owns the water rights, has offered to sell water from that facility to the City of Corpus Christi.

The conveyance facility for that water would be a 90-mile pipeline which diverts water from a point near the dam on Lake Texana and pumps the water south to Corpus Christi. The project requires the Lavaca-Navidad Water Authority to obtain permits from the Bureau of Reclamation to construct a pumping plant and for a pipeline right-of-way at Lake Texana.

City representatives have expressed concern over the time that may be required to obtain such permits from the Bureau. Therefore, H.R. 3910 provides that if the construction of alternative water supplies for the City of Corpus Christ requires a federal permit for use of Bureau of Reclamation lands or facilities, the Secretary of the Interior shall issue such permits within 90 days of enactment. In addition, the City of Corpus Christi faces an approximate $15 million shortfall in its financing for the pipeline project, which is why it is seeking the debt relief to which the Committee has agreed.

The Texas Natural Resources Conservation Commission must approve the water permit, which has been filed by the Lavaca–

Navidad Water Authority and the Texas Water Development Board. The application seeks to amend an existing certificate of adjudication for the Palmetto Bend Project, and would permit the water to be diverted to the City of Corpus Christi.

COMMITTEE ACTION

On July 19, 1996, the Subcommittee on Water and Power Resources of the Committee on Resources held an oversight field hearing in Corpus Christi, Texas, on drought conditions affecting Bureau of Reclamation facilities in Texas.

H.R. 3910 was introduced on July 26, 1996, by Congressman Ortiz, for himself and Congressman Thornberry. The bill was referred to the Committee on Resources, and held in the Full Committee. On August 1, 1996, the Full Resources Committee met to consider H.R. 3910. An amendment to clarify that the deferral periods begin on the date of enactment of this Act was offered by Congressman Ortiz, and adopted by voice vote. The bill as amended was then ordered favorably reported to the House of Representatives by voice vote.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

The short title of the bill is the "Emergency Drought Relief Act of 1996".

Section 2. Emergency drought relief

For the purposes of providing emergency drought relief, subsection (a) directs the Secretary of the Interior to defer all principal and interest payments for the Nueces River Reclamation Project, Texas, without penalty or accrued interest for a period of five years for the City of Corpus Christi, Texas, and the Nueces River Authority. The subsection stipulates that the funds made available are to be used exclusively for the acquisition of or construction of facilities for an alternative water supply. If construction of facilities related to these alternative water supplies requires a federal permit for use of Bureau of Reclamation lands or facilities, the Secretary of the Interior shall issue the permits within 90 days after the date of enactment of this Act, recognizing certain past environmental documents.

Although paragraph 2(a)(2) places a 90-day deadline on the Bureau of Reclamation's issuance of permits for facilities constructed by the City of Corpus Christi, it is not the intent of this legislation to thereby avoid compliance with the National Environmental Policy Act(NEPA). Rather, the legislation is designed to set the Bureau's priorities in relation to this emergency and provide a date certain when the work must be completed. The Committee believes that the 90-day time period should be sufficient for completion of NEPA procedures, considering the extensive environmental analysis developed in 1991 for a related pipeline project, and the fact that the Bureau has already begun NEPA compliance on the Corpus Christi/Lavaca-Navidad River Authority permit application. The Committee believes the Bureau of Reclamation can and should

act swiftly to complete the necessary environmental analysis before the deadline.

Subsection (b) stipulates that all obligations and debt of the Canadian River Municipal Water Authority with respect to land and related relocations transferred to the National Park Service to form the Lake Meredith National Recreation Area under Public Law 101–628 shall be nonreimbursable. The subsection directs the Secretary of the Interior to recalculate the repayment schedule of the Authority to reflect this nonreimbursable determination, and to implement the revised repayment schedule within one year of the date of enactment of this Act. The subsection further directs the Secretary to defer all principal and interest payments for the Canadian River Project without penalty or accrued interest for a period of three years for the Authority for emergency drought relief to enable construction of additional water supply and conveyance facilities.

COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

With respect to the requirements of clause 2(l)(3) of rule XI of the Rules of the House of Representatives, and clause 2(b)(l) of rule X of the Rules of the House of Representatives the Committee on Resources' oversight findings and recommendations are reflected in the body of this report.

INFLATIONARY IMPACT STATEMENT

Pursuant to clause 2(l)(4) of rule XI of the Rules of the House of Representatives, the Committee estimates that the enactment of H.R. 3910 will have no significant inflationary impact on prices and costs in the operation of the national economy.

COST OF THE LEGISLATION

Clause 7(a) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs which would be incurred in carrying out H.R. 3910. However, clause 7(d) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 403 of the Congressional Budget Act of 1974.

COMPLIANCE WITH HOUSE RULE XI

1. With respect to the requirement of clause 2(l)(3)(B) of rule XI of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974, H.R. 3910 does not contain any new budget authority, spending authority, credit authority, or an increase or decrease in tax expenditures. The bill would result in a loss of offsetting receipts totaling less than $500,000 a year over the 2003–2017 time period. The bill would also shift the collection of other offsetting receipts from 1997–2002 until after 2017.

2. With respect to the requirement of clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives, the Committee has received no report of oversight findings and recommendations from

the Committee on Government Reform and Oversight on the subject of H.R. 3910.

3. With respect to the requirement of clause 2(l)(3)(C) of rule XI of the Rules of the House of Representatives and section 403 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for H.R. 3910 from the Director of the Congressional Budget Office.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, August 28, 1996.

Hon. DON YOUNG,
Chairman, Committee on Resources,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 3910, the Emergency Drought Relief Act of 1996.

Enacting H.R. 3910 would affect direct spending. Therefore, pay-as-you-go procedures would apply to the bill.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

JUNE E. O'NEILL, *Director.*

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: H.R. 3910.

2. Bill title: Emergency Drought Relief Act of 1996.

3. Bill status: As ordered reported by the House Committee on Resources on August 1, 1996.

4. Bill purpose: H.R. 3910 would direct the Secretary of the Interior acting through the Bureau of Reclamation to:

Defer all principal and interest payments without penalty or accrued interest for 5 years for the city of Corpus Christi, Texas, and the Nueces River Authority;

Defer all principal and interest payments without penalty or accrued interest for 3 years for the Canadian River Municipal River Water Authority; and;

Designate $4 million of the remaining principal balance of the Canadian River Municipal Water Authority's repayment contract as non-reimbursable.

5. Estimated cost to the Federal Government: Assuming enactment by the beginning of fiscal year 1997, CBO estimates that H.R. 3910 would shift the collection of $28 million in offsetting receipts from the 1997–2002 period until after 2017. The bill also would result in a loss of offsetting receipts totaling less than $500,000 a year over the 2003–2017 period. These receipts represent a portion of the receipts received by the Treasury under repayment contracts managed by the Bureau of Reclamation. The total of such payments for 1997 through 2002 is shown in the following table, along with the expected change in payments under H.R. 3910.

[By fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002
DIRECT SPENDING							
Spending under current law:							
Estimated budget authority	−186	−161	−163	−163	−174	−172	−171
Estimated outlays	−186	−161	−163	−163	−174	−172	−171
Proposed changes:							
Estimated budget authority	.....	7	7	7	4	4	(1)
Estimated outlays	.....	7	7	7	4	4	(1)
Spending under H.R. 3910:							
Estimated budget authority	−186	−154	−156	−156	−170	−168	−167
Estimated outlays	−186	−154	−156	−156	−170	−168	−167

[1] Less than $500,000.

The costs of this bill fall within budget function 300.

6. Basis of estimate: Assuming that H.R. 3910 will be enacted by the beginning of fiscal year 1997, the city of Corpus Christi, Texas, the Nueces River Authority, and the Canadian River Municipal Water Authority would be able to withhold payment of principal and interest beginning in 1997. All three contractors have already made or are in the process of making their 1996 payments.

The city of Corpus Christi, Texas, and the Nueces River Authority would resume payments to the Treasury beginning in 2002 and the Canadian River Authority would resume payments to the Treasury beginning in 2000. All contractors would be required to repay all deferred amounts at the end of their current repayment periods. Annual payments by the Canadian River Authority would reflect a $4 million reduction in the outstanding principal balance of the contract and would therefore be lower than they are under current law.

The terms of repayment contracts for water projects managed by the Bureau of Reclamation, such as the projects affected by this bill, are essentially equivalent to the terms of a loan as defined in the Federal Credit Reform Act of 1990. To date, however, neither CBO nor the Office of Management and Budget (OMB) have treated new contracts as loans or changes in such contracts as loan modifications under the provisions of credit reform. Such provisions call for recording the cost of a new loan—or any change in cost in the case of a modification—on a present value basis, as opposed to the cash basis reflected in this estimate. CBO and OMB are reviewing the budgetary treatment of federal water projects with repayment contracts, and may decide to treat such transactions as loans for the purpose of scoring future legislation.

7. Pay-as-you-go considerations: Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts through 1998. CBO estimates that enacting H.R. 3910 would affect direct spending by reducing offseting receipts. Therefore, pay-as-you-go procedures would apply to the bill. The following table summarizes the estimated pay-as-you-go impact.

[By fiscal year, in millions of dollars]

	1996	1997	1998
Change in outlays	0	7	7

[By fiscal year, in millions of dollars]

	1996	1997	1998
Change in receipts	0	(1)	7

[1] Not applicable.

8. Estimated impact on state, local, and tribal governments: In accordance with the Unfunded Mandates Reform Act of 1995 (Public Law 104–4), CBO has determined that this bill contains no intergovernmental mandates and would impose no costs on state, local, or tribal governments.

9. Estimated impact on the private sector: In accordance with Public Law 104–4, CBO has determined that this bill would impose no private-sector mandates.

10. Previous CBO estimate: None.

11. Estimate prepared by: Federal cost estimate: Gary Brown; impact on state, local, and tribal governments: Marjorie Miller; and impact on the private sector: Amy Downs.

12. Estimate approved by: Paul N. Van de Water, Assistant Director for Budget Analysis.

COMPLIANCE WITH PUBLIC LAW 104–4

H.R. 3910 contains no unfunded mandates.

CHANGES IN EXISTING LAW

If enacted, H.R. 3910 would make no changes in existing law.

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