



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 1, 1999

S. 769

Dickinson Dam Bascule Gates Settlement Act of 1999

*As ordered reported by the Senate Committee on Energy and Natural Resources on
September 22, 1999*

CBO estimates that enacting S. 769 would increase direct spending by a total of about \$600,000 over the 2000-2004 period, but that the change in direct spending would be less than \$500,000 in each year. Because the bill would affect direct spending, pay-as-you-go procedures would apply. In addition, subject to the availability of appropriated funds, CBO estimates that implementing S. 769 would increase costs for the Bureau of Reclamation by a negligible amount over the 2000-2004 period. S. 769 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments. Because this bill would significantly reduce the amount owed to the federal government by the city of Dickinson, North Dakota, the city would benefit from its enactment.

S. 769 would direct the Secretary of the Interior to accept a one-time payment of \$300,000, less certain payments, from the city of Dickinson as settlement of the city's remaining obligations to the Bureau of Reclamation for constructing bascule gates on the Dickinson Dam. (Bascule gates are used to modify the amount of water that a lake retains.) In addition, the bill would divide the annual costs to operate and maintain the gates between the city and the Bureau of Reclamation; the city would pay the first \$15,000 and the bureau would pay the rest. The federal government would retain title to the gates and dam.

According to the Bureau of Reclamation, the city of Dickinson owes the federal government approximately \$1.5 million for the bascule gates, which the bureau constructed during 1980 and 1981. With interest, that amount will grow to about \$3.75 million by 2027, the final year of a contract that requires the city to pay the federal government about \$125,000 each year.

We estimate that enacting S. 769 would result in the federal government forgoing the collection of debt service payments from the city. For fiscal years 2000 through 2004, CBO estimates the amount of forgone receipts would total about \$760,000. In addition to the regular payments scheduled for each of the next five years, this total includes about

\$135,000 for the 1998 payment (including interest and penalties), which the city still owes. In exchange for forgiving the city's entire debt, the bill would require that Dickinson pay the federal government an amount equal to \$300,000 less any payments made by it after June 1, 1998. According to the bureau, the city made a payment of about \$140,000 in January 1999; thus, the bill would require that Dickinson make an additional payment of only about \$160,000. In total, CBO estimates that enacting S. 769 would increase direct spending by about \$600,000 over the 2000-2004 period because we estimate the city would make a one-time payment of \$160,000 to the Bureau in 2000 in exchange for relief from debt service payments of \$760,000 over the next five years.

In addition, S. 769 would require the city to pay for up to \$15,000 of the annual costs to operate and maintain the bascule gates. The city currently pays the Bureau of Reclamation for all such costs. According to the bureau, a payment of up to \$15,000 would cover its costs in most years. In years where such costs exceed the \$15,000 ceiling, the bureau would have to use its appropriated funds. Thus, subject to the availability of appropriated funds, CBO estimates that capping the city's payment would increase costs for the bureau by a negligible amount over the 2000-2004 period.

The CBO staff contacts are John R. Righter (for federal costs) and Marjorie Miller (for the state and local impact). This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.