TO AMEND THE WHITE MOUNTAIN APACHE TRIBE WATER RIGHTS QUANTIFICATION ACT OF 2010 TO CLARIFY THE USE OF AMOUNTS IN THE WMAT SETTLEMENT FUND

DECEMBER 6, 2017.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. BISHOP of Utah, from the Committee on Natural Resources, submitted the following

R E P O R T

[To accompany S. 140]

[Including cost estimate of the Congressional Budget Office]

The Committee on Natural Resources, to whom was referred the bill (S. 140) to amend the White Mountain Apache Tribe Water Rights Quantification Act of 2010 to clarify the use of amounts in the WMAT Settlement Fund, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE OF THE BILL

The purpose of S. 140 is to amend the White Mountain Apache Tribe Water Rights Quantification Act of 2010 to clarify the use of amounts in the WMAT Settlement Fund.

BACKGROUND AND NEED FOR LEGISLATION

The Claims Resolution Act of 2010 (Act, Public Law 111–291) included four Indian water rights settlements. Title III of the Act resolved the White Mountain Apache Tribe’s (Tribe) water related claims against the United States, the State of Arizona, and a number of other State and non-federal parties. In consideration for the Tribe waiving its water-related claims against the United States and other parties, the Act authorized funding for the construction of the White Mountain Apache Rural Water System (Rural Water System) to bring safe and reliable drinking water to the Tribe and its members. Specifically, the Rural Water System will consist of
a dam and reservoir, treatment plant, and 55 miles of pipeline to serve the community.\(^1\)

The Act also established the creation of the WMAT Settlement Fund that can be used for cost-overruns for the System and “water-related economic development projects,” among other things.\(^2\) The Tribe and the Bureau of Reclamation have been working together to complete a study to determine if additional construction activities may be required to accommodate geological conditions at the site of the dam. Accordingly, there may be additional costs incurred during construction, albeit within the Act’s authorization. The Department of the Interior has previously indicated that it is unclear (from its perspective) whether the WMAT Settlement Fund can be used for the System’s cost overruns.\(^3\) The Rural Water System will serve a number of water-related activities that fit squarely within the WMAT Settlement Funds’ authorized purposes, primarily water for new and existing housing on the reservation, municipal and commercial needs, as well as water for existing irrigation, improvements to the Alchesay fish hatchery, and the potential for small-scale hydropower (approximately 2 megawatts).\(^4\)

**COMMITTEE ACTION**

S. 140 was introduced on January 12, 2017, by Senator Jeff Flake (R–AZ). The Senate passed the bill by unanimous consent on May 8, 2017. In the House of Representatives, the bill was referred to the Committee on Natural Resources. Within the Committee on Natural Resources, the bill was referred to the Subcommittee on Water, Power and Oceans. On November 2, 2017, the Subcommittee held a hearing on the legislation. November 7, 2017, the Natural Resources Committee met to consider the bill. The Subcommittee was discharged by unanimous consent. No amendments were offered, and the bill was ordered favorably reported to the House of Representatives by unanimous consent on November 8, 2017.

**COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS**

Regarding clause 2(b)(1) of rule X and clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee on Natural Resources’ oversight findings and recommendations are reflected in the body of this report.

**COMPLIANCE WITH HOUSE RULE XIII**

1. Cost of Legislation and the Congressional Budget Act of 1974. With respect to the requirements of clause 3(c)(2) and (3) of rule XIII of the Rules of the House of Representatives and sections 308(a) and 402 of the Congressional Budget Act of 1974, the Com-

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\(^2\) P.L. 111–291, Section 312(b).


\(^4\) Id.
mittee has received the enclosed cost estimate for the bill from the Director of the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,

Hon. ROB BISHOP,
Chairman, Committee on Natural Resources,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 140, a bill to amend the White Mountain Apache Tribe Water Rights Quantification Act of 2010 to clarify the use of amounts in the WMAT Settlement Fund.

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

Sincerely,

KEITH HALL,
Director.

Enclosure.

S. 140—A bill to amend the White Mountain Apache Tribe Water Rights Quantification Act of 2010 to clarify the use of amounts in the WMAT Settlement Fund

S. 140 would amend the White Mountain Apache Tribe Water Rights Quantification Act of 2010 to clarify that the White Mountain Apache Tribe (WMAT) is authorized to use amounts from the WMAT settlement fund, as established by that act, to plan, design, and construct a rural water system. Under current law, almost $79 million is authorized to be appropriated to that settlement fund. S. 140 would expand the uses of the fund but would not authorize the appropriation of any additional funding. As of November 2017, no funds have been appropriated to the settlement fund.

CBO estimates that implementing S. 140 would not affect the federal budget. Enacting the legislation would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting S. 140 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

S. 140 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act. The White Mountain Apache Tribe would benefit from authorizations in the bill to use existing settlement funds for planning, design, and construction of a rural water system. Any costs to the tribe would result from complying with conditions of assistance.

On February 24, 2017, CBO transmitted a cost estimate for S. 140, a bill to amend the White Mountain Apache Tribe Water Rights Quantification Act of 2010 to clarify the use of amounts in the WMAT Settlement Fund, as ordered reported by the Senate Committee on Indian Affairs on February 8, 2017. The two versions of the act are similar and CBO's estimates of their costs are the same.

The CBO staff contacts for this estimate are Robert Reese (for federal costs) and Rachel Austin (for mandates). The estimate was
approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

2. General Performance Goals and Objectives. As required by clause 3(c)(4) of rule XIII, the general performance goal or objective of this bill is to amend the White Mountain Apache Tribe Water Rights Quantification Act of 2010 to clarify the use of amounts in the WMAT Settlement Fund.

EARMARK STATEMENT

This bill does not contain any Congressional earmarks, limited tax benefits, or limited tariff benefits as defined under clause 9(e), 9(f), and 9(g) of rule XXI of the Rules of the House of Representatives.

COMPLIANCE WITH PUBLIC LAW 104–4

This bill contains no unfunded mandates.

COMPLIANCE WITH H. RES. 5

Directed Rule Making. This bill does not contain any directed rule makings.

Duplication of Existing Programs. This bill does not establish or reauthorize a program of the federal government known to be duplicative of another program. Such program was not included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139 or identified in the most recent Catalog of Federal Domestic Assistance published pursuant to the Federal Program Information Act (Public Law 95–220, as amended by Public Law 98–169) as relating to other programs.

PREEMPTION OF STATE, LOCAL OR TRIBAL LAW

This bill is not intended to preempt any State, local or tribal law.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

WHITE MOUNTAIN APACHE TRIBE WATER RIGHTS QUANTIFICATION ACT OF 2010

TITLE III—WHITE MOUNTAIN APACHE TRIBE WATER RIGHTS QUANTIFICATION
SEC. 307. AUTHORIZATION OF WMAT RURAL WATER SYSTEM.

(a) IN GENERAL.—Consistent with subsections (a), (b)(2), and (e) of section 312 and subsection (h) of this section, the Secretary, acting through the Bureau, shall plan, design, and construct the WMAT rural water system to divert, store, and distribute water from the North Fork of the White River to the Tribe that shall consist of—

(1) a dam and storage reservoir, pumping plant, and treatment facilities located along the North Fork of the White River near the community of Whiteriver;

(2) a distribution system consisting of pipelines extending from the treatment facilities to existing water distribution systems serving the communities of Whiteriver, Fort Apache, Canyon Day, Cedar Creek, Carrizo, and Cibecue;

(3) connections to existing distribution facilities for the communities described in paragraph (2), but not including any upgrades of, or improvements to, existing or future public water systems for the communities described in paragraph (2) that may be necessary to accommodate increased demand and flow rates (and any associated changes in water quality);

(4) connections to additional communities along the pipeline, provided that the additional connections may be added to the distribution system described in paragraph (2) at the expense of the Tribe;

(5) appurtenant buildings and access roads;

(6) electrical power transmission and distribution facilities necessary for operation of the project; and

(7) any other project components that the Secretary, in consultation with the Tribe, determines to be necessary.

(b) MODIFICATIONS.—The Secretary and the Tribe—

(1) may modify the components of the WMAT rural water system described in subsection (a) by mutual agreement; and

(2) shall make all modifications required under subsection (c)(2).

(c) FINAL PROJECT DESIGN.—

(1) IN GENERAL.—The Secretary shall issue a final project design of the WMAT rural water system, including the dam, pumping plants, pipeline, and treatment plant, that is generally consistent with the project extension report dated February 2007 after the completion of—

(A) any appropriate environmental compliance activity; and

(B) the review process described in paragraph (2).

(2) REVIEW.—

(A) IN GENERAL.—The Secretary shall review the proposed design of the WMAT rural water system and perform value engineering analyses.

(B) RESULTS.—Taking into consideration the review under subparagraph (A), the Secretary, in consultation with the Tribe, shall require appropriate changes to the design, so that the final design—

(i) meets Bureau of Reclamation design standards;

(ii) to the maximum extent practicable, incorporates any changes that would improve the cost-effectiveness
of the delivery of water through the WMAT rural water system; and
(iii) may be constructed for the amounts made available under section 312.

(d) CONVEYANCE OF TITLE.—
(1) IN GENERAL.—Title to the WMAT rural water system shall be held by the United States until title to the WMAT rural water system is conveyed by the Secretary to the Tribe pursuant to paragraph (2).
(2) CONVEYANCE TO TRIBE.—The Secretary shall convey to the Tribe title to the WMAT rural water system not later than 30 days after the date on which the Secretary publishes in the Federal Register a statement of findings that—
(A) the operating criteria, standing operating procedures, emergency action plan, and first filling and monitoring criteria of the designers have been established and are in place;
(B) the WMAT rural water system has operated under the standing operating procedures of the designers, with the participation of the Tribe, for a period of 3 years;
(C) the Secretary has provided the Tribe with technical assistance on the manner by which to operate and maintain the WMAT rural water system;
(D) the funds made available under section 312(b)(3)(B) have been deposited in the WMAT Maintenance Fund; and
(E) the WMAT rural water system—
(i) is substantially complete, as determined by the Secretary; and
(ii) satisfies the requirement that—
(I) the infrastructure constructed is capable of storing, diverting, treating, transmitting, and distributing a supply of water as set forth in the final project design described in subsection (c); and
(II) the Secretary has consulted with the Tribe regarding the proposed finding that the WMAT rural water system is substantially complete.

(e) ALIENATION AND TAXATION.—
(1) IN GENERAL.—Conveyance of title to the Tribe pursuant to subsection (d) does not waive or alter any applicable Federal law (including regulations) prohibiting alienation or taxation of the WMAT rural water system or the underlying reservation land.
(2) ALIENATION OF WMAT RURAL WATER SYSTEM.—The WMAT rural water system, including the components of the WMAT rural water system, shall not be alienated, encumbered, or conveyed in any manner by the Tribe, unless a reconveyance is authorized by an Act of Congress enacted after the date of enactment of this Act.

(f) OPERATION AND MAINTENANCE.—
(1) IN GENERAL.—Consistent with subsections (d) and (e) of section 312, the Secretary, acting through the Bureau and in cooperation with the Tribe, shall operate, maintain, and replace the WMAT rural water system until the date on which title to the WMAT rural water system is transferred to the Tribe pursuant to subsection (d)(2).
(2) LIMITATION.—

(A) IN GENERAL.—Beginning on the date on which title to the WMAT rural water system is transferred to the Tribe pursuant to subsection (d)(2), the United States shall have no obligation to pay for the operation, maintenance, or replacement costs of the WMAT rural water system.

(B) LIMITATION ON LIABILITY.—Effective on the date on which the Secretary publishes a statement of findings in the Federal Register pursuant to subsection (d)(2), the United States shall not be held liable by any court for damages arising out of any act, omission, or occurrence relating to the land or facilities conveyed, other than damages caused by any intentional act or act of negligence committed by the United States, or by employees or agents of the United States, prior to the date on which the Secretary publishes a statement of findings in the Federal Register pursuant to subsection (d)(2).

(g) RIGHT TO REVIEW.—

(1) IN GENERAL.—The statement of findings published by the Secretary pursuant to subsection (d)(2) shall be considered to be a final agency action subject to judicial review under sections 701 through 706 of title 5, United States Code.

(2) EFFECT OF TITLE.—Nothing in this title gives the Tribe or any other party the right to judicial review of the determination by the Secretary under subsection (d) except under subchapter II of chapter 5, and chapter 7, of title 5, United States Code (commonly known as the “Administrative Procedure Act”).

(h) APPLICABILITY OF ISDEAA.—

(1) AGREEMENT FOR SPECIFIC ACTIVITIES.—On receipt of a request of the Tribe, and in accordance with the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.), the Secretary shall enter into 1 or more agreements with the Tribe to carry out the activities authorized by this section.

(2) CONTRACTS.—Any contract entered into pursuant to the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.) for the purpose of carrying out any provision of this title shall incorporate such provisions regarding periodic payment of funds, timing for use of funds, transparency, oversight, reporting, and accountability as the Secretary determines to be necessary (at the sole discretion of the Secretary) to ensure appropriate stewardship of Federal funds.

(i) FINAL DESIGNS; PROJECT CONSTRUCTION.—

(1) FINAL DESIGNS.—All designs for the WMAT rural water system shall—

(A) conform to Bureau design standards; and

(B) be subject to review and approval by the Secretary.

(2) PROJECT CONSTRUCTION.—Each project component of the WMAT rural water system shall be constructed pursuant to designs and specifications approved by the Secretary, and all construction work shall be subject to inspection and approval by the Secretary.

(j) CONDITION.—As a condition of construction of the facilities authorized by this section, the Tribe shall provide, at no cost to the Secretary, all land or interests in land that the Secretary identifies
as necessary for the construction, operation, and maintenance of those facilities.

SEC. 312. FUNDING.

(a) RURAL WATER SYSTEM.—

(1) MANDATORY APPROPRIATIONS.—Subject to paragraph (2), out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry out the planning, engineering, design, environmental compliance, and construction of the WMAT rural water system $126,193,000.

(2) INCLUSIONS.—The amount made available under paragraph (1) shall include such sums as are necessary, but not to exceed 4 percent of the construction contract costs, for the Bureau to carry out oversight of activities for planning, design, environmental compliance, and construction of the rural water system.

(b) WMAT SETTLEMENT AND MAINTENANCE FUNDS.—

(1) DEFINITION OF FUNDS.—In this subsection, the term "Funds" means—

(A) the WMAT Settlement Fund established by paragraph (2)(A); and

(B) the WMAT Maintenance Fund established by paragraph (3)(A).

(2) WMAT SETTLEMENT FUND.—

(A) ESTABLISHMENT.—There is established in the Treasury of the United States a fund to be known as the "WMAT Settlement Fund", to be administered by the Secretary, consisting of the amounts deposited in the fund under subparagraph (B), together with any interest accrued on those amounts, for use by the Tribe in accordance with subparagraph (C).

(B) TRANSFERS TO FUND.—

(i) IN GENERAL.—There are authorized to be appropriated to the Secretary for deposit in the WMAT Settlement Fund—

(I) $78,500,000; and

(II) any additional amounts described in clause (ii), if applicable.

(ii) AUTHORIZATION OF ADDITIONAL AMOUNTS.—In accordance with subsection (e)(4)(B), if the WMAT rural water system is conveyed to the Tribe before the date on which the $35,000,000 described in subsection (e)(2) is completely made available, there is authorized to be appropriated to the Secretary, for deposit in the WMAT Settlement Fund, any remaining amounts that would otherwise have been made available for expenditure from the Cost Overrun Subaccount.

(C) USE OF FUNDS.—

(i) IN GENERAL.—The Tribe shall use amounts in the WMAT Settlement Fund for any of the following purposes:

(I) Fish production, including hatcheries.
(II) Rehabilitation of recreational lakes and existing irrigation systems.

(III) Water-related economic development projects, including the planning, design, and construction of the WMAT rural water system, in accordance with section 307(a).

(IV) Protection, restoration, and economic development of forest and watershed health.

(ii) Existing irrigation systems.—Of the amounts deposited in the Fund under subparagraph (B), not less than $4,950,000 shall be used for the rehabilitation of existing irrigation systems.

(3) WMAT Maintenance Fund.—

(A) Establishment.—There is established in the Treasury of the United States a fund to be known as the “WMAT Maintenance Fund”, to be administered by the Secretary, consisting of the amounts deposited in the fund under subparagraph (B), together with any interest accrued on those amounts, for use by the Tribe in accordance with subparagraph (C).

(B) Mandatory Appropriations.—Out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary $50,000,000 for deposit in the WMAT Maintenance Fund.

(C) Use of Funds.—The Tribe shall use amounts in the WMAT Maintenance Fund only for the operation, maintenance, and replacement costs associated with the delivery of water through the WMAT rural water system.

(4) Administration.—The Secretary shall manage the Funds in accordance with the American Indian Trust Fund Management Reform Act of 1994 (25 U.S.C. 4001 et seq.), including by investing amounts in the Funds in accordance with—

(A) the Act of April 1, 1880 (25 U.S.C. 161); and

(B) the first section of the Act of June 24, 1938 (25 U.S.C. 162a).

(5) Availability of Amounts from Funds.—Amounts in the Funds shall be available for expenditure or withdrawal only after the enforceability date and in accordance with subsection (f).

(6) Expenditure and Withdrawal.—

(A) Tribal Management Plan.—

(i) In general.—The Tribe may withdraw all or part of the amounts in the Funds on approval by the Secretary of a tribal management plan, as described in the American Indian Trust Fund Management Reform Act of 1994 (25 U.S.C. 4001 et seq.), including by investing amounts in the Funds in accordance with—

(iii) Enforcement.—The Secretary may take judicial or administrative action to enforce the provisions
of a tribal management plan described in clause (i) to ensure that any amounts withdrawn from the Funds under the tribal management plan are used in accordance with this title and the Agreement.

(iv) LIABILITY.—If the Tribe exercises the right to withdraw amounts from the Funds, neither the Secretary nor the Secretary of the Treasury shall retain any liability for the expenditure or investment of the amounts.

(B) EXPENDITURE PLAN.—

(i) IN GENERAL.—The Tribe shall submit to the Secretary for approval an expenditure plan for any portion of the amounts in the Funds that the Tribe does not withdraw under the tribal management plan.

(ii) DESCRIPTION.—The expenditure plan shall describe the manner in which, and the purposes for which, amounts remaining in the Funds will be used.

(iii) APPROVAL.—On receipt of an expenditure plan under clause (i), the Secretary shall approve the plan, if the Secretary determines that the plan is reasonable and consistent with this title and the Agreement.

(iv) ANNUAL REPORT.—For each of the Funds, the Tribe shall submit to the Secretary an annual report that describes all expenditures from the Fund during the year covered by the report.

(C) CERTAIN PER CAPITA DISTRIBUTIONS PROHIBITED.—No amount in the Funds shall be distributed to any member of the Tribe on a per capita basis.

(c) COST INDEXING.—All amounts made available under subsections (a), (b), and (e) shall be adjusted as necessary to reflect the changes since October 1, 2007, in the construction cost indices applicable to the types of construction involved in the construction of the WMAT rural water supply system, the maintenance of the rural water supply system, and the construction or rehabilitation of the other development projects described in subsection (b)(2)(C).

(d) OPERATION, MAINTENANCE, AND REPLACEMENT.—Out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary $2,500,000 for the operation, maintenance, and replacement costs of the WMAT rural water system, to remain available until the conditions described in section 307(f) have been met.

(e) COST OVERRUN SUBACCOUNT.—

(1) ESTABLISHMENT.—There is established in the Lower Colorado River Basin Development Fund a subaccount to be known as the “WMAT Cost Overrun Subaccount”, to be administered by the Secretary, consisting of the amounts deposited in the subaccount under paragraph (2), together with any interest accrued on those amounts, for use by the Secretary in accordance with paragraph (4).

(2) MANDATORY APPROPRIATIONS; AUTHORIZATION OF APPROPRIATIONS.—

(A) MANDATORY APPROPRIATIONS.—Out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary $24,000,000 for deposit in the WMAT Cost Overrun Subaccount.
(B) AUTHORIZATION OF APPROPRIATIONS.—There is authorize to be appropriated for deposit in the WMAT Cost Overrun Subaccount $11,000,000.

(3) AVAILABILITY OF FUNDS.—

(A) IN GENERAL.—Amounts in the WMAT Cost Overrun Subaccount shall not be available for expenditure by the Secretary until the enforceability date.

(B) INVESTMENT.—The Secretary shall invest the amounts in the WMAT Cost Overrun Subaccount in accordance with section 403(f)(4) of the Colorado River Basin Project Act (43 U.S.C. 1543(f)(4)).

(C) USE OF INTEREST.—The interest accrued on the amounts invested under subparagraph (B) shall not be available for expenditure or withdrawal until the enforceability date.

(4) USE OF COST OVERRUN SUBACCOUNT.—

(A) INITIAL USE.—The Secretary shall use the amounts in the WMAT Cost OVERRUN Subaccount to complete the WMAT rural water system or to carry out activities relating to the operation, maintenance, or replacement of facilities of the WMAT rural water system, as applicable, if the Secretary determines that the amounts made available under subsections (a) and (d) will be insufficient in the period before title to the WMAT rural water system is conveyed to the Tribe—

(i) to complete the WMAT rural water system; or

(ii) to operate and maintain the WMAT rural water system.

(B) TRANSFER OF FUNDS.—All unobligated amounts remaining in the Cost Overrun Subaccount on the date on which title to the WMAT rural water system is conveyed to the Tribe shall be—

(i) returned to the general fund of the Treasury; and

(ii) on an appropriation pursuant to subsection (b)(2)(B)(ii), deposited in the WMAT Settlement Fund and made available to the Tribe for use in accordance with subsection (b)(2)(C).

(f) CONDITIONS.—The amounts made available to the Secretary for deposit in the WMAT Maintenance Fund, together with any interest accrued on those amounts under subsection (b)(3) and any interest accruing on the WMAT Settlement Fund under subsection (b)(2), shall not be available for expenditure or withdrawal until the WMAT rural water system is transferred to the Tribe under section 307(d)(2).

(g) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this title the funds transferred under subsections (a), (b), (d), and (e), without further appropriation, to remain available until expended.