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7/31/74

Proposed Presidential Study of Water Resources Policies

Statement of the Issue

Develop recommendations to the President regarding who should have lead responsibility for carrying out the study.

Background

For years, the Executive and the Congress have been at odds regarding the criteria and policies that govern the extent of Federal interest and financial involvement in developing the Nation's water resources. Traditionally, the Congress has pushed for heavy Federal participation in all aspects of water resources development while the Executive has tried, with little success, to limit or relieve the general taxpayers of the burden of financing water programs and projects that have little or any benefit to the Nation as a whole. For example,

- Inaction by the Congress on the recommendations of the National Water Commission -- a group of highly respected private citizens in the water field appointed in the Johnson Administration. This 5-year study, completed last summer, called for a "New Federalism" approach toward future water resources development with more decision-making and financial participation by the non-Federal governmental entities closest to the problem and more emphasis on conservation and management practices.
- Strong opposition by the Congress and development interests to the new Principles and Standards approved last September by the President, particularly the use of a higher discount rate for planning and evaluating programs and projects.

There has been some concern within the Congress that all new policy initiatives and redirections for the last few years have been abdicated to the Executive. However, the Congress reasserted its prerogatives recently by passing



Presidential Study of Water Resources Policies

Brief Description

The Congress recently authorized the President to conduct a one-year study of current water policies and make recommendations for needed changes. The study will include cost sharing and principles and standards for planning and evaluating programs and projects, including Federal objectives and use of discount rates. This study presents an unique opportunity for the Administration to recommend much needed reforms and finally resolve the major differences of views that now exist between the Executive and the Congress on this program.

End Product

An Administration position on the major policies that govern the Federal role and financial involvement in water projects and establish methodology for determining the feasibility of new project and program initiatives. A report encompassing the results of this study and necessary implementing draft legislation would be submitted to the Congress one-year after initiation of the study.

Major Tasks/Milestones

1. Decision on who (agency or individual) should be assigned lead responsibility for conducting the study for the President. Week of June 3.
2. Determine content and cost of study and submit appropriations request. Week July 1.
3. Develop detailed plans of study for each of the components. Week of August 5.
4. Prepare first draft of study for review. Week of March 3.
5. Final report and legislation for transmittal to the Congress. Week of September 8.

Significance

The Federal government now invests about \$2.5 B annually in water resource development. Although most of these projects are for economic development and benefit specific groups and



regions, current policies require little financial participation by non-Federal interests. New policies requiring increased cost sharing would help relieve the Federal government of most of the financial burden of water resource development and ensure better selection of the most meritorious projects reflecting both economic and environmental considerations as well as a "willingness to pay" measurement of the benefits expected from the project.

Project Leader: D. G. Waldon

Staffing

NRPD - 100 days

MA - ?



signing the bill noted the 1-year study and indicated gratification with the interest of Congress in these problems and pledged to continue to work on these problems in a spirit of receptiveness.

This document is a proposal for the study directed by Section 80 of the Act.

Study Outline:

I. Study components

- a. Principles and Standards, with particular reference to planning objectives
- b. discount rate
- c. cost sharing including roles of Federal, State and local governments

II. Programs covered

- a. all planning programs included in comprehensive planning under P. L. 89-80
- b. other appropriate Federal and federally assisted water and related land planning and Federal licensing activities involving or affecting water and related land resources.

III. Organizations to be included in study

- a. principal study participants
 - 1. WRC lead agency
 - 2. Department of the Interior
 - 3. Department of the Army



4. Department of Agriculture
 5. Department of Transportation
 6. Environmental Protection Agency
- b. associate participants (major input and consultation)
1. Congress (members and staff)
 2. Domestic Council
 3. Department of Housing and Urban Development
 4. Department of Commerce
 5. Federal Power Commission
 6. TVA
 7. Office of Management and Budget
 8. Council on Environmental Quality
 9. Department of Justice
 10. River Basin Commissions
 11. State governments
 12. Federal/State Compact Commissions
 13. AEC
- c. principal reviewer (in addition to a and b above)
1. national organizations
 2. general public
 3. universities



IV. Time schedule

- a. completed 1 year from date of funding
- b. breakdown of 1-year study period

- 1. first month

- (a) formulation of steering committee composed of WRC director and selected staff, and selected COR members
- (b) specification of study components and issues, scope of work on each, the means of accomplishment, and assignments to individual agencies (departments)
- (c) consultation with Congressional committee members and staffs on study components and issues, etc.
- (d) review of background studies and data

- (1) Summary, Senate Select Committee on Water Resources
- (2) Senate Document 97
- (3) 1965 Planning Activities - Strengths and Weaknesses
- (4) WRC task force material on Principles and Standards
- (5) 1970 Flood Control Act
- (6) Principles and Standards as published 9/10/73
- (7) WRC report on flood control cost sharing
- (8) August 1973 interagency task force report on cost sharing
- (9) National Water Commission Report
- (10) 1974 Water Resources Development Act
- (11) WRC regulations for discount rate, Dec. 24, 1968
- (12) New approach to Level B Planning
- (13) National Assessment
- (14) Coastal Zone Management Act



(15) Fed. Water Pollution Control Act Amendments of 1972

(16) Administration's DENR proposal

-
- (e) completion of scope of work of study and specifications
 - (f) referral to COM alternates for concurrence
-
- 2. second, third and fourth months
 - (a) prepare first draft of study report (1st draft)
 - 3. fifth month
 - (a) hold hearings at three selected locations across the United States, plus a final hearing in Washington, D. C.
 - 4. sixth and seventh months
 - (a) rewrite draft report based on hearing findings and draft legislation (2nd draft)
 - (b) review and prepare revision based on input from participants and Council of Members (3rd draft)
 - 5. eighth month
 - (a) final hearings again at selected locations with final in Washington, D. C.
 - 6. ninth month -- draft report, legislation (4th draft)
 - 7. tenth and eleventh month
 - (a) review by participants and approval by COM. Redraft report and legislation (5th draft)
 - 8. twelfth month
 - (a) transmittal to President for action and submission to Congress (final report, final draft proposed legislation)



Funding and Staffing:

I. Fiscal Year 1975 -	<u>\$350,000</u>
a. Intergovernmental Personnel Act support -	\$ 60,000
b. Per diem and travel for 5 State representatives part-time over course of study -	\$ 20,000
c. Consultants, including legal research and member agency staff reimbursement -	\$170,000
d. Public hearings including travel, hearing room, rental services, trans- cript of hearings, etc.	\$ 70,000
e. Printing and distribution and other miscellaneous -	\$ 30,000



Proposed Program of Study

ONE YEAR SECTION 80 PRESIDENTIAL STUDY (P. L. 93-251)

Study Objective: Evolve national water policy by integrating a study of planning criteria, discount rate, and cost sharing in a manner that results in rational and pragmatic recommendations to Congress which will serve as a vehicle for meaningful dialogue and agreement on presently unresolved critical issues.

Authority: Sec. 80 (c)

The President shall make a full and complete investigation and study of principles and standards for planning and evaluating water and related resources projects. Such investigation and study shall include, but not be limited to, consideration of enhancing regional economic development, the quality of the total environment including its protection and improvement, the well-being of the people of the United States, and the national economic development, as objectives to be included in federally-financed water and related resources projects and in the evaluation of costs and benefits attributable to such projects, as intended in section 209 of the Flood Control Act of 1970 (84 Stat. 1818, 1829), the interest rate formula to be used in evaluating and discounting future benefits for such projects, and appropriate Federal and non-Federal cost sharing for such projects.



He shall report the results of such investigation and study, together with his recommendations, to Congress not later than one year after funds are first appropriated to carry out this subsection.

Background: Section 103 of the Water Resources Planning Act of 1965

(P. L. 89-80) authorizes the Water Resources Council, with the approval of the President, to establish principles, standards, and procedures for the formulation and evaluation of Federal and federally assisted water and related land resources projects. After considerable effort and review, WRC developed new Principles and Standards, which were approved by the President on August 3, 1973, published in the Federal Register on September 10, 1973, and became effective on October 15, 1973. Certain provisions of this system (mainly the discount rate and number of planning objectives) are quite controversial. This controversy resulted in the inclusion of Section 80 in the Water Resources Development Act of 1974 that (1) legislated a discount rate based on the 1968 rule, which for the remainder of this fiscal year will be $5 \frac{5}{8}$ percent rather than the $6 \frac{7}{8}$ percent established in accordance with the Principles and Standards; and (2) called for a 1-year Presidential study of planning Principles and Standards (including four planning objectives), discount rate and cost sharing. The President in



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November 7, 1973

Office of the White House Press Secretary

THE WHITE HOUSE

EXECUTIVE ORDER

DELEGATING CERTAIN AUTHORITY OF THE PRESIDENT
UNDER THE WATER RESOURCES PLANNING ACT, AS AMENDED

By virtue of the authority vested in me by section 301 of title 3 of the United States Code, and as President of the United States, it is hereby ordered as follows:

Section 1. The Director of the Office of Management and Budget is designated and empowered to exercise, without the approval, ratification, or other action of the President, the functions vested in the President by (1) sections 104(b) and 204(3) of the Water Resources Planning Act, as amended (42 U.S.C. 1962a-3(b) and 1962b-3(3), respectively), with respect to reviewing plans, or revisions thereof, of river basin commissions established pursuant to that act and transmitting those plans or revisions thereto to the Congress with appropriate recommendations; and (2) section 301(b) of the same act (42 U.S.C. 1962c(b)) with respect to approving rules, procedures, arrangements, and provisions relating to coordination of Federal planning assistance programs and utilization of Federal agencies administering related programs.

Sec. 2. The Chairman of the Water Resources Council is designated and empowered to exercise, without the approval, ratification, or other action of the President, the approval function for standards and procedures vested in the President by section 103 of the Water Resources Planning Act, as amended (42 U.S.C. 1962a-2).

RICHARD NIXON

THE WHITE HOUSE,

November 7, 1973

#



file

THE WHITE HOUSE
WASHINGTON

March 4, 1974

MEMORANDUM FOR:

THE PRESIDENT

FROM:

~~ROY L. ASH~~

SUBJECT:

Water Resources Development
Act of 1974

You have until March 8 to sign or veto this bill, but pressure for decision is mounting because debate in both houses was dominated by the possibility of veto. A description of the bill is attached for your information at Tab A.

In all, the bill authorizes about \$1 billion for thirty flood control, navigation, water supply, and drainage works by the Corps of Engineers. It passed the Senate 78-7 and the House 374-4.

Arguments for Veto

1. The bill is bad programmatically -- at least as bad as its predecessor that you pocket vetoed in October 1972.
2. The bill countermands your October 1973 directive in a manner which will result in uneconomic projects being approved long into the future, and it moves the management control of the water resources program further from the Executive Branch toward the Congress.
3. The bill provides retroactive disaster relief to 1969 -- yielding windfall benefits to those already provided for.
4. The bill creates two new programs for streambank and shoreline erosion which could involve future Federal costs in the billions of dollars.
5. If your veto is overridden, which is probable, you at least will have focussed public attention on a congressional practice held in low public esteem (the pork-barrel game), and a veto may be interpreted as a sign of toughness and determination.



Arguments for Signing

1. Bill Timmons concludes an override is virtually certain if you veto this bill; this will inevitably be seen by some as a sign of Presidential weakness.
2. You could sign the bill, yet keep the issue alive, by attacking some of the undesirable provisions in your signing statement.
3. With the spring flood season approaching, a veto will provide opponents with a good political issue -- even though the bill would have little substantive effect on the flooding this year.

DISCUSSION:

Treasury recommends veto. The OMB institutional view favors veto, but I join with Mr. Harlow, Mr. Cole and Mr. Timmons in recommending approval with a statement (Tab B). John Rhodes is speaking to a water resources group at noon today and would like to release the statement there.

DECISION

Veto _____ (Treasury)

Approve with statement (sign Tab B) _____
(Ash, Cole, Timmons and Harlow)

Approve without statement _____





EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MAR 4 - 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 10203 - "Water Resources
Development Act" and "River Basin Monetary
Authorization Act"
Sponsor - Rep. Blatnik (D) Minnesota and 24 others

Last Day for Action

March 8, 1974 - Friday

Purpose

Authorizes thirty water resources projects, directs a new study of principles and standards for planning and evaluation of such projects, increases monetary authorizations for construction in 16 river basins, mandates Federal reimbursement to States and localities for added costs incurred for interim services provided during periods of natural disaster, institutes new programs for shoreline and streambank erosion control and for removal of debris in New York Harbor, provides for Committee veto of Army determinations to deauthorize projects, and for other purposes.

Agency Recommendations

Office of Management and Budget

Department of the Army
Water Resources Council
Department of the Treasury
Environmental Protection Agency
Council on Environmental Quality
Department of the Interior
Department of Agriculture
Department of Transportation
Department of Justice
Department of Housing and
Urban Development
Council of Economic Advisers
Federal Power Commission

Disapproval

Allow to become law
Approval
Disapproval
Disapproval
Disapproval
No objection to approval
No objection to approval
No objection to approval
No objection to approval

Defers to OMB
No comment
No comment



Discussion

The bill is similar to the biennial River and Harbor and Flood Control bills of the past, the most recent version of which you pocket vetoed in October 1972. Consistent with the intent of your veto message, this Administration, for the first time in history, submitted its own omnibus water resources legislation to Congress in January 1973. While it contains virtually all of the provisions of the Administration's legislation, the enrolled bill also contains most of the objectionable items in the vetoed bill along with a number of additional objectionable features, as outlined below.

The bill includes only those total Federal costs through the five fiscal years following the year of its enactment. Accordingly, the congressional cost estimate for Title I, which includes the new project authorizations and other program expansions and special interest provisions, is approximately \$550 million. However, when costs are projected beyond five years, such costs can easily exceed \$1 billion.

The bill contains 108 sections, some of major import -- all of which are of interest to particular beneficiaries and to the congressional sponsor. A list of the individual project authorizations in the bill is attached. The major objections to the bill as a whole are that it would:

- repeal the Presidential decision (recommended by the Water Resources Council and published in the Federal Register on September 10, 1973) to use 6-7/8% discount rate for project evaluation. This feature of the bill restricts the power of the President to determine the criteria for Executive branch evaluation of projects. This means that it will be easier to justify future projects evaluated at the discount rate of 5-5/8% provided for in the bill. The President is directed to conduct once again a complete investigation of the principles and standards for planning and evaluating water resource projects and to make recommendations to the Congress within one year.



- amend the Disaster Relief Act of 1970 to mandate federal reimbursement of costs incurred in replacing certain public services with other services while a damaged public facility is being restored following a natural disaster. The amendment -- retroactive to August 1, 1969 -- would be a windfall benefit to state and local governments and could establish a precedent for the Federal Government's providing reimbursement for all private inconvenience costs from disasters. Cost of this provision is estimated at \$50 million for past disasters and up to 10% of future disaster costs.
- authorize 11 projects not approved by the Executive Branch under customary water project review procedures. The total cost of these projects is estimated to be 344 to 444 million dollars.
- authorize new Federal program initiatives in water resource planning, shoreline and streambank erosion that have not been reviewed nor approved and having undefined Federal costs, possibly running into the billions of dollars.
- authorize a program for drift removal in New York Harbor. The Administration has taken the position that most of the debris and drift could be controlled by adoption of local ordinances and stricter enforcement of the Refuse Act. This precedent could open the door to Federal expenditures in excess of \$100 million for drift removal.
- provide for the deauthorization of projects by the Secretary of the Army subject to a veto of either the Senate or House Public Works Committees. While the deauthorization concept is desirable, Justice advises, as indicated below, that this committee veto is contrary to the doctrine of separation of powers.
- authorize over 40 special interest items, providing individual communities with more favorable treatment than communities elsewhere in the country.



- reduce the non-Federal share of the costs for small boat harbors, fish and wildlife enhancement, and rights-of-way and spoil areas on the Mississippi River and Tributaries project. While Congress has expressed willingness to consider executive branch cost sharing proposals, the foregoing provisions, plus others which liberalize the repayment requirements of local governments, indicate that Congressional support for cost sharing reform will be difficult to translate into law.
- authorize a non-structural flood control program (for example, land purchases) in which the cost sharing arrangements remain the same as those applied to the present structural program. This provision does not recognize that the benefits of non-structural protection usually accrue to readily identifiable individuals and family units. This Administration has strongly encouraged the development of non-structural alternatives to flood control, but only in combination with more realistic and equitable cost sharing arrangements.
- authorize the Corps of Engineers to acquire lands, construct roads and facilities and restore a town in a national recreational area at Big South Fork, Kentucky. The Administration considers that this should be a program responsibility of the Department of the Interior. Contrary to established policy, the authorization would also provide for Federal payments in lieu of taxes to local governments.

In its enrolled bill letter, the Department of the Army recommends that you allow the bill to become law without your signature. Army states that the Congress has compromised on the shoreline and streambank erosion projects, that virtually all of the Administration's approved projects have been included, and that there are a number of features that would contribute significantly to the orderly accomplishment of their Civil Works program and which would be in the overall public interest. The Secretary of the Army concludes that the political consequences of a veto appear to outweigh the undesirable features of the bill.



The Department of the Treasury's letter on the enrolled bill discusses only that provision which would override the interest/discount rate -- which you approved in September 1973. In recommending a veto, Treasury states that use of the lower discount rate in Fiscal Year 1975 alone would have the effect of inflating the estimated present value of benefits by more than one-fifth and points out that the formula you approved is more reasonable since it is substantially the same as that used to determine the interest rate on direct Federal loans.

The Water Resources Council also confined the discussion in its enrolled bill letter to the discount rate provision. While recognizing that it impinges on your authority, the Council cites a further provision calling for a new study of principles and standards to be sent to the Congress within a year after funds are appropriated for the purpose. The Council concludes that "On balance . . . the members . . . believe the opportunity to cooperate with the Congress in evolving a new national policy including consideration of cost sharing is an overriding consideration and, accordingly, recommend that the President approve the bill."

In its enrolled bill letter, the Department of Housing and Urban Development points out that the disaster relief provision ". . . would be extremely costly to implement and . . . could create an administrative nightmare" The provision could also, according to the Department, lessen the incentive to State and local governments to provide efficient and economical supplemental services, thereby running counter to the philosophy of the Disaster Relief Act of 1970. The Department concludes by stressing that the effects of this provision ". . . are so serious that they should be carefully weighed in your evaluation."

While stating that it would have no objection to approval, the Department of Justice says in its letter that the provision for committee veto of project deauthorization actions by the Secretary of the Army, whether the Secretary's action be viewed as an executive act or a delegated legislative act, would violate the principle of separation of powers.

Arguments for approval

- With the major floods last year and the strong possibility of further flooding this spring in the Mississippi Valley, failure to approve the bill would provide grounds to criticize the Administration for indifference to those who suffer from flood disasters.



- A large number of individual Congressmen and Senators of both parties have a direct interest in particular features. Failure to approve the bill would antagonize them as well as the special interests and communities who would benefit from the projects in the bill.
- The overwhelming vote in favor of the bill -- 78-7 in the Senate and 374-4 in the House -- indicates a strong possibility that a veto would be overridden.
- Of the 30 projects which would be authorized by the bill, 19 have been cleared by the Executive branch. Thus, it can be argued that Congress has recognized Executive views with respect to a majority of the projects authorized in the bill.
- Congress has been willing to compromise on the subject of erosion protection for shorelines and streambanks. The substantial programs contemplated under the 1972 bill have been scaled down materially to provisions for limited demonstration projects, the results of which can be evaluated after five years.
- The study of principles and standards for evaluating projects provides a good opportunity to cooperate with the Congress in establishing criteria for this purpose.
- The monetary authorizations in Title II are necessary to enable construction to go forward in the 16 river basins affected.

Arguments for disapproval

- Even if it were overridden, disapproval would indicate your opposition to the many economically unsound and unjustifiable provisions which are designed to benefit relatively narrow interests.
- This bill contains almost all of the items which formed the basis of the veto of the 1972 bill, along with additional items which are also objectionable.

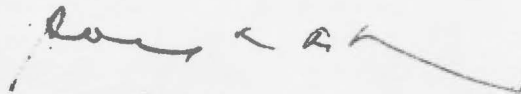


- The provision which would hold the discount rate used to compute costs and benefits at a lower level than you recently approved restricts Presidential power to establish criteria for project evaluation and fosters development of economically unsound projects. The proposed study of standards of evaluation provides scant comfort at best for this backwards step.
- The authorization in the bill of new program expansions, along with reductions in cost sharing terms, would result in budgetary pressures in 1975 and future years. The so-called compromises on shorelines and streambank erosion authorizations are more apparent than real, representing only monetary limits which can be easily increased in the future.
- Eleven of the 30 projects authorized have not been cleared by the Executive branch; two, in fact, have been specifically disapproved. Legislation to authorize the approved projects and to provide the necessary basin authorizations can again be endorsed, as you did in your previous veto.
- Committee veto of the Secretary of the Army's deauthorization decisions represents a type of legislative encroachment to which you have repeatedly objected.
- As brought out in the HUD letter on the enrolled bill, the disaster relief provision alone almost warrants a veto of the bill.
- Environmental and public interest groups have voiced support for a veto of this bill.

We are recommending veto of H.R. 10203 because we feel that the arguments in favor of this action clearly outweigh those in favor of approval. We are attaching for your consideration the draft of a veto message prepared in this office.



As a footnote, we should like to add that, if H.R. 10203 becomes law, we believe that, given your repeated strong objections in the past to committee veto provisions, the Secretary of the Army should be directed not to exercise the deauthorization authority.



Director



ATTACHMENT A

PROJECTS AUTHORIZED BY
WATER RESOURCES DEVELOPMENT ACT OF 1974

<u>Nineteen Projects Approved by OMB</u>	<u>Federal Costs \$Millions</u>	<u>Congressional Interest</u>
*Virginia Beach Hurricane Flood Protection, Virginia	17	Senator Byrd(Ind) Senator Scott(R) Congressman Downing(D)
*Buena Vista Flood Protection, Virginia	13	Senator Byrd(Ind) Senator Scott(R) Congressman Robinson(R)
*Salt River Basin Flood Control, Camp Ground Lake, Kentucky	53	Senator Cook(R) Senator Huddleston(D) Congressman Natcher(D)
*Pascagoula River Basin Flood Control, Bowie Creek, Miss.	40	Senator Stennis(D) Senator Eastland(D) Congressman Lott,(R)
*Upper Miss. River Basin Flood Control, Zumbro River, Minn.	37	Senator Humphrey(D) Senator Mondale(D) Congressman Quie(R)
*Lower Miss. River Basin Flood Control, Natchez Area, Miss.	10	Senator Stennis(D) Senator Eastland(D) Congressman Cochran(R)
*Lower Miss. River Basin Flood Control, Vicksburg-Yazoo Area, Miss.	7	Senator Stennis(D) Senator Eastland(D) Congressman Cochran(R)
*Greenville Harbor, Miss.	15	Senator Stennis(D) Senator Eastland(D) Congressman Bowen(D)
*Bushley Bayou, Red River Backwater Area, Louisiana	13	Senator Long(D) Senator Johnston(D) Congressman Long(D) Congressman Passman(D)
*Pearl River Basin Flood Control, Miss.	44	Senator Eastland(D) Senator Stennis(D) Congressman Cochran(R)



<u>Nineteen Projects Approved by OMB</u>	<u>Federal Costs</u>	<u>Congressional Interest</u>
*Guadalupe River Basin, Blanco River at Clopton Crossing, Texas	66	Senator Tower(R) Senator Bensten(D) Congressman Pickle(D) Congressman Fisher(D)
*Arkansas River Basin Above John Martin Dam, Colorado	61	Senator Haskell(D) Senator Dominick(R) Congressman Evans(D)
*Spring River Basin Flood Control at Center Creek, Missouri, Kansas Oklahoma	25	Senator Symington(D) Senator Eagleton(D) Congressman Randall(D) Congressman Taylor(R) Senator Dole(R) Senator Pearson(R) Congressman Skubitz(R) Senator Bartlett(R) Senator Bellmon(R) Congressman McSpadden (D)
*Columbia River Basin Libby Reregulating Dam, Montana	20	Senator Mansfield(D) Senator Metcalf(D) Congressman Shoup(R)
*Umpqua River Basin, Days Creek Dam, Oregon	131	Senator Hatfield(R) Senator Packwood(R) Congressman Dellenback (R)
*Verona Dam, Virginia, Sixes Bridges Maryland	79	Senator Scott(R) Senator Byrd(Ind) Congressman Butler(R) Congressman Robinson(R) Congressman Broyhill(R) Senator Mathias(R) Senator Beall(R) Congresswoman Holt(R) Congressman Hogan(R) Congressman Byron(D)
Ediz Hook Beach Erosion, Port Angeles, Washington	6	Senator Jackson(D) Senator Magnuson(D) Congressman Meeds(D)



<u>Nineteen Projects Approved by OMB</u>	<u>Federal Costs</u>	<u>Congressional Interest</u>
West Tennessee Tributaries Fish and Wildlife mitigation Lands, Tennessee	7	Senator Baker (R) Senator Brock (R) Congressman Jones (D)
Fourmile Run Flood Control, Alexandria, Virginia	38	Senator Scott (R) Senator Byrd (Ind) Congressman Parris (R) Congressman Broyhill (R)
 <u>Eleven Projects Not Approved by OMB</u>		
*Pee Dee River Basin, Roaring River Reservoir, North Carolina	20	Senator Ervin (D) Senator Helms (R) Congressman Martin (R)
*Altamaha River Basin, Curry Creek Reservoir, Ga.	32	Senator Nunn (D) Senator Talmadge (D) Congressman Landrum (D)
*Coosa River Basin, Dalton Reservoir, Georgia	71	Senator Nunn (D) Senator Talmadge (D) Congressman Landrum (D)
*Lower Rio Grande, Willacy- Hidalgo Floodwater Bypass, Texas	22	Senator Tower (R) Senator Bensten (D) Congressman De La Garza (D)
Pocatalico River Basin Flood Control, West Va.	4	Senator Randolph (D) Senator Byrd (D) Congressman Slack (D)
Delaware River Basin, Wabash Creek, Tamaqua, Pennsylvania	3	Senator Scott (R) Senator Schweiker (R) Congressman Yatron (D)
Charles River Watershed Flood Control, Mass.	8	Senator Kennedy (D) Senator Brook (R) Congressman Donohoe (D) Congressman Cronin (R) Congressman Drinan (D) Congressman MacDonald (D) Congressman O'Neill (D) Congressman Moakley (D) Congresswoman Heckler (R) Congressman Burke (D)

<u>Eleven Projects Not Approved by OMB</u>	<u>Federal Costs</u>	<u>Congressional Interest</u>
Upper Mississippi River Basin, Prairie Du Chein Flood Control, Wisconsin	2	Senator Proxmire(D) Senator Nelson(D) Congressman Thompson(R)
Big Sandy River Basin, Tug Fork Comprehensive Flood Protection, W.Va.	50	Senator Byrd(D) Senator Randolph(D) Congressman Hechler(D)
*Corpus Christi Ship Channel, Texas	100- 200	Senator Tower(R) Senator Bensten(D) Congressman Young(D)
Big South Fork National Recreation Area, Tennessee, Kentucky	32	Senator Baker(R) Senator Brock(R) Congressman Evins(D) Senator Huddleston(D) Senator Cook(R) Congressman Fulton(D)

*indicates those projects authorized only through Phase I
of advanced engineering and design



MEMORANDUM OF APPROVAL

I take pleasure today in signing H.R. 10203, the Water Resources Development Act of 1973. This bill is evidence of the responsible legislation that can be achieved when the ~~Executive and Legislative~~ Branches work in a spirit of constructive compromise.

The projects authorized in this bill -- which will cost more than \$1 billion -- have been authorized for advanced engineering and design only. Under this new two-stage authorization system, both the President and the Congress will have another opportunity to review each of these projects on their merits before they become eligible for construction appropriations.

I have also noted that the Congressional debate on this bill indicates that the executive agencies will be free to use realistic discount rates for benefit-cost determinations in their processes of selecting projects for authorization or construction even though this bill prevents them from doing so in the initial formulation of the projects. The Congress in this bill has asked me to present recommendations on such critical policy issues in the water resources field as cost-sharing and project evaluation criteria, including discount rates. I am gratified that the Congress now shares my view of the importance of these problems, and I will continue to work in a spirit of receptiveness to update some of what I consider to be anachronistic policies concerning water projects.

I regret to note that, despite these encouraging new policy directions, this bill continues to present some of the problems which were contained in S. 4018 which I pocket-vetoed in October of 1972. It continues to authorize some projects that I believe to be economically unjustified and it substitutes Federal payments for costs that in some cases should be borne directly by the benefiting communities. On balance, however, the bill represents a step forward in our efforts to modernize water resource development, and I look forward to continuing a constructive dialogue with the Congress on these policies.



FOR IMMEDIATE RELEASE

MARCH 7, 1974

Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

I take pleasure today in signing H.R. 10203, the Water Resources Development Act of 1973. This bill is evidence of the legislation that can be achieved when the executive and legislative branches work together in a spirit of compromise.

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July 31, 1974

MEMORANDUM FOR: KEN COLE
FROM: NORM ROSS
SUBJECT: Policy Development - Department
of the Interior

Presidential Study of Water Resources Policies

Description

The Congress recently authorized the President to conduct a one-year study of current water policies and make recommendations for needed changes. The study will include cost sharing and principles and standards for planning and evaluating programs and projects, including Federal objectives and use of discount rates. This study presents an unique opportunity for the Administration to recommend much needed reforms and finally resolve the major differences of views that now exist between the Executive and the Congress on this program.

Significance

The Federal government now invests about \$2.5 B annually in water resource developments. Although most of these projects are for economic developments and benefit specific groups and regions, current policies require little financial participation by non-federal interests. New policies requiring increased cost sharing would help relieve the Federal government of most of the financial burden of water resource development and ensure better selection of the most meritorious projects reflecting both economic and environmental considerations as well as a "willingness to pay" measurement of the benefits expected from the project.



End Product

An Administration position on the major policies that govern the Federal role and financial involvement in water projects and establish methodology for determining the feasibility of new project and program initiatives. A report encompassing the results of this study and necessary implementing draft legislation would be submitted to the Congress one year after initiation of the study.

Major Tasks/Milestones

1. Determine cost of study and submit appropriations request. Week of August 19.
2. Develop detailed plans of study for each of the components.

Study components

- Principles and Standards, with particular reference to planning objectives
- discount rate
- cost sharing including roles of Federal, State and local governments

Programs covered

- all planning programs included in comprehensive planning under P. L. 89-80
- other appropriate Federal and federally assisted water and related land planning and Federal licensing activities involving or affecting water and related land resources.

Organizations to be included in study

- principal study participants
 1. Water resources Council lead agency
 2. Department of the Interior
 3. Department of the Army
 4. Department of Agriculture



5. Department of Transportation
6. Environmental Protection Agency

associate participants (major input and consultation)

1. Congress (members and staff)
2. Domestic Council
3. Department of Housing and Urban Development
4. Department of Commerce
5. Federal Power Commission
6. TVA
7. Office of Management and Budget
8. Council on Environmental Quality
9. Department of Justice
10. River Basin Commissions
11. State governments
12. Federal/State Compact Commissions
13. AEC

principal reviewer (in addition to the above)

1. national organizations
2. general public
3. universities

3. Time Schedule

- a. completed 1 year from date of funding
- b. breakdown of 1-year study period

1. first month

- (a) formulation of steering committee composed of Water Resource Council director and selected staff, and selected Council of Representatives members
- (b) specification of study components and issues, scope of work on each, the means of accomplishment, and assignments to individual agencies (departments)
- (c) consultation with Congressional committee members and staffs on study components and issues, etc.
- (d) review of background studies and data
- (e) completion of scope of work of study and specifications
- (f) referral to COM alternates for concurrence



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Page Four

2. second, third and fourth months
 - (a) prepare first draft of study report (1st draft)
3. fifth month
 - (a) hold hearings at three selected locations across the United States, plus a final hearing in Washington, D. C.
4. sixth and seventh months
 - (a) rewrite draft report based on hearing findings and draft legislation (2nd draft)
 - (b) review and prepare revision based on input from participants and Council of Members (3rd draft)
5. eighth month
 - (a) final hearings again at selected locations with final in Washington, D. C.
6. ninth month -- draft report, legislation (4th draft)
7. tenth and eleventh month
 - (a) review by participants and approval by COM. Redraft report and legislation (5th draft)
8. twelfth month
 - (a) transmittal to President for action and submission to Congress (final report, final draft proposed legislation)

Minerals and Materials

Description

The action of a number of oil exporters in limiting supplies, embargoing shipments, and driving up prices has raised the question of the extent to which the major industrial countries are exposed to the effects of similar collusion among exporters of other critical materials. The



recent tight supply situation for energy, food and many raw materials has also prompted a more general concern -- that we may be passing from an era of abundant supplies into one of constant shortages.

The Department will initiate a program to improve its data collection capabilities; particularly in the areas of inventories, potential recoverable resources and the speed with which these potential resources can be recovered in an emergency. Analytical capabilities will be strengthened to permit the Department to identify potential problems, assess their impact on the United States economy and to develop potential alternatives to minimize these impacts.

The Department will conduct an assessment and evaluation of the existing Federal Mineral R & D program and identify deficiencies and steps to overcome them.

Significance

The U. S. Government currently has no central system to monitor critical materials developments and to bring new problems to the attention of policy makers. The capacity for this oversight and analysis is there, but it is not brought together and focused on safeguarding the specific U. S. objective of adequate supplies of imported critical materials at reasonable cost. Improved data collection and analysis would be useful in keeping a watching brief on critical imported materials problems, and proposing U.S. responses to any significant increase in the potential for costly supply and price manipulation for specific materials; and identifying for review and decision within the Executive Branch aspects of U. S. foreign economic policies which impinge on the objective of adequate supplies of imported critical materials at reasonable cost.

U.S. flexibility in responding to imported critical materials problems that may arise in the future would be increased by additional research on finding new mineral deposits, mining and treating lower grade ores, reclaiming and recycling industrial and municipal wastes, and improving the efficiency of materials utilization through improved design. Most of this research will be carried out by private industry in response to the price mechanism. But intensified government or government - industry cooperative research can play a role as well.



Page Six

Major Tasks/Milestones

A detailed time - phased work plan will be completed by August 15.
It will include:

- Examination and evaluation of current data collection and analysis efforts
- Expanded economic analysis and improved forecasting methodologies
- Restructuring present Interior functions to respond to changing analytical and mineral R & D needs

The Assistant Secretary for Energy and Minerals has the Department lead on these initiatives and is currently in the process of being confirmed.

NROSS/ee finished August 7, 1974

cc: White House Files



October 10, 1974

Norm,

This is the letter I want substituted.

Thanks !

Joe





WATER RESOURCES CONGRESS

Uniting

WATER RESOURCES ASSOCIATED / NATIONAL RIVERS and HARBORS CONGRESS
(Formerly Mississippi Valley Association)

*We responded (20 days
M.R.)
only to file
acc to John Hailan*

September 20, 1974

The President
The White House
Washington, D. C. 20500

Dear Mr. President:

I had the privilege of attending the economic "mini-summit" meeting of the Natural Resources and Recreation Group in Dallas, Texas, on September 16, and I compliment you for your timely approach to the handling of our Nation's most serious problem - inflation. Secretary Morton conducted a most informative session and it is my hope that the reports of the meetings will be helpful to you.

One great concern to me, however, was the almost total lack of significant consideration of the most priceless of all of our natural resources - our Nation's water. As president of the Water Resources Congress, and on behalf of the Executive Committee, Advisory Board and the Regional Chairmen and Vice Chairmen who met in Memphis, Tennessee, on September 17 and 18, I respectfully and earnestly urge you to direct that a water resources development meeting similar to these "mini-summits" be arranged at the earliest possible time. Such a meeting will provide you with vital economic information dealing with the effect of water resources development on many facets of our economy - transportation, labor, agriculture, oil, coal, gas, electrical energy, and, most importantly, people.

I must repeat that I was disappointed at the lack of interest in Dallas of the urgent need to accelerate the development of our country's water resources. Such development would accommodate every segment of our economy and environment and would provide a worthwhile investment in our future. Knowledgeable water resources experts must be given the opportunity to provide their total input to your Administration's present and long-range planning.



The President

September 20, 1974

For your information, I am enclosing the 1974 Platform of the Water Resources Congress and invite you to note those people who comprise our Executive Committee, Board of Directors, Advisory Board, and National and State Vice Presidents in all fifty States. Also enclosed is a copy of our statement presented to the Public Works Subcommittee on Appropriations in April of this year. The situation has not changed.

Water is a finite commodity. At times it is abundant or even destructive. At other times it is scarce. Only through careful planning and development can we be certain that there will be enough water to meet our Nation's constantly growing needs. If we are to become self-sufficient in the many areas proposed by your Administration, we indeed will require more water in the years to come.

I will attend and participate in the meeting in Washington on September 27th and 28th along with Mr. J.R. Barkley, President of the National Water Resources Association and the leaders of other major water resources development groups with whom our Association works in the closest cooperation. Our organizations are ready and available to assist you in whatever way you feel is in our Nation's best interests. We await your instructions.

Faithfully yours,


John W. Simmons
President

JWS/bk

Enclosure



File
Water
Resources

November 12, 1974

Mr. Norman E. Ross, Jr.
Assistant Director
Domestic Council
Executive Office of the President
Washington, D.C. 20500

Dear Mr. Ross:

I enjoyed talking with you the other day concerning the proposed White House Conference on Water Resources tentatively scheduled for next June or July. As I mentioned to you, we would be extremely interested in such a conference.

For your information, it is the National Waterways Conference's purpose to promote a better understanding of the public value of the American waterways system and to national economic well being. Incidentally, the Conference was organized in 1960 and its membership now includes more than 500 waterway-related businesses, industries and agencies. A list of our current officers and directors is attached.

Please keep us posted with respect to the proposed White House conference and let us know if we may be of assistance in any way.

Sincerely yours,

Harry N. Cook
Harry N. Cook
Executive Vice President

HNC/rr1
Attachment

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Robert D. Boyd

Executive Assistant

(202) 638-0090

*Dedicated to a greater
understanding
of the widespread
public benefits
of the American
waterway system.*



National Waterways Conference, Inc.

1130 17th Street, N.W., Washington, D.C. 20036

Officers and Directors, 1974-75

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First Vice President -- J. W. Hershey, Board Chairman, American Commercial Lines, Inc., P.O. Box 13244, Houston, Texas 77019

Executive Vice President -- Harry N. Cook, National Waterways Conference, Inc., 1130 17th Street, Northwest, Washington, D.C. 20036

Vice President -- Harry M. Mack, President, Ohio Valley Improvement Association, 3020 Carew Tower, Cincinnati, Ohio 45202

Vice President -- Arnold I. Sobel, Executive Vice President, Material Service Corporation, 300 West Washington Street, Chicago, Illinois 60606

Secretary -- Neville Stone, President, American River Transportation Company, 7751 Carondelet, St. Louis, Missouri 63105

Treasurer -- Baxter Southern, President, Southern Terminal Company, P.O. Box 911, Caruthersville, Missouri 63830

Executive Committee

David H. Brune, President, Trinity Improvement Association, 2615 Avenue E, East, Arlington, Texas 76011

Gale H. Chapman, Consultant, Upper Mississippi Towing Corporation, Room 110, 7703 Normandale Road, Minneapolis, Minnesota 55435

John M. Donnelly, President, Ingram Barge Company, 4100 One Shell Square, New Orleans, Louisiana 70139

J. Melton Garrett, Executive Vice President, Avondale Shipyards, Inc., P.O. Box 50280, New Orleans, Louisiana 70150

William J. Hull, Vice President, Ashland Oil, Inc., Suite 505, 1025 Connecticut Avenue, Washington, D.C. 20036

William C. McNeal, Executive Vice President, Oil Transport Company, Inc., P.O. Box 52708, New Orleans, Louisiana 70152

F. A. Mechling, President, Union Mechling Corporation, Inc., One Oliver Plaza, Pittsburgh, Pennsylvania 15222

Louis C. Purdey, Consultant, Toledo-Lucas County Port Authority, 241 Superior Street, Toledo, Ohio 43604

James R. Smith, President, The American Waterways Operators, Inc., 1600 Wilson Boulevard, Arlington, Virginia 22209

L. P. Struble, Jr., Group Vice President, Dravo Corporation, One Oliver Plaza, Pittsburgh, Pennsylvania 15222

C. H. Vescelius, Director-Transportation, Olin Corporation, 120 Long Ridge Road, Stamford, Connecticut 06904

James E. Walden, President, Helena Marine Service, Inc., P.O. Box 428, Helena, Arkansas 72342

Howard A. Watters, Vice President-Transportation, Central Soya Company, 1300 Fort Wayne Bank Building, Fort Wayne, Indiana 46802

(cont'd, over)

Executive Committee (cont'd.)

Calvin T. Watts, Executive Director, Red River Valley Association, P.O. Box 709, Shreveport, Louisiana 71162

Glover Wilkins, Administrator, Tennessee-Tombigbee Waterway Development Authority, P.O. Drawer 671, Columbus, Mississippi 39701

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1. Robert S. Kerr, Jr., Oklahoma Water, Inc., Oklahoma City, Oklahoma*
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3. Frank Scalpone, National Assn. of Engine and Boat Manufacturers, New York, N.Y.
4. H. K. Thatcher, Ouachita River Valley Association, Camden, Arkansas
5. Calvin T. Watts, Red River Valley Association, Shreveport, Louisiana

Term ending September 1976:

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3. Riley S. Miles, Water Users Association of Florida, Kissimmee, Florida
4. Vernon W. Pinkey, Arkansas Basin Development Association, Tulsa, Oklahoma
5. James R. Smith, The American Waterways Operators, Inc., Arlington, Virginia

Term ending September 1977:

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2. Dr. Robert F. Henry, Coosa-Alabama River Improvement Assn., Montgomery, Alabama
3. Robert H. Langner, California Marine Affairs and Navigation Conference, San Francisco, California
4. Vice Adm. Paul E. Trimble, USCG-Ret., Lake Carriers' Association, Cleveland, Ohio
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1. Thomas J. Barta, The Valley Line Company, St. Louis, Missouri
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1. Jesse E. Brent, Brent Towing Company, Greenville, Mississippi
2. Gale H. Chapman, Upper Mississippi Towing Corporation, Minneapolis, Minnesota

3. John M. Donnelly, Ingram Barge Company, New Orleans, Louisiana
4. John D. Geary, The Ohio River Company, Cincinnati, Ohio
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1. Houston Adams, F&M Bank and Trust Company, Tulsa, Oklahoma
2. Robert H. Anderson, Stanley Consultants, Cleveland, Ohio
3. Keith L. Hansen, Port of Portland Commission, Portland, Oregon*
4. Louis C. Purdey, Toledo-Lucas County Port Authority, Toledo, Ohio
5. Glover Wilkins, Tenn.-Tombigbee Waterway Development Authority, Columbus, Miss.

Term ending September 1976:

1. Paul E. Adams, Arkansas Waterways Commission, Little Rock, Arkansas
2. George D. Gettinger, Wabash Valley Interstate Commission, Terre Haute, Indiana
3. Herbert R. Haar, Jr., Port of New Orleans, New Orleans, Louisiana
4. Paul R. Sheffield, Memphis-Shelby County Port Commission, Memphis, Tennessee*
5. H. N. Spencer, Jr., THE WATERWAYS JOURNAL, St. Louis, Missouri

Term ending September 1977:

1. C. Thomas Burke, Seaway Port Authority of Duluth, Duluth, Minnesota
2. Giles L. Evans, Jr., Canal Authority of State of Florida, Jacksonville, Florida
3. Clair P. Guess, Jr., State Water Resources Commission, Columbia, South Carolina
4. Othie R. McMurry, Iowa Natural Resources Council, Des Moines, Iowa
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1. J. A. Collins, Sun Oil Company, Philadelphia, Pennsylvania
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Term ending September 1976:

1. John T. Knepper, Mobil Oil Corporation, New York, New York*
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4. C. H. Vescelius, Olin Corporation, Stamford, Connecticut
5. F. W. Wyatt, Union Carbide Corporation, South Charleston, West Virginia*

Term ending September 1977:

1. John J. Archer, International Paper Company, New York, New York
2. S. O. Holdman, American Smelting and Refining Company, St. Louis, Missouri
3. William J. Hull, Ashland Oil, Inc., Washington, D.C.
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5. J. F. Pawlikowski, E. I. du Pont de Nemours & Company, Wilmington, Delaware

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1. Leland Bowman, S.B.A. Shipyards, Inc., Jennings, Louisiana

Waterway Services (cont'd.)

2. Guy D. Graves, General Stevedores, Inc., Houston, Texas
3. John T. Massman, Massman Construction Company, Kansas City, Missouri
4. L. P. Struble, Jr., Dravo Corporation, Pittsburgh, Pennsylvania
5. James E. Walden, Helena Marine Service, Inc., Helena, Arkansas

Term ending September 1976:

1. J. Melton Garrett, Avondale Shipyards, Inc., New Orleans, Louisiana
2. Ben W. Martin, Martin Terminals Company, Pine Bluff, Arkansas
3. Robert E. Pulford, WillBros Terminal Company, Tulsa, Oklahoma
4. Baxter Southern, Southern Terminal Company, Caruthersville, Missouri
5. James T. Wakley, Ohio River Sand and Gravel Company, Parkersburg, West Virginia

Term ending September 1977:

1. John W. Lambert, Twin City Shipyard, Inc., St. Paul, Minnesota
2. Edward Renshaw, St. Louis Ship Division, Pott Industries, Inc., St. Louis, Missouri
3. Arnold I. Sobel, Material Service Corporation, Chicago, Illinois
4. E. D. Wattles, Dunbar & Sullivan Dredging Company, Detroit, Michigan
5. David A. Wright, National Marine Service, Inc., St. Louis, Missouri

Note: Twenty-five Directors were elected to terms expiring in September 1977 at the annual membership meeting held September 19, 1974, in Memphis, Tennessee. Seven other Directors, whose names are marked by asterisks, were elected at the same time to vacancies existing in terms expiring in September 1975 and September 1976. All officers and members of the Executive Committee were elected to one-year terms at a meeting of the Board of Directors held September 20, 1974, in Memphis during the National Waterways Conference's 1974 annual meeting.



National Waterways Conference, Inc.

1130 17th Street, N.W., Washington, D.C. 20036

ITS ORGANIZATION, OBJECTIVES, MEMBERSHIP AND SERVICES: A FACT SHEET

The National Waterways Conference, Inc., was organized in 1960 as a coalition of waterway-related businesses, industries and agencies. It is the Conference's purpose to promote a wider appreciation of the public value of sound Federal water resources management and greater awareness of the direct connection between water resources programs and economic growth, food and fiber production, energy supply, social well-being, public health and safety, environmental enhancement, world trade, and other national goals. The Conference encourages the wise management and prudent development of the Nation's water resources, including continued toll-free navigation on the 25,000-mile inland waterways system, adoption of realistic standards and criteria for evaluation of proposed river and harbor projects, and careful planning to assure that future needs for water and water-related services are met.

Membership. Conference membership includes practically all segments of the economy having a stake in navigation, flood control, recreation, and other water resources management efforts: business firms which ship or receive products by water, water carriers, terminals, port authorities, state water boards, water resource development associations, shipyards, waterway service firms, marine insurance companies, banks, chambers of commerce, agricultural and labor groups, development commissions, etc. These individuals, businesses, industries, organizations, and agencies are represented on the Conference's Board of Directors in five categories: associations, carriers, public, shippers, and waterway services. Close cooperation and teamwork with waterway-related groups in all parts of the Nation has been the Conference's hallmark.

Education and information. To document the widespread benefits of water transportation and water resource programs, the Conference sponsors economic research and publishes numerous reports, studies and papers. These are circulated to government officials, industrial executives, university economists, news media, and community leaders. The Washington staff also produces three news bulletins: the Conference NEWSLETTER, widely quoted in the water transportation and water resource field; CRITERIA NEWS, keeping readers apprised of specific governmental policies affecting water resource development; and WASHINGTON WATCH, a members-only publication providing an up-to-the-minute, confidential assessment of the outlook from Washington affecting water transportation and water resources programs.

Recent publications, based on Conference-sponsored studies, include The Impact of Waterway User Charges: An Industry-by-Industry Assessment, a 188-page volume examining the meaning of toll-free water transportation to key American industries; The Origin and Development of the Waterways Policy of the United States, a research volume outlining the historic development of national waterways policy; Waterway Transportation: Who Benefits?, a paper examining the broad diffusion of public benefits resulting from domestic waterway transportation; It's the Consumer Who'll Pay, a study showing that a tax on the waterways will ultimately cause higher consumer prices; and A Formula for Dismantling the Nation's Water Resources Program, a critical analysis of the National Water Commission's recommendations to shift responsibility for water resources management from the Federal government.

Meetings and conventions. The Conference annually sponsors a series of regional meetings which have been held in such cities as Chicago, Houston, Little Rock, Green Bay, Cincinnati, St. Louis, Pittsburgh, Kansas City and Portland, Oregon. The major event of the year is the Conference's annual meeting. In 1975, it will be held September 28-30 at the Monteleone Hotel in New Orleans. At previous conventions,

speakers have included House Speaker Carl Albert, former Vice President Hubert H. Humphrey, Sen. Robert C. Byrd (the Senate Whip), Ways and Means Committee Chmn. Wilbur D. Mills, several governors, and numerous Federal officials and business executives. Through regional and annual meetings, the Conference is able to convey to new audiences a greater appreciation of the importance of American waterways to general economic growth and stability.

Washington representation. As a service of ever-increasing importance, the Conference provides its membership with constant Washington representation. In only a few years, the Conference has gained a reputation for expertise in such complex fields affecting water resources development as discount rates, project evaluation criteria, cost-sharing proposals, etc. As a result, government leaders frequently call on the Conference for advice on waterway matters. A close working rapport has thus been established with numerous legislative and administrative offices. They recognize the Conference as a new, potent organization in the field of waterways and water resources.

Officers of the National Waterways Conference, Inc., for 1974-75:

Chairman of the Board -- Herbert R. Haar, Jr., Associate Port Director, Port of New Orleans, P.O. Box 60046, New Orleans, Louisiana 70160

President -- Houston Adams, President, F&M Bank and Trust Company, P.O. Box 4500, Tulsa, Oklahoma 74114

First Vice President -- J. W. Hershey, Board Chairman, American Commercial Lines, Inc., P.O. Box 13244, Houston, Texas 77019

Executive Vice President -- Harry N. Cook, National Waterways Conference, Inc., 1130 17th Street, Northwest, Washington, D.C. 20036

Vice President -- Harry M. Mack, President, Ohio Valley Improvement Association, 3020 Carew Tower, Cincinnati, Ohio 45202

Vice President -- Arnold I. Sobel, Executive Vice President, Material Service Corporation, 300 West Washington Street, Chicago, Illinois 60606

Secretary -- Neville Stone, President, American River Transportation Company, 7751 Carondelet, St. Louis, Missouri 63105

Treasurer -- Baxter Southern, President, Southern Terminal Company, P.O. Box 911, Caruthersville, Missouri 63830

Members of the Conference's Executive Committee

David H. Brune, Trinity Improvement Association, Arlington, Texas

Gale H. Chapman, Upper Mississippi Towing Corporation, Minneapolis, Minn.

John M. Donnelly, Ingram Barge Company, New Orleans, Louisiana

J. Melton Garrett, Avondale Shipyards, Inc., New Orleans, Louisiana

William J. Hull, Ashland Oil, Inc., Washington, D.C.

William C. McNeal, Oil Transport Company, Inc., New Orleans, Louisiana

F. A. Mechling, Union Mechling Corporation, Inc., Pittsburgh, Pennsylvania

Louis C. Purdey, Toledo-Lucas County Port Authority, Toledo, Ohio

James R. Smith, The American Waterways Operators, Inc., Arlington, Virginia

L. P. Struble, Jr., Dravo Corporation, Pittsburgh, Pennsylvania

C. H. Vescelius, Olin Corporation, Stamford, Connecticut

James E. Walden, Helena Marine Service, Inc., Helena, Arkansas

Howard A. Watters, Central Soya Company, Fort Wayne, Indiana

Calvin T. Watts, Red River Valley Association, Shreveport, Louisiana

Glover Wilkins, Tenn.-Tombigbee Waterway Dev. Authority, Columbus, Miss.

THE NATIONAL WATERWAYS CONFERENCE, INC.

1130 Seventeenth Street, Northwest / Washington, D.C. 20036



NATIONAL WATERWAYS CONFERENCE, INC.

NEWSLETTER

DEDICATED TO A GREATER UNDERSTANDING OF THE WIDESPREAD
PUBLIC BENEFITS OF THE AMERICAN WATERWAY SYSTEM

November 13, 1974

On
the
inside



National Waterways Conference chooses new leaders during busy annual meeting

Haar, Adams win top posts, *Page 4*... Army Engineers prepare project "deauthorization" list, *Page 8*... Judge permits proponents to enter Locks 26 suit, *Page 7*... Environmentalists argue navigation is "ideal place" to trim budget, *Page 2*.

Water Resources Council cranks up project cost-sharing study ordered by Congress

The U.S. Water Resources Council has been assigned responsibility for the Congressionally ordered study of cost sharing, project evaluation standards and other issues affecting water resources development programs. Top-level assistants to the Cabinet officers who make up the Council met last week to lay the ground work, and another meeting is planned December 19 to adopt a plan of study. The study could cost as much as \$350,000 and is expected to require at least a year. Congress authorized the investigation after balking last year at the Council's new discount rate formula.

The Council is considering a series of studies of the impact -- on national goals as well as water resources programs -- of various options for changing present policies. The final product, though it will merely be a set of recommendations to Congress, could have considerable weight. The President has directed the Council's Cabinet members, rather than the staff, to make the key policy determinations.

Anti-inflation ax comes down hard on expenditures for water resources development

President Ford, in his latest effort to "Whip Inflation Now," has blocked for one year the expenditure of \$82 million appropriated by Congress for water resources projects. The largest chunk, more than \$58 million, was sliced from the Corps of Engineers' rivers and harbors program. The action, said the President, was "necessary to restrain near-term Federal spending to achieve an anti-inflationary fiscal posture."

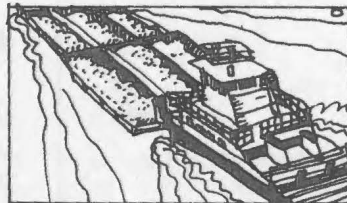
The spending deferral, which under the new Congressional Budget Act may be overridden by Congress, was announced during the election recess. Thus, there was little reaction on Capitol Hill, and observers considered efforts to override unlikely despite the fact that the President's action partly represented



disagreement between the White House and Congress as to the Nation's water resources priorities. The deferral amounted to a 50 percent across-the-board slash in Congressionally approved water resources project construction expenditures not sought in the President's Fiscal Year 1975 budget request.

Waterway proponents fear cutbacks in major public works investment will cause long-term harm to economy

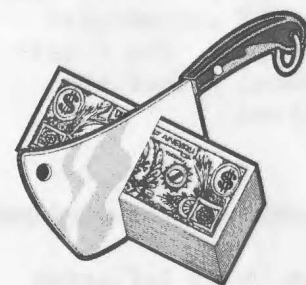
The water resources spending deferral came on the heels of warnings from many waterway proponents that it would be counter-productive to cut back on investments with long-range beneficial effects on the economy, such as navigation, simply to achieve short-term Federal budget austerity. Among these spokesmen has been Harry N. Cook, executive vice president of the *National Waterways Conference, Inc.*, who declared in recent California and Minnesota speeches that the Nation should "use waterways to advantage" to increase productivity, thereby overcoming the current economic recession while holding down inflation in transportation costs.



"If inflated prices and waning productivity are among our major economic problems, water resources development programs -- and particularly water transportation -- have much to contribute to the solutions," Mr. Cook said. Transportation of bulk commodities by water "is the least expensive of all ways to move things," and navigation's competitive effect on other modes holds down inflation throughout the transportation sector, he argued, adding that the history of waterway development is one of healthy growth in industrial and farm output accompanying each new navigable river segment. "Cutbacks in investment in projects which actually combat inflation and increase productivity, simply to achieve austerity, is like burning the barn to get rid of the mice," he said.

Environmentalists argue inland navigation projects provide "an ideal place" to trim the Federal budget

President Ford has not lacked encouragement for his budget-cutting drive. Outspoken environmental groups have urged that he chop even larger chunks out of the water resources program. National Audubon Society Pres. Elvis J. Stahr wrote the President calling for a halt to 20 water projects "that entail unnecessary Federal spending because they are economically and environmentally destructive." The letter termed the fiscal 1975 appropriations "just a down payment on future waste." Some of Audubon's target projects were affected by the deferral order. The Environmental Policy Center and other environmental groups dispatched similar letters attacking water resources expenditures. Reported *Environmental Action* magazine: "Environmental groups are jumping on the inflation-fighting bandwagon by suggesting that Federal projects which cause environmental damage be cut or eliminated."



Little noticed in the debate over present and future spending priorities has been the sharp decline, over the past decade, in Corps' civil works outlays as a portion of the total Federal Budget -- from .75 percent in fiscal 1965 to about .51 percent for fiscal 1975. The story is even more telling in constant dollars. "The amount of money available to the Chief of Engineers to execute the water resource program for which he is responsible is in 1975 about 60 percent in hard dollars of what it was in 1965," said Maj. Gen. John W. Morris, director of civil works. "We think the National Environmental Policy Act, insofar as water is concerned, is a good Act. *** We are not very far away from having cleaned up the problems of construction and navigation and navigable dredged material and that sort of thing. *** The question

I have, though, is: Can we handle what we are expected to do in the water resource program with the money available?"

Energy and environmental costs, not Federal spending, are major causes of inflation, economist contends

Another facet of the debate over budget-cutting is disagreement over the extent to which the Federal deficit is actually responsible for the current inflationary spiral. "That surely *** is not the case in the 1973-74 inflation," argues Walter W. Heller, former chairman of the Council of Economic Advisors. "A realistic reappraisal will surely assign budget cuts a more modest role in the battle against inflation."

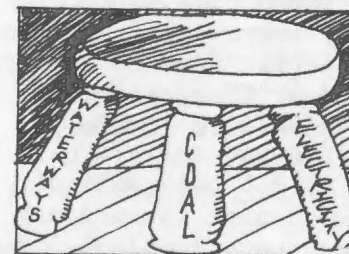


Prof. Barloon

More important factors in the current inflation, Economics Prof. Marvin J. Barloon of Case Western Reserve University told the *National Waterways Conference's* recent annual meeting, are the energy crisis and increased costs of environmental protection. "In 1974 and 1975, we are paying somewhere in the general neighborhood of \$45 billion more for the same amount of energy we were getting back in 1973. Now, if we look at the cause of inflation, which is the greater one -- budget deficits or energy costs? The biggest Federal deficit in the 1970's was \$23.2 billion." He also cited estimates that private costs of meeting environmental protection standards will average \$60 billion annually over the next 10 years. The higher fuel and environmental costs are particularly inflationary, Prof. Barloon argued, because they generate no real increase in productivity.

Waterways, coal and electric power are interdependent in meeting U.S. energy needs, utility executive states

The inland waterways are vital to the transportation of coal and the production of electric power, and the need for waterway transportation is likely to increase as the Nation produces more coal to achieve energy self-sufficiency, according to George V. Patterson, president of the American Electric Power Company, Inc., and a luncheon keynote speaker at the *National Waterways Conference's* annual meeting. "The inland waterways, coal transportation and electric power generation represent a sort of milking stool," said Mr. Patterson. "Remove any one of the legs and then attempt to sit down. You'll quickly find the important one is gone."



Mr. Patterson, calling for greater water/rail cooperation to meet future coal transportation demands, said that, of the Nation's current annual production of 600 million tons of coal, about two-thirds is used to generate power and about one-fourth is transported by waterway. "It's easy to see the impact on electric power production of any interruption of water transportation of coal to power plants. And the importance is growing because the importance of coal is growing," he said. American Electric's "continuing strong belief in water transportation is underlined by our plans to add 16 large towboats and 260 jumbo barges -- an investment of about \$80 million -- to our system. These are in addition to the 11 towboats and 248 barges we already have in use," he said.

Sound development of water resources fits into America's "new ethic of efficiency," Mr. Hull believes

Energy, food and raw materials shortages have produced new concerns for efficiency and waste reduction in America, according to outgoing *Conference* Pres. William J. Hull,

and "the use we make of our vast water resources will determine in large part how we meet this challenge." In his annual report to the membership, Mr. Hull said defense of the Nation's toll-free waterway policy "assumes greatly heightened importance" because "tolls would jeopardize the ability of the transportation sector to provide energy transportation services upon which the entire national economy will depend."

"Multiple-purpose water resources management -- the care, use and continual reuse of a renewable resource -- and water transportation conveniently fit into the new ethic of efficiency and conservation which the energy crisis and attendant shortages force upon us," said Mr. Hull, vice president of Ashland Oil, Inc. "Achievement of an essential degree of independence in our energy supplies will demand a substantial investment in water resources development efforts to complement the newly emerging energy technologies." [Mr. Hull's report is available on request.]

Herbert R. Haar, Jr., and Houston Adams assume leadership posts in the National Waterways Conference, Inc.

Herbert R. Haar, Jr., of New Orleans and Houston Adams of Tulsa were elected chairman of the board of directors and president, respectively, of the *National Waterways Conference* during the recent annual meeting.



Mr. Haar

Mr. Haar, associate director of the Port of New Orleans and former New Orleans District Engineer for the Corps of Engineers, succeeds L. P. Struble, Jr. of Pittsburgh, who had served as board chairman since 1972. Mr. Adams, president of the F&M Bank and Trust Company in Tulsa and a former chairman of the Tulsa-Rogers County Port Authority, succeeded Mr. Hull. Messrs. Struble and Hull were elected to the Executive Committee.



Mr. Adams

Other officers for 1974-75 will be: Executive Vice President -- Harry N. Cook, Washington, D.C.; First Vice President -- J. W. Hershey, Chairman, American Commercial Lines, Inc., Houston; Vice Presidents -- Harry M. Mack, President, Ohio Valley Improvement Association, Cincinnati, and Arnold Sobel, Executive Vice President, Material Service Corporation, Chicago; Secretary -- Neville Stone, President, American River Transportation Company, St. Louis; and Treasurer -- Baxter Southern, President, Southern Terminal Company, Caruthersville, Missouri.

House Water Resources Subcommittee Chmn. Roberts warns of water supply "crisis" unless Nation acts quickly

Congr. Ray Roberts (Texas), chairman of the House Public Works Committee's Subcommittee on Water Resources, and also a keynote speaker at the *Conference's* annual meeting, warned that deficiencies in water supply may be felt in parts of the United States by 1980, and he urged greater attention to construction of water storage reservoirs and other facilities if the Nation is to avoid "a water crisis which will dwarf the energy crisis we have just been through." He cited current population and geological studies which "indicate that even with low population and economic growth, water deficiencies can be expected in eight of the 22 water regions in the United States by 1980 if sufficient water storage facilities are not provided."

Western water supplies are adequate to meet energy production needs, National Petroleum Council says

There is enough surface water available in the Western states to facilitate full development of oil shale conversion and coal gasification, says the National

Petroleum Council, but only with "the early establishment of a near billion dollar program of dams and aqueducts in order to meet [maximum development] projections.



Secy. Morton

The petroleum industry advisory council to the Department of Interior says, in its latest and last of a series of "U.S. Energy Outlook" reports, that full Western energy development will also require new legal arrangements and diversion of water committed to competing uses such as agriculture. "There is sufficient surface water in the over-all Western states area to supply the needed [energy] plants, but it is often locally insufficient within the areas containing the coal and oil shale resources. Moreover, even in areas where sufficient water is physically available, legal restrictions and rights of competing users may preclude its use in energy production," says the report, issued by the Council's Water Availability Task Group.

Another report on water resources development needs to increase domestic energy supplies was recently forwarded from the U.S. Water Resources Council staff to Interior Secy. Rogers C. B. Morton, who is new U.S. energy "czar." Specific contents of the report have not been disclosed, but it is known to advocate accelerated work on approximately 30 projects, most of them involving water supply. Says Council Director Warren D. Fairchild: "There are certainly some regions of our country where, if we're going to meet our energy requirements, we have a water problem associated with it."

Water transport leads the field in the latest Department of Transportation energy efficiency calculations

"Water is essential to almost every energy process," says the Federal Energy Administration in its long-awaited 780-page report on Operation Independence. But, specific recommendations are lacking -- with respect to water as well as other factors influencing domestic energy production and use. Included are a consulting firm's new findings, likely to provoke controversy, portraying waterways as slightly less energy efficient than previous studies have shown.

But, the Department of Transportation is also using revised estimates of modal fuel efficiency, and waterways come out better than ever in terms of average productivity per gallon of fuel: 54 ton-miles per gallon by diesel truck, 178 ton-miles per gallon by railroad, 300 by pipeline, and 306 by waterway. Deputy Transportation Secy. John W. Barnum cited these new figures in concluding: "Fuel conservation, then, will soon be taking top priority and fuel efficiency will become a deciding factor in transportation decisions. *** Vessels and barges will be receiving a lot of attention." The methodology has not been explained by which either D.O.T. or F.E.A. arrived at the latest modal comparisons.



Federal Energy Administration wants to study the impact of Federal policies on transportation energy use

F.E.A.'s Office of Transportation Research plans to examine the impact of various Federal policies on energy efficiency in the transportation sector. "In a perfectly competitive economy, market forces would eliminate wasteful energy-use practices," said Eric Hirst, research program officer. "However, a variety of government activities -- regulation, taxation, subsidization, research -- influence transportation practices. Active Federal involvement will be required to reduce market distortions and implement energy conservation measures."

During the last month, F.E.A. has sought "capable sources" to analyze the impact of Federal policies on transportation energy use, compare "the degree and comparability

of Federal influence on alternative modes *** and the energy implications of alternative government strategies."

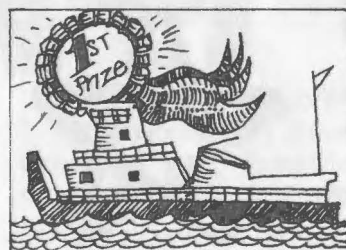
Maritime subsidies termed wasteful in new report by Sen. Proxmire's Joint Economic Committee panel

The Joint Economic Committee's Subcommittee on Priorities and Economy in Government has released a new study of Federal subsidies which attacks the operating and construction differential grants administered by the Maritime Administration to encourage growth of the U.S. Merchant Marine. An economic consultant to the subcommittee, headed by Sen. William Proxmire (Wisconsin), asserted that "while maritime subsidies may have been intended to correct a market deficiency at one time, by 1972 this was no longer true."

The staff report surprisingly made no mention of the Corps of Engineers' major navigation programs in what is presented as a compendium of Federal costs of "major subsidies." The list does include the Corps' \$3 million-per-year small navigation projects fund, from which the civil works division finances small projects -- usually of an emergency nature -- not specifically authorized by Congress. The listing also includes several other transportation programs in which the Federal government has an investment -- including airport development aid, urban mass transit grants, investment tax credits for rolling stock expansion by railroads, and Amtrak expenditures.

Navigation is the safest of the three major surface freight transport modes, Sen. Long tells colleagues

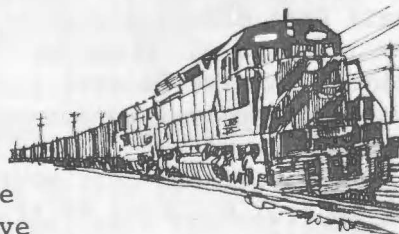
Sen. Russell B. Long (Louisiana), chairman of the Senate Finance Committee, recently called attention in Congress to the superior safety record of waterborne transport over rail and highway freight movement. He cited a study by the National Transportation Safety Board showing that during 1963-68 the marine mode (shallow and deep draft) averaged .31 accidental deaths per billion ton-miles of productivity, compared to 2.5 deaths per billion ton-miles for rail and 10.9 for regulated interstate truck transport. Only petroleum pipelines, with 0.011 deaths per billion ton-miles, showed a slightly better fatality record than marine transport.



The data dovetails with a recent study by the Maritime Administration recommending waterways as the preferable mode for movement of hazardous substances. The two studies show that "water transportation is the safest of all modes of surface transportation," Sen. Long said. "Long and intermediate distance movements of large bulk quantities by water have been found to be much more preferable from a safety and cost standpoint, to similar movements by rail and truck."

Rail rate practices hamper the efficient use of navigation in world trade, river port leader charges

The potential cost and energy savings of new containerization and ocean-going barge techniques are being denied the public by "depressed" rail rates on commodities bound for export, Milton P. Barschdorf, port director at Greenville, Mississippi, charged at the Conference's annual meeting. The effect is to deny inland ports their full potential as "ports of entry," he said, citing examples of rail charges between origin and ocean port which are lower than between origin and much closer river ports. The rail losses sustained on the "depressed rate" long hauls penalize shippers in the form of higher rates on non-water competitive



movements and deteriorating service on financially ailing lines, he said. "Necessary changes are imperative if we are to have a more efficient transportation system responsible to the best interests of the shipper and the public," he said. "The proven efficiencies in the movement of cargo by our Nation's waterways can make the difference in maintaining a viable transportation system and in keeping our shippers competitive in the markets of the world. Direct export-import shipments as well as domestic shipments can now penetrate the innermost points of our inland waterways system, bringing that cargo as close as possible to the shipper and receiver by water, the most economical means, and then utilizing rail and truck service within the shorter ranges of haul, where they are most efficient to complete this movement."

First LASH, now FLASH: Small barge-carrying vessel serves developing ports in remote areas of Southeast Asia

If you had difficulty figuring out what LASH was all about (Lighter Aboard Ship), here's a new one for you: FLASH. Resembling a catamaran, FLASH is a self-propelled vessel put into service in Southeast Asia by Central Gulf Lines to move LASH barges between the deep-draft carrier and shallow-draft ports. Like the mother ship, FLASH carries barges (8 to 15) but is able to maneuver in closer quarters and shallow water.

G.A.O. may expand its Upper Mississippi Waterway user charge study, submit findings in report to Congress

The U.S. General Accounting Office (G.A.O.) is winding up its study of toll-free waterways policy on the Upper Mississippi Waterway. There are indications, however, that the investigation may be expanded to cover other areas, too. When completed, the findings and recommendations will likely become an official Report to Congress. Since mid-summer, G.A.O.'s Twin Cities office has been analyzing the costs and benefits of the Upper Mississippi navigation program. G.A.O. is an independent agency of the Legislative Branch, charged by Congress to recommend ways to make Federal programs work better.

During recent Senate oversight hearings on waterways policies, the possibility of a G.A.O. review of Federal water programs was broached. Dr. A. Myrick Freeman, III, of Bowdoin College said it would be "a step in the right direction," but Dr. David C. Major of Massachusetts Institute of Technology disagreed. "I would say there is kind of a reservoir of dislike for the water program in some of the [Executive] agencies and perhaps also in G.A.O. that dates back to an earlier time in the water program," Dr. Major said.

Locks 26 proponents win right to intervene in court action brought by environmental-railroad coalition

Four organizations supporting replacement of Locks and Dam 26 on the Mississippi River near Alton, Illinois, have been permitted to enter the court suit that halted work on the project. Federal District Judge Charles R. Rickey of Washington, D.C., last Friday authorized the groups to join the suit on the side of the Corps of Engineers. The four new parties are the Water Resources Congress, Ohio Valley Improvement Association, Upper Mississippi Waterway Association and a group of St. Louis area business, labor and government leaders organized as the Association for the Improvement of the Mississippi River.



On the other side are the Sierra Club, the Izaak Walton League, and 21 Midwestern railroads who have challenged the replacement project's legality and the Corps'

environmental impact assessment. Judge Richey is pushing for rapid disposition; he wants to open the trial on March 3. Meanwhile, the project is stalled by a preliminary injunction, and Congress is being asked to render one of the legal issues moot. Ten House members have introduced a bill specifically authorizing the work; the Corps had undertaken it under maintenance and improvement provisions of an omnibus 1909 law. Proponents and opponents predict the final outcome in this case will have wide application to pending and future waterway modernization programs.

Waterway cargo tax would be used to revive U.S. railroads under legislation proposed by Sen. Vance Hartke

Sen. Vance Hartke (Indiana) is pushing legislation to establish a government corporation to take over and rehabilitate the trackage of certain ailing railroads. The operation would be financed by user charges and transportation taxes, including a 1 percent tax on waterway freight tariffs. In the case of private carriage, the tax would be based on the carriers' total expenses. The 1 percent tax would apply to freight carriage by all modes and would be imposed for a six-year period. It would supplement funds raised by a charge of \$1 per 1,000 ton-miles imposed on railroads which actually used the Federally operated trackage. Congr. Les Aspin (Wisconsin) has introduced companion legislation in the House.



Sen. Gravel

Direct waterway user charge legislation may also be considered by Congress as an outgrowth of the Senate Public Works Committee's "oversight" hearings on the Nation's water resources programs. The hearings, chaired by Sen. Mike Gravel (Alaska), are expected to resume in February or March. When Sen. Dick Clark (Iowa) asked a Corps witness about waterway user charges at recent hearings, Sen. Gravel responded: "If the Senator from Iowa would be interested in [user charges] legislation, I would be happy to pursue it with him. *** If you want me to, I will back you up." Sen. Clark said he'd have to think about it.

Project deauthorization review nears completion as Army Engineers seek views of state and local officials

The Nation's governors and countless local officials will soon receive letters seeking their response to draft recommendations by the Army Corps of Engineers that long-pending water resources projects in their jurisdictions be "deauthorized." The Corps expects to send the final list to Congress in January. It could contain as many as 300 projects which are eligible for Executive deauthorization under the Water Resources Development Act of 1974. The law requires an annual review of authorized projects which have received no funds in the previous eight years. Criteria for inclusion on the list: the project is no longer considered economically feasible, lacks strong local support, or is no longer required to meet current or prospective needs. The Chief of Engineers' decision has the effect of law unless the Public Works committees of Congress take exception with respect to specific projects.



NATIONAL WATERWAYS CONFERENCE, INC.
1130 Seventeenth Street, Northwest
Washington, D.C. 20036

It is the purpose of the National Waterways Conference, Inc., to encourage a better understanding of the public value of low-cost water transportation and to show the direct relationship between toll-free navigation and water resources development, economic growth, environmental betterment, social well-being, and the national interest. In pursuit of these objectives, the Conference supports the continuation of established toll-free waterways policy and the realistic evaluation of proposed water resources projects. Officers—*Board Chairman:* Herbert R. Haar, Jr., Associate Port Director, Board of Commissioners of the Port of New Orleans, P.O. Box 60046, New Orleans, Louisiana 70160. *President:* Houston Adams, President, F&M Bank and Trust Company, P.O. Box 4500, Tulsa, Oklahoma, 74114. *First Vice President:* J. W. Hershey, Chairman, American Commercial Lines, Inc., P.O. Box 13244, Houston, Texas 77019. *Executive Vice President:* Harry N. Cook. *Newsletter Editor:* Robert D. Boyd. Telephone: 202/638-0090.

ACTION

December 13, 1974

MEMORANDUM FOR:

THE PRESIDENT

FROM:

KEN COLE

SUBJECT:

Veto Message S. 3537 - Willow Creek,
Oregon Water Resources Project

Attached is a veto message for the Willow Creek, Oregon Water Resources Project. Under this legislation the Secretary of Army is authorized to reformulate and modify a flood control project in eastern Oregon and pay more than \$500,000 to relocate a small municipal water system in advance of construction of the flood control project. The primary purpose of the project would be to control flooding in the town of Heppner (population 1,600). This bill would conflict with established Administration policy in that it raises unresolved issues in regard to the general principles and standards governing the evaluation of water resources projects. The project should be considered for construction on the basis of current evaluation principles and standards. Any other course would be indefensible at a time when we are asking Congress to defer funding for numerous other water resources projects.

Secretary Morton, Secretary Callaway, Roy Ash, Chairman Peterson, Bill Timmons, General Scowcroft, the Counsel's office and Paul Theis concur.

RECOMMENDATION

That you sign the attached veto message (Tab A).

NEROSS/ee

cc:





WATER RESOURCES CONGRESS

Uniting

WATER RESOURCES ASSOCIATED / NATIONAL RIVERS and HARBORS CONGRESS

(Formerly Mississippi Valley Association)

File

January 13, 1975

Mr. Norman E. Ross, Jr.
The White House
Assistant Director
Domestic Council
Washington, D. C. 20500

Dear Norman:

Enclosed is a copy of a letter from the Chairman of our Board, Mr. Allen Bebee, to the President. This is as you know a follow-up on the letter written by our President, Mr. John Simmons. As you are riding herd on this for the President, I am furnishing you a copy direct.

If we can be of any assistance to you, don't hesitate to call.

Best wishes,

B. Joseph Tofani
Vice President

BJT/bk

cc: John Simmons
Allen P. Bebee

Enclosure



1/14



WATER RESOURCES CONGRESS

Uniting

WATER RESOURCES ASSOCIATED / NATIONAL RIVERS and HARBORS CONGRESS

(Formerly Mississippi Valley Association)

January 6, 1975

The President
The White House
1600 Pennsylvania Avenue
Washington, D. C. 20500

Dear Mr. President:

It was a genuine pleasure to have the honor of meeting you and Mrs. Ford at the party given you in Vail last Monday by Pepi and Sheika. It was a delightful social occasion only -- and so I am now taking the liberty of writing you to bring up a brief point which I should have liked to have made personally last week.

As you may recall, last September 20, Mr. John Simmons, President of Water Resources Congress, wrote and urged you to hold a National Conference on the subject of water resources development similar to your series of "Mini-Summit" economic meetings held around the country. Later we were pleased to learn from your Mr. Norman E. Ross, Jr., in response to Mr. Simmons' letter, "Water resources are not being overlooked in the consideration of our present economic predicament." Now we understand from Administration sources that serious consideration is being given to holding such a National Conference on our Nation's water resources conservation and development in Washington this spring. I pray that such a meeting be formally held and widely publicized as I am confident that such a meeting would provide you with vital economic information concerning the effects/benefits of water resources development on transportation, labor, agriculture, energy sources such as oil, gas and hydro-electric power, stimulation of business, slowing down inflation, and most important, strongly benefiting the American people.

Our organization and many others stand ready and willing to assist you in whatever way you feel is in our Nation's best interest. We await your instruction and call.

Sincerely,

Allan Bebee
Chairman of the Board

cc: Mr. John W. Simmons