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FLOOD CONTROL—1961

GOVERNMENT

[No. 87-12]

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HEARINGS

BEFORE THE

COMMITTEE ON FLOOD CONTROL

OF THE

COMMITTEE ON PUBLIC WORKS

HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH CONGRESS

FIRST SESSION

ON

H.R. 2299, H.R. 7658, and S. 48

TO AUTHORIZE THE SECRETARY OF THE ARMY TO MODIFY
CERTAIN LEASES ENTERED INTO FOR THE PROVISION OF
RECREATION FACILITIES IN RESERVOIR AREAS

JULY 11 AND AUGUST 2, 1961

Printed for the use of the Committee on Public Works



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FLOOD CONTROL—1961

HEARINGS

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FLOOD CONTROL—1961

TUESDAY, JULY 11, 1961

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON FLOOD CONTROL OF THE
COMMITTEE ON PUBLIC WORKS,
Washington, D.C.

The committee met at 10 a.m., in room 1304, New House Office Building, Hon. Frank M. Clark (acting subcommittee chairman) presiding.

Mr. CLARK. The Subcommittee on Flood Control will come to order.

We have with us this morning Hon. Eugene Siler, who will testify on behalf of his bill.

(The bills referred to follow :)

[H.R. 2299, 87th Cong., 1st sess.]

A BILL To authorize the Secretary of the Army to modify certain leases entered into for the provision of recreation facilities in reservoir areas

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Chief of Engineers, under the supervision of the Secretary of the Army, is authorized to amend any lease entered into before November 1, 1956, providing for the construction, maintenance, and operation of commercial recreation facilities at a water resource development project under the jurisdiction of the Secretary of the Army so as to provide for the adjustment, either by increase or decrease, from time to time during the term of such lease of the amount of rental or other consideration payable to the United States under such lease, when and to the extent he determines such adjustment or extension to be necessary or advisable in the public interest. No adjustment shall be made under the authority of this Act so as to increase or decrease the amount of rental or other consideration payable under such lease for any period prior to the date of such adjustment.

[H.R. 7658, 87th Cong., 1st sess.]

A BILL To authorize the Secretary of the Army to modify certain leases entered into for the provision of recreation facilities in reservoir areas

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Chief of Engineers, under the supervision of the Secretary of the Army, is authorized to amend any lease entered into before November 1, 1956, providing for the construction maintenance, and operation of commercial recreational facilities at a water resource development project under the jurisdiction of the Secretary of the Army so as to provide for the adjustment, either by increase or decrease, from time to time during the term of such lease of the amount of rental or other consideration payable to the United States under such lease, when and to the extent he determines such adjustment or extension to be necessary or advisable in the public interest. No adjustment shall be made under the authority of this Act so as to increase or decrease the amount of rental or other consideration payable under such lease for any period prior to the date of such adjustment.

[S. 48, 87th Cong., 1st sess.]

AN ACT To authorize the Secretary of the Army to modify certain leases entered into for the provision of recreation facilities in reservoir areas

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Chief of Engineers, under the supervision of the Secretary of the Army, is authorized to amend any lease entered into before November 1, 1956, providing for the construction, maintenance, and operation of commercial recreational facilities at a water resource development project under the jurisdiction of the Secretary of the Army so as to provide for the adjustment, either by increase or decrease, from time to time during the term of such lease the amount of rental or other consideration payable to the United States under such lease, when and to the extent he determines such adjustment or extension to be necessary or advisable in the public interest. No adjustment shall be made under the authority of this Act so as to increase or decrease the amount of rental or other consideration payable under such lease for any period prior to the date of such adjustment.

Passed the Senate June 12, 1961.

Attest:

FELTON M. JOHNSTON, *Secretary.*

STATEMENT OF HON. EUGENE SILER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF KENTUCKY

Mr. SILER. Mr. Chairman and members of the subcommittee, I express my appreciation for the privilege of coming before you to testify for, and give my support to, my own bill, H.R. 2299.

I do not think that my testimony will take more than a couple of minutes. I appreciate your indulgence for that period of time.

My bill is identical with the bill introduced by Congressman Watts, of Kentucky, H.R. 7658, and is also identical, word for word, with a bill introduced in the Senate and already passed in the Senate, S. 48, which I believe was introduced by Senator Chavez and also Senator Cooper.

This bill of mine not only applies to persons in my own congressional district, but applies to persons in all congressional districts over the entire United States who might have similar situations.

This bill is strictly an enabling act. Some people think that the Secretary of the Army already has the implied power that this bill spells out, and yet there are certain people in the Department of the Army that wanted this spelled out word for word in order that there might be no controversy on the subject.

This bill would enable the Secretary of the Army, acting through the Chief of Engineers, to modify, or renegotiate the leases entered into by fishing dock operators prior to the date of November 1, 1956, and by renegotiating these leases the power would be given to the Secretary of the Army to modify the leases either by granting decreases in the amount of lease money that would be paid, or increases in the amount of money that would be paid.

The purpose of the bill is to prevent hardship on some of the dock operators who have repeatedly said they not only are making no profit, but they are slowly going out of business. In fact, some of them have already gone out of business.

This bill would enable the Secretary of the Army to modify some of these leases upon the hearing of testimony that a great hardship was being created.

I hope you will give this consideration and that you will pass it.

So far as I know, there is no opposition to it. It does just simply enable the Secretary of the Army to do justice where testimony is introduced showing an injustice exists.

It is purely and simply an enabling act.

I thank you so much for hearing me. I hope you will give it due consideration. I know you will.

Mr. CLARK. Thank you very much.

Mr. BALDWIN. I would like to ask a question if I may.

Do you have several water projects, lakes and so forth, in your area of Kentucky in which this problem now is particularly serious?

Mr. SILER. We have one. That is Cumberland Lake, the reservoir behind Wolfe Creek Dam. There are a number of dock operators up and down that reservoir, or lake, and they have had numerous meetings. Senator Cooper and I both have attended some of these meetings. They have expressed the hardship that flows from some of the leases that have been entered into. All they want to do is to testify about these hardships that are imposed on them before the Secretary of the Army so he can then make a decision as to whether or not their leases should be modified.

Mr. BALDWIN. Thank you.

Mr. SCHWENGEL. We have a similar reservoir in our district. We had a problem. They have evidently resolved the problem under the present laws. Is there some special reason they cannot do the same thing there, or is it their opinion the law is not clear?

Mr. SILER. That is the idea.

I will say to the gentleman from Iowa, they want it spelled out word for word. I felt there was implied power there to modify the leases already, but they said, "We have some doubt about it, we would like to see it spelled out, we would like to have it on the books so if the question should ever arise we could point to it and say, 'This is our authority.'"

Mr. HARSHA. Congressman Siler, perhaps this is what Mr. Schwengel was getting at. In your bill, you say, "amend any lease entered into before November 1, 1956." I assume the law after 1956 is clear enough.

Mr. SILER. I think it is either clear enough, or the terms are more favorable to the dock operators. The percentage may be smaller after that date.

Does anyone know about that?

**STATEMENT OF SAMEUL D. BLAEUER, REAL ESTATE DIVISION,
OFFICE OF CHIEF OF ENGINEERS, DEPARTMENT OF THE ARMY**

Mr. BLAEUER. After that date, we started including a renegotiation law which permitted renegotiation. Prior to that date we did not. Up until last year it was optional with the leases. Last year we made it mandatory to include the renegotiation clause.

Mr. BALDWIN. Does this renegotiation clause allow renegotiation upward as well as downward?

Mr. BLAEUER. Yes.

Mr. BALDWIN. Was this change on November 1, 1956, a change by administrative determination within the Department, or by some law?

Mr. BLAEUER. It was an administrative determination whereby we started including the renegotiation clause. Prior to that time, we did

not have the clause in. You have a Comptroller General decision which states you cannot renegotiate the rental consideration unless there is some other benefit flowing to the Government.

Mr. BALDWIN. The change, you also mentioned that just last year you made it mandatory, was this also an administrative determination?

Mr. BLAEUER. Yes, sir.

There is the authority in the Secretary of the Army to include such terms and conditions he deems appropriate. If he deemed it appropriate to put in the renegotiation clause, we would not have the problem. We did not do so until November 1956.

Mr. BALDWIN. Thank you.

Mr. CLARK. Thank you very much, Mr. Siler.

Our next witness is Mr. Blaeuer, who has already given us some of the details.

Mr. Blaeuer is from the Real Estate Division of the Office of the Chief of Engineers.

Mr. BLAEUER. Mr. Chairman and members of the committee, I am Samuel D. Blaeuer from the Management Disposal Division, Real Estate, Office of the Chief of Engineers.

The Department of the Army favors the enactment of this legislation. I have a prepared statement to submit for the record. Briefly, it is very similar to what the Congressman has stated before.

The purpose of the legislation, of course, is to authorize renegotiation of concession leases entered into prior to November 1 at water resource development projects under the jurisdiction of the Secretary of the Army so as to permit the adjustment of rental from time to time by either increase or decrease whenever the Chief of Engineers determines these actions are necessary or advisable in the public interest.

Basically, the reason we are in favor of it is, it would permit easier administration of the leases that were entered into prior to 1956. We do have several of them prior to that time that were on the basis of usually stating a fixed rental and having them bid on a percentage of the gross receipts. Now many of them, for some reason or the other, were a little too optimistic. One at Lake Cumberland that the Congressman is referring to bid as much as 15 percent. That of course is too high a consideration. He cannot successfully operate and continue to develop the facilities to give the public the services and facilities which we desire.

Mr. BALDWIN. Are there other dams in Kentucky similar to that and in the same situation, or is this the prime example in the State of Kentucky?

Mr. BLAEUER. In Kentucky that is the only one where we are running into difficulty.

Mr. BALDWIN. I am just thinking aloud, but suppose you have a competitive bid situation and somebody comes in and bids obviously more than he can possibly make out on, but because he bids that way he wins the bid, and somebody comes in with a sound bid with what he can make out on and loses the bid, how are you going to take into consideration that problem? Somebody might bid exorbitantly because he knows there is a renegotiation clause and he can get in on the ground floor.

Mr. BLAEUER. In the past, we tried many procedures. Today we are not faced with that problem because we seek proposals, but in the

proposals we specify both the fixed rental and the percentage of gross receipts. So the awards are made on the basis of the person best qualified through his experience and financial ability to perform.

Prior to 1956, we were doing it on a bid basis, and frequently, although we would feel like the rental was too high, the individual would have such a background we could not throw him out as an irresponsible bidder. One of the highest percentages we received came from a banker. We definitely could not say he was not in a position of knowing what it should be worth.

Mr. CLARK. Thank you very much.

Without objection, your statement will be put in the record.
(The statement referred to follows:)

Mr. Chairman and members of the committee, I am Samuel D. Blaeuer, Real Estate, Office of the Chief of Engineers, Department of the Army, and have been designated to present the views of the Department of the Army in your consideration of Senate bill 48. I have a prepared statement which I will be happy to read or, if the committee desires, I can submit it for the record. I also have with me two other representatives of the Office of the Chief of Engineers. They are: Mr. Thomas J. Canning, Management and Disposal Division, Real Estate, and Mr. Matthias C. Huppuch, Operations Division, Civil Works.

The purpose of S. 48 is authorize the renegotiation of concessionaire leases entered into prior to November 1, 1956, at water resource development projects under the jurisdiction of the Secretary of the Army, so as to permit the adjustment of rental from time to time by either increase or decrease whenever the Chief of Engineers determines these actions to be necessary or advisable in the public interest.

The Department of the Army has reported in favor of this legislation as set forth in Senate Report No. 296 of the Senate Committee on Public Works on the bill now under consideration.

The leases affected by this legislation arise chiefly in connection with development of public recreational facilities at water resource projects. The Chief of Engineers, under the supervision of the Secretary of the Army, is authorized by the Flood Control Act of 1944 (58 Stat. 889) to construct, maintain, and operate public park and recreational facilities in reservoir areas and to permit the construction, maintenance, and operation of such facilities. The act also authorizes the Secretary of the Army to grant lease of lands, including structures or facilities thereon, in reservoir areas for such periods and upon such terms and for such purposes as he may deem reasonable in the public interest. In addition, the Secretary of the Army has authority under 10 U.S.C. 2667 to lease lands that are not for the time being required for public use.

In advertising sites for lease for recreational development, it had been the general policy of the Department of the Army to state a fixed annual rental and then invite competitive bidding among prospective lessees on the basis of the percentage of the annual gross receipts to be paid in addition to the annual rental. However, this procedure in some instances resulted in bids—and acceptance thereof by the Government—of offers to pay a percentage of the annual gross receipts which subsequent events prove to be based on economically unsound forecasts on the part of the lessee.

As a consequence, where the lease arrangement failed to provide a fair return on investment, the incentive for further development of the facilities was curtailed. Nonetheless, and even though it is recognized that development of proper recreational facilities requires encouragement of lessees to pursue a profitable lease arrangement, the Department of the Army was without authority to renegotiate the lease. This was true even though enforcement of a commitment to pay a higher total rental than is economically justified does not benefit the Government, reduces the lessee's incentive, and increases the management difficulties at the project involved.

As a result of these various experiences the Department of the Army revised its leasing procedures in November 1956 to emphasize that the development and availability of facilities to the public is the prime consideration. At that time provision was made in the lease agreement, at the option of the lessee, for renegotiation of the rental periodically. The leasing procedure was further revised

in July 1960 and the inclusion of a renegotiation clause in the lease became mandatory.

The renegotiation of leases entered into before November 1, 1956, has been the subject of recurring legislation. Renegotiation of concession leases at the Clark Hill Reservoir, the Lake Greeson Reservoir, and the John H. Kerr Reservoir has been authorized by the acts of July 11, 1956, July 2, 1958, and September 6, 1960 (70 Stat. 521; 72 Stat. 294; 74 Stat. 818). In addition, inasmuch as most concessions are established under long-term leases, the need for renegotiation may occur from time to time in the future at other projects.

The Department of the Army therefore favors the enactment of general legislation such as S. 48 which is designed to accomplish this purpose.

The fiscal effect of S. 48 cannot be readily ascertained; however, the Bureau of the Budget has concurred in the views of this Department and recommended enactment of this bill.

Mr. CLARK. We also have statements from Congressmen Ed Edmondson and John C. Watts, also one from Senator John Sherman Cooper. Their statements will be submitted for the record.

(The statements to be supplied follow:)

STATEMENT OF REPRESENTATIVE ED EDMONDSON

Mr. Chairman, I deeply appreciate the opportunity to be heard on this important measure.

The purpose of S. 48 is to permit the renegotiation of concessionaire leases entered into before November 1, 1956, at water resource development projects under the jurisdiction of the Secretary of the Army so as to permit the adjustment of rental from time to time by either increase or decrease whenever the Chief of Engineers determines these actions to be necessary or advisable in the public interest.

I strongly favor enactment of this legislation. As pointed out in the Senate committee's report, this legislation will correct many inequitable situations which have occurred with regard to recreational leases and leases of land at water resource development projects, granted under any authority of the Secretary of the Army. I have talked personally with a number of lessees who have been operating under very unfair and even hardship conditions in recent years, and have been unable to get their lease terms modified.

Since November 1, 1956, bidders have been given the option of including a provision for renegotiation—this option should also be given to those leases which were made prior to November 1, 1956. The enactment of S. 48 will provide the necessary authority to accomplish this.

It is recognized that development of proper recreational facilities requires encouragement of lessees to pursue a profitable lease arrangement. Inasmuch as most concessions are established under long-term leases, the need for renegotiation may occur from time to time. Several laws have been recently enacted to provide renegotiation of leases at specific projects entered into prior to November 1, 1956. There is already existing authority for renegotiation of leases entered into since November 1, 1956. It is imperative that we enact S. 48 at this time in order that the authority to renegotiate might be extended to those lessees holding leases entered into prior to November 1, 1956, under any authority of the Secretary of the Army.

STATEMENT OF CONGRESSMAN JOHN C. WATTS OF KENTUCKY

Mr. Chairman and members of the committee, I appreciate very much indeed the courtesy that you have extended me by affording me opportunity to discuss with you the object and purpose of H.R. 7658 which I introduced in the House of Representatives on June 13. To return to the scene of my first congressional committee activity is always a source of genuine pleasure.

H.R. 7658 is equitable in nature inasmuch as, where renegotiation for the purpose of adjusting annual rentals is concerned, it would place on an equal footing all lessees and concessionaires at recreational facilities in reservoir areas at water development projects and other areas coming within the jurisdiction of the Secretary of the Army, by giving to the Chief of Engineers, under the direction of the Secretary, authority to make such adjustments in cases of leases entered into prior to November 1, 1956.

Prior to November 1, 1956, the Department of the Army, in advertising sites for leases for recreational development, stated a fixed annual rental it expected to receive, based on a percentage of expected gross annual receipts to be paid as well as annual rental. In many instances an economically unsound estimate on the part of the lessee resulted in his being bound to pay—and the Government to accept—higher total rental costs than were actually necessary for a mutually profitable leasing arrangement. This situation was directly contrary to the original intent of the program, as maximum development and availability to the public of these facilities was and is the prime consideration in the development of these leases, not Federal profit. At present, the only way in which renegotiation of leases arranged prior to the 1956 date can be accomplished is by specific legislation. This is not the situation with respect to leases under agreements entered into subsequent to that date, as in the contract provision is made for renegotiation and/or adjustment of rental clause.

I think the bill under consideration would greatly improve these conditions by making it possible for lessees to provide this development and successful operation by assuring them of a flexible scale of adjustment in leasing operations.

My interest in H.R. 7658 is of course synonymous with the interests of the State of Kentucky, which it is my privilege to represent, and the welfare of the concessionaires at the many water resource facilities in my State. But let me add that I feel, too, that the legislation would be in the best interests of the Federal Government and of concessionaires in every State in the Nation.

This measure is identical with S. 48, which passed the Senate on June 12. I strongly urge the committee to consider H.R. 7658 favorably, and thank you again for the opportunity to testify on behalf of this vital legislation.

U.S. SENATE,
COMMITTEE ON PUBLIC WORKS,
July 11, 1961.

HON. CLIFFORD DAVIS,
*Chairman, Subcommittee on Flood Control, Public Works Committee,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: I am writing with reference to the bill, S. 48, and companion bills, introduced by House Members, to authorize the Secretary of the Army to modify certain leases entered into for the provision of recreation facilities in reservoir areas.

Last year the Senate Public Works Committee, of which I am a member, approved my bill for the same purpose, with amendments to conform with the recommendations of the Secretary of the Army as set forth in his letter to the chairman of the Senate Public Works Committee. This bill, S. 3260, was passed by the Senate and referred to the House Committee on Public Works June 29, 1960. Unfortunately, the bill was not reported by the House committee due to the lateness of its arrival.

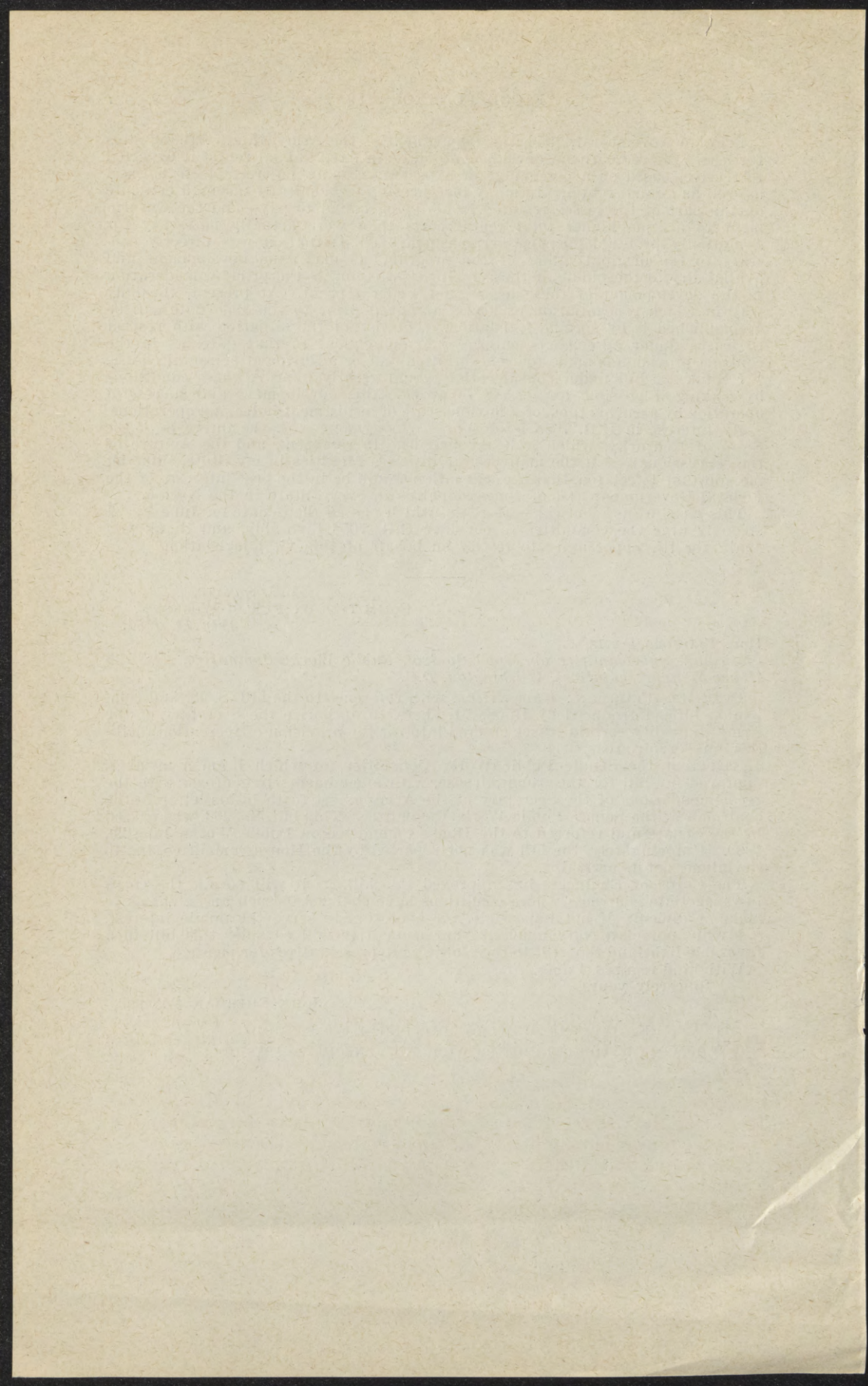
The Corps of Engineers has approved this bill, as it will permit the corps to renegotiate contracts where conditions have changed to such an extent as to make it difficult, if not impossible, for operators to serve the public interest.

I will appreciate very much if your committee will consider this bill in a favorable light and report it to the House of Representatives for passage.

With kind regards, I am
Sincerely yours,

JOHN SHERMAN COOPER.

Mr. CLARK. We will now go into executive session.
(Whereupon, the committee went into executive session.)



FLOOD CONTROL—1961

WEDNESDAY, AUGUST 2, 1961

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON FLOOD CONTROL,
COMMITTEE ON PUBLIC WORKS,
Washington, D.C.

The subcommittee met, pursuant to call, at 10:05 a.m., in room 1302, New House Office Building, Hon. Clifford Davis (chairman of the subcommittee) presiding.

DOCUMENT No. 1142

COMPREHENSIVE REVIEW OF THE SUSQUEHANNA RIVER BASIN, N.Y.,
PA., AND MD.

Mr. DAVIS. We meet this morning to consider a comprehensive review study of the Susquehanna River Basin in the State of Maryland, docket 1142.

I may say to the committee that we are holding this hearing this morning out of courtesy to our distinguished friend and colleague, Mr. Flood. This is a \$2 million project. On this committee in these days we have not been considering \$2 million projects, but Mr. Flood is so industrious and so persistent and so attentive to the affairs of his district and the country that we could not help but set down this hearing.

So we will be glad to hear from our friend and colleague, Mr. Flood. So you see how important you are.

STATEMENT OF HON. DANIEL J. FLOOD, A MEMBER OF CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. FLOOD. Mr. Chairman, I am only a pale reflection of you and your distinguished subcommittee. You can be sure of that.

I am delighted that you would be good enough to do this. I do not pretend to be the mouthpiece for the great States of New York, Maryland, and Pennsylvania, and the outer areas of Delaware, and conceivably the District of Columbia. However, we are fortunate enough to have on your subcommittee and your committee, members who live along the Susquehanna. My friend, Mr. Robison, from the Binghamton area, where we have basin projects underway, and Mr. Kunkel from the Harrisburg area. So they know or have forgotten more about the Susquehanna than I, but I live in the middle area.

The reason why I came to you today is, I first discussed this project a number of years ago with former President Truman when he was Vice President. I went to him because of the prominence at that time of the Missouri Valley Authority, and with the aid of the experts

in those days I proceeded to file a series of bills calling for the creation of a Susquehanna watershed commission, fashioned after the programs in the West and the great Southwest.

However, because of the Korean war and the distressed areas programs I became involved in, I could not give this matter the attention which it deserved. At the time I was satisfied with the way that your committee was operating in setting up the small basin surveys and programs which were effective for their limited areas, that is, mine, the Binghamton area, and north of Binghamton, and both branches.

I would like to make it clear, Mr. Chairman, that this proposal covers the entire watershed, not just the one branch. The reason I appear today in this forum is because I have discussed this over the period of the last 10 years with your staff, your experts here, and this past year they suggested that the most effective and the most desirable procedure would be to follow the one we have by the introduction of a review resolution.

They pointed out to me something that I was becoming increasingly aware of, namely, that the policy of your distinguished committee—and it is certainly commendable—embraces this concept of the last 10 years or so of integrated surveys for these great river valleys and basins and watersheds, rather than this nibbling at it as we have been doing for 100 years. That is why with that expert advice of your staff I proposed this resolution.

I do not intend to speak of the technical aspects of this matter with the experts behind me here. I do not presume to be a technician. But as you can imagine, and as you know, I have been hounding you for years and out of sheer ennui, I think, to get me out of your hair, we are here today. I just wore you down more than anything else.

Of course, the matter is of great seriousness. This, I am advised by the experts, is the last great river valley watershed of this magnitude in the United States, undeveloped, unplanned. It is a great river. The history of the river is known to your committee and to your staff. It flows through great industrial areas, great urban areas, and great rural areas. This is a cross-section of what made this Nation great in the early days. But then the "Go west, young man, go west," theory developed, and time, and Congress, and the Engineers, passed us by, so that all over this Nation these development programs have been the keystone of our national economy. Yet in the very heartland of the eastern seaboard, on the doorstep of the Nation's Capital, is this tremendous Susquehanna—long, deep, wide, and powerful.

I have been advised by the experts, and I want you to know, that my appearance here as only one Member of Congress was suggested by the experts as the proper way of doing it. I have been in touch with the Governors of the States concerned—New York, Maryland, Pennsylvania, and Delaware—and the Engineers here—because I believe that Delaware and the District of Columbia are affected by this proposed integrated survey. I have arranged to call a meeting in my city of Wilkes-Barre, which is in the geographic center of this whole thing, of the representatives of all of the States, and representatives of all of the municipalities, counties, boroughs, cities, townships, and so on, covered by the jurisdiction of this proposal. I have extended invitations to about 1,500 such functionaries through the entire basin for a meeting in Wilkes-Barre within the next 2 weeks. That is to get the

bandwagon rolling for the years ahead, when you will want a full-dress presentation after the Engineers' report.

I am grateful to your staff for what they have done to help me with this. They have been most cooperative with me on this thing because I am a babe in arms in this sort of business.

Then your committee requested that the Army Engineers have an opportunity to look at it. The Engineers proceeded to make a preliminary study and did report by letter to your committee, recommending that this be done. It will take about 4 years.

The cost of this will be \$2 million. The declaration of policy is nothing new to you. As I understand it, there are no new proposals involved in this. The Army Engineers propose to do no new thing that is not done with these integrated surveys of these great river watersheds. There will be some interesting studies peculiar to this survey that you have not had any place else, though, because this river passes through the anthracite coal fields—my area—and no place else in the world is there such a challenge to this subcommittee and to the Engineers as you will meet, so they tell me. That will be involved as part of the study with regard to the relationship of this river, or this watershed, to the anthracite coal fields.

It is an interesting and special challenge, and a very difficult one, the Engineers tell me. The magnitude of the project will, of course, mean much to these special areas. Everything will be involved from modern navigation in the lower reaches of the Susquehanna, where she enters the Chesapeake Bay, and where it will have to tie in to this extraordinary work that you people have done in the Delaware River complex—a miracle—and which you are now doing, thank God, in the Potomac.

I will be fortunate with respect to my survey because of what you have done in the Delaware and in the Potomac. You have laid the groundwork with the Delaware study, and you are now working on the Potomac. Fortunately the Potomac command has now been transferred to the Baltimore district of the Army Engineers, and that is the district which has jurisdiction over the Susquehanna Valley watershed. So just by a stroke of fortune all of the experience and expertise of these two studies on the Delaware and Potomac, and the staff, and so on, will be ready and available within the year to devote itself to this tremendous challenge of the Susquehanna. The river rises far up in New York State, in John Robison's territory of Binghamton, and drains several tributary rivers into the North Branch. Then where they join above Harrisburg, in the Sunbury area of Dr. Fenton's district, the branch goes west and there you are engaged in basin studies and projects. Much work has been done down through the years on both of these branches, and much is being done, but I would like to make it clear that under no circumstances should the people along either branch where there are projects in operation, be concerned that such a study would retard or interfere for 1 minute or with 1 man-hour's work with projects underway. Quite the contrary.

A study like this would be of great benefit. The theory of the integrated survey would be impertinent and presumptuous for me to lecture to you on, because it is your idea. I just learned about it in the last year, and of course it was a God-send to me to know about this idea in view of what I have been trying to do.

So I have set aside my bill calling for an authority or a commission, since that thinking is obsolete now, for this purpose.

That is about all I have to say now. I am advised by your staff that the real purpose of this kind of meeting is this: You used to hold these meetings, as I understand it, for many years on all such requests for new studies, but now you do it only when the size of the request, especially in a money sense, such as the \$2 million involved here, indicates that you cannot treat it that pro forma, or that casually. I submit, of course, as a member of the Appropriations Committee that \$2 million expenditure leaves me cold. We let the clerks handle that. Unless you are talking about \$200 million. And, of course, I am partly misled because I am a member of the Defense Department Appropriations Subcommittee, and when you sit on the Defense Department Appropriations Subcommittee, unless it involves \$100 million we won't even bother listening to you. So I'm not impressed by \$2 million, but I understand what the problem is here.

I am not being facetious. What I mean is, if this river valley, this tremendous watershed running through the heart of the densely populated eastern seaboard, which is unstudied, undeveloped, and unknown as far as your great program here is concerned—if this should be done, \$2 million is not the problem; \$2 million is not the problem if this should be done. The equities so far outweigh and overbalance the costs involved from the standpoint of value that that is merely an informative figure, and little else in my judgment.

There is not anything else I can say. I understand your heraing is technical. I do not have the technical answers, but I would be glad to answer any questions you might have in mind as far as I am concerned.

Mr. DAVIS. I am sure you appreciate that we are beginning to build a record on your matter. You have made a splendid statement.

Before permitting or suggesting that the members ask you some general questions, I should like to read for the record at this point the letter received by Chairman Buckley dated April 11 last, from Maj. Gen. William F. Cassidy, Director of Civil Works.

To save time I will just read it, and in further appreciation of the fact that we are building a record on this matter, because this may well develop into a proposed compact between the States.

Mr. FLOOD. May I interrupt to suggest that I made that statement when I met with the Army Engineers upon the suggestion of my friend Walter of Pennsylvania. I met with him and they were so interested in the Delaware River Valley compact, I was amazed. So you are quite right. I am advised that in due course, in 5 or 6 or 10 years, or whatever period it is, that this will develop into this compact theory between Maryland, New York, Pennsylvania, and Delaware, and officials of the District of Columbia.

Mr. DAVIS. The several States. That is right. So let me read the letter:

HEADQUARTERS, DEPARTMENT OF THE ARMY,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, D.C., April 11, 1961.

HON. CHARLES A. BUCKLEY,
*Chairman, Committee on Public Works,
House of Representatives.*

DEAR MR. CHAIRMAN: Reference is made to your recent letter, designated as "Docket No. 1142: Flood Control," concerning the adoption of a resolution directing a review study of the Susquehanna River, N.Y., Pa., and Md.

The Susquehanna River Basin has a drainage area of about 27,500 square miles. It includes many industrialized and urbanized areas subject to severe flood damages. All areas in the basin are faced with water resource and land treatment problems. The existing Federal project includes 17 dams and 24 local flood protection projects. Six of the dams have been completed and one is under construction. Of the local protection projects, 19 have been completed and 1 is under construction.

Local interests have expressed a desire for a comprehensive study to determine the best plan of improvement considering all water resource and flood protection needs. It appears that a review study of the desired scope is warranted.

A comprehensive survey of the water resources of the Susquehanna River Basin and formulation of the best plan for meeting the interrelated needs of the basin would serve to achieve optimum development of the area. The study would determine the economic feasibility of measures for flood control, land treatment, recreation, and low-flow regulation. The latter would include adequate supplies of water for urban, rural, and industrial needs, pollution abatement, and recreation. The study would be fully coordinated with all local, State, and Federal interests.

Authority is presently available for surveys of specific subbasin areas but the total area involved does not include the whole basin. Interim reports on the subbasins that are currently underway and fully funded will be completed and processed to Congress. The comprehensive report would present a coordinated plan for all water uses for the entire basin.

The authority to make a comprehensive study could be provided by the adoption of a resolution calling for a review of the report of the Chief of Engineers, printed in House Document No. 702, 77th Congress, and other reports with a view to determining whether improvements for flood control and water resource needs in the Susquehanna River Basin are advisable at this time.

The estimated cost of the comprehensive survey is \$2 million. The time required to complete the studies and submit the report thereon to Congress is about 4 years, dependent upon availability of funds.

Sincerely yours,

WILLIAM F. CASSIDY,
*Major General, USA,
Director of Civil Works.*

So that is an all-inclusive statement which suggests that there are subbasin reviews and studies underway, some about to be completed and some about to be processed. However, I get it from this letter from the Director of Civil Works that it would be advisable to consider an overall report on all of the needs as represented by all of these subbasin studies, and what would be required for flood control, land treatment, recreation, stream pollution, and so forth.

Mr. Flood. I might say, Mr. Chairman, that I have in my possession—and I know that the committee staff has it—a preliminary report by the Army Engineers entitled, "Outline for a Comprehensive Survey of the Susquehanna River Basin With Water Resources Needs Projected to the Year 2060." I might say that when I saw that date I was a little startled. I did not know what I was getting into. But this is the way that these fellows go about this thing. It opens up an entirely new vista of economic planning for the Nation, of which I was totally unaware. This is a fascinating thing in which your committee is engaged.

An interesting historical note is that I am advised on April 11, 1791, a resolution was introduced in Congress asking for the appropriation of 6,290 pounds sterling for a survey for the improvement of navigation on the Susquehanna River. That even antedates the Corps of Engineers I understand.

Mr. DAVIS. Without objection this letter from General Cassidy will be made a part of the record. Before proceeding to questioning, is Congressman Scranton in the room?

Mr. FLOOD. No, but Mr. Carrigg is here, representing his office.

Mr. DAVIS. Now, Mr. Clark, do you have any questions?

Mr. CLARK. No questions.

Mr. DAVIS. Mr. Baldwin.

Mr. BALDWIN. No questions.

Mr. DAVIS. Are there any questions from anybody at this point? I am sure all of us appreciate we are building a record. If it takes 4 years for these studies, without being facetious, if work on this project started back in 1791, then apparently we are making progress.

I was interested in your statement that you didn't consider anything under \$100 million. I quite agree that that is the style these days, and clerks handle these small matters, but then in this committee we operate on such a limited budget that we have to look after the small items before they ever reach you. So thank you very, very much, Mr. Flood, and the committee will be in touch with you, of course.

I appreciate your references to our staff because we think we have a very competent staff. Mr. Brennan is an honorary colonel, and a fine engineer. Mr. Sullivan is an able lawyer, and Mrs. Beiter is an excellent clerk.

Mr. FLOOD. Without these three people I would not have had the opening sentence. I was lost.

Mr. DAVIS. That is right. And I should include Mr. Enfield, who is our newest professional man.

Mr. FLOOD. Yes. I just met him now.

Mr. DAVIS. In this committee the staff represents all of us.

Mr. FLOOD. I might add that most of the river is on his side—the Susquehanna.

Mr. DAVIS. So thank you very much. Is there anybody here representing General Cassidy this morning? General, we are very glad to have you before our committee.

STATEMENT OF MAJ. GEN. WILLIAM F. CASSIDY, DIRECTOR OF CIVIL WORKS, OFFICE, CHIEF OF ENGINEERS

General CASSIDY. Thank you, Mr. Chairman and members of the committee. The review of the Susquehanna Basin would determine the need and advisability of improvements for conservation, development, and use of the basin's water resources. The total basin area is 27,500 square miles, of which a little over 6,000 miles lie in New York, 21,000 in Pennsylvania, and 280 in northeastern Maryland.

Urban-industrial centers in the basin include the Binghamton and Corning-Elmira areas in New York; the Altoona, Lewiston, Wilkes-Barre-Scranton, Harrisburg, Williamsport-Lock Haven, and York areas in Pennsylvania; and other important communities. Manufacturing is diversified and agriculture and mining are important economic activities. In addition to water, the basin's resources include gas, limestone, building stone, sand and gravel, anthracite and bituminous coal, clay, glass sand, and timber.

There are substantial flood problems in the basin, and emerging problems in regard to water supply, stream pollution and water quality control, salinity encroachment, major drainage, irrigation, fish and wildlife conservation, and outdoor recreation. The variety and complexity of these problems and the likelihood that they can

be met most effectively by multiple-purpose development of the Susquehanna's water resources provide convincing evidence of need for comprehensive investigation.

Flood control will continue to play an important role in providing for effective use of the basin's land resources for residential, industrial, and agricultural purposes. Integration of direct flood control measures and such measures as flood plain regulation is necessary to permit accomplishment of this objective at minimum cost.

Domestic and industrial water supply needs are presently being met largely by upland impoundment and from ground water sources. However, water tables are beginning to recede and water shortages are beginning to be felt, as in the Tioga River area in Pennsylvania. Large increases in water usage are to be expected in the urban-industrial areas of the basin, and an effective program for keeping needs and supplies in balance on a long-range basis will be required.

The problem of water quality control is expected to become increasingly significant as the basin's economy expands. This will require vigorous prosecution of programs for treatment or other control of wastes at their source, supplemented by measures to insure adequate streamflows. Salinity encroachment in the tidal Susquehanna is another aspect of the water quality control problem which will require attention and solution, by low-flow regulation or other means. Adverse salinity conditions already are being experienced in the Havre de Grace, Md., area.

Swampy areas in headwater subbasins have served to retard flood flows. In the future it may be desirable to develop such areas for agriculture by major drainage works. Study of land-use potentials and trends in agricultural needs and activity will be required to determine the advisability of such measures and their relation to other basin problems.

Although irrigation is not presently practiced extensively in the Susquehanna Basin, the sound economic basis for supplemental irrigation in many areas in the East appears to apply in this basin as well. Such development may be expected to increase the overall requirement for supplies of water.

Fish and wildlife conservation and enhancement and provisions of opportunities for water-related outdoor recreation must be recognized as important components of any basin program for effective conservation and the use of water resources.

Overall, the water resource problems of the Susquehanna Basin are not yet at the critical stage. This is fortunate because it provides real opportunity, by means of comprehensive study, to devise plans and programs which will effectively serve the clearly emerging needs. This concept is in keeping with the President's natural resources message to the Congress. He clearly described the dependence of our society upon our water, land, forest, and mineral resources, and stated that if we fail to chart a proper course of conservation and development—if we fail to use these blessings prudently—we will be in trouble in a short time.

I think I also should note at this point that comprehensive investigation of the Susquehanna's water needs will provide a sound basis for adapting its water resource programs to serve national objectives for area redevelopment and maintenance of a satisfactory rate of economic growth.

An important aspect of the Susquehanna study would be a review of the role of existing water resource development projects and programs as a basis for their integration with overall basin objectives. The existing Federal projects for flood protection in the basin provide for construction of 17 reservoirs and 24 local protection projects. Six reservoirs have been completed, and one is under construction. Consideration should be given to the advisability of modification of the existing program to meet the objective of effective long-range satisfaction of water resource development requirements.

Authority presently is available for surveys of the North Branch, West Branch, and Juniata subbasins of the Susquehanna; and of miscellaneous streams in Maryland and Pennsylvania. The Juniata River study is concerned primarily with Raystown Reservoir; and mine flooding and local flood problems are major concerns in connection with the miscellaneous streams study. Both the Juniata River and miscellaneous streams studies are well advanced. These studies will be completed and reports on them will be submitted to the Congress. The authorized investigations of the North and West Branch Basins are somewhat broader in scope. These will be coordinated with the comprehensive study to insure development of fully integrated plans for the Susquehanna Basin as a whole.

The estimated cost of a comprehensive study of the Susquehanna River Basin is \$2 million. This includes about \$425,000 which otherwise would be required to carry on the authorized North Branch and West Branch investigations in fiscal years 1962 through 1964. The comprehensive study would include detailed engineering and economic investigations to determine current and projected water-related needs for all purposes, the role of water resource development in the basin's economy, and the most effective water resource development program for the basin. The relationship of water resource development to other basin programs would also be determined. Approximately 4 years would be required for completion of the comprehensive study. Full coordination would be maintained with Federal, State, and local agencies, and other interests during the investigation; and, it is expected that these participants would make major and essential contributions to the success of the undertaking.

The comprehensive study of the Delaware River Basin recently completed, has demonstrated the effectiveness of closely coordinated, comprehensive studies.

In conclusion, Mr. Chairman, I desire to point out that a comprehensive examination of the water resources of the Susquehanna River Basin and formulation of a program for meeting the interrelated current and long-range needs of the basin would provide a fundamental instrument for achieving optimum development of the basin economy.

Mr. DAVIS. Thank you, General. I think that the committee must be in agreement that we have laid this morning a good predicate for the further consideration of this entire comprehensive matter. If I may make a further observation, the committee will be open always for a further report from Congressman Flood on the result of these meetings in his home cities in the next fortnight, and the committee will stand ready to proceed with further hearings in connection with this matter as they develop, and as the need is indicated.

Are there any questions from any member of the committee?

Mr. Baldwin.

Mr. BALDWIN. General Cassidy, I am rather interested in the basis upon which the Corps of Engineers determines whether to make a favorable report or an unfavorable report of a survey. I know that on a project, when you get past the survey stage and when you get to the project stage you determine the benefit-cost ratio. You estimate the benefits and estimate the costs and if the benefits exceed the costs you recommend favorably. How do you determine whether to recommend for or against surveys?

General CASSIDY. In a comprehensive survey, sir, we would determine the basin's needs and come up with a requirement for development. Then we would determine the engineering features that are needed to provide or to meet the requirements. Then we go into the benefits and costs of each one of those engineering structures and we come up with the benefit-cost ratio on the particular features within the basin. We have a basin plan which really consists of a group of elements which can be analyzed separately for their benefits and their respective costs.

We would only recommend within the basin plan those particular elements that are justified at the particular time. As an example, on the Columbia River, the first comprehensive was submitted about 1931 and it recommended certain projects for construction. The latest review is one that will be transmitted probably to the next Congress. In the meantime there have been various reviews, each of which recommended for authorization additional pieces of the overall plan. This one will do the same thing, and there are still many left for some future authorization.

A comprehensive just comes up in a plan—in a long-range plan. We have usually considered 50 years as the range. We are hoping now that we can forecast for something in the order of 100 years. That is why we are talking about 2060 as a possibility. Then as we go along the recommendations in any comprehensive and in the reviews following, will be just for those things that are justified in the near future within the plan.

Mr. BALDWIN. Under what circumstances would you refuse to recommend a survey?

General CASSIDY. As far as a survey is concerned, a comprehensive survey, I think we have recommended to this committee from time to time that surveys not be made when just from our overall knowledge we believe that either there is not a need for such a survey, or that the program or project contemplated by the survey would not be justified by detailed study. As far as a comprehensive is concerned, I think we would normally recommend that we enter this type of a study on our major river basins.

Mr. BALDWIN. Thank you.

Mr. SCHWENGEL. I want to ask a question, Mr. Chairman.

Mr. DAVIS. Mr. Schwengel.

Mr. SCHWENGEL. First I want to say I appreciate this statement. It is a very good statement. I note you say that there is a comprehensive plan, and I wonder if you envision a study of the soil conservation possibilities in the area involved in this plan?

General CASSIDY. We would, sir. About one third of the estimate for this study would be used by other agencies to make their studies. We will go to the Soil Conservation Service and ask them to study this basin with us. We hope to include a report from them. We would hope that they would develop a small watershed plan which would match what we would study and propose to do in the overall basin plan.

Mr. SCHWENGEL. They follow through what is their just obligation and you have some real answers to the problem. Is that right?

General CASSIDY. Yes, sir. We will try to make this a true comprehensive by going to each of the Federal agencies and asking them for a parallel study. In many cases we will fund that. We will go to the Forest Service and the Park Service and Fish and Wildlife. We go to Commerce for the Weather Bureau and the Office of Business Economics. We go to Agriculture for Soil Conservation Service, and so on. We contact each of them.

Mr. SCHWENGEL. And whether or not you recommend this would depend on whether you get complete cooperation of all those agencies?

General CASSIDY. In our experience we have had complete cooperation from these agencies in this type of study. We have just completed the one on the Delaware and we are in the middle of one on the Potomac.

Mr. SCHWENGEL. Thank you.

Mr. KUNKEL. Mr. Chairman.

Mr. DAVIS. Mr. Kunkel.

Mr. KUNKEL. I would like to have you prepare for me an answer to the question of what if any effect the Raystown Dam will have on Juniata County, Pa.

General CASSIDY. All right, sir. You would like to have me submit a letter to you on that?

Mr. KUNKEL. Yes. I know you are not expected to answer that offhand, but I would like to have the answer to that question.

General CASSIDY. Yes, sir. I will do that.

Mr. DAVIS. Mrs. Reece.

Mrs. REECE. No questions.

Mr. DAVIS. My colleague from Tennessee. We have our senior and ranking member of the committee, the Honorable George Fallon with us. Do you have any questions?

Mr. FALLON. No, Mr. Chairman. Not being a member of the subcommittee I just came here as an observer to learn how an old hand presides over the committee.

Mr. DAVIS. We have a few new members of this subcommittee. Of course, this is a great committee, but I have always felt that the Subcommittee on Flood Control probably was the ranking and best subcommittee of all the subcommittees. Oh, of course, Mr. Fallon is chairman of the Roads Subcommittee and, of course, Frank Smith and these other people will object if they heard that statement but they are not here fortunately. But honestly and truly, our committee has sought to operate quickly and punctually and thoroughly. I want to express, as I always do, my appreciation for the fine attendance of the members on this. A couple on this side called and said that they would appre-

ciate it if they could be excused because of pressure in their offices, and I am sure that applies to all of us. Off the record.

(Discussion off the record.)

Mr. DAVIS. Thank you for appearing, Mr. Carrigg. Mr. Carrigg was our former colleague and is representing Congressman Scranton. Without objection, the committee will stand adjourned subject to call.

(Whereupon, at 10:50 a.m., the subcommittee was adjourned subject to call of the Chair.)



