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TO AMEND THE SMALL RECLAMATION PROJECTS ACT
OF 1956, AS AMENDED

GOVERNMENT

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HEARINGS

BEFORE THE

SUBCOMMITTEE ON
WATER AND POWER RESOURCES

OF THE

COMMITTEE ON
INTERIOR AND INSULAR AFFAIRS
HOUSE OF REPRESENTATIVES

NINETY-FOURTH CONGRESS

FIRST SESSION

ON

H.R. 6874

TO AMEND THE SMALL RECLAMATION PROJECTS ACT OF
1956, AS AMENDED

HEARINGS HELD IN WASHINGTON, D.C.
JUNE 12 AND 13, 1975

Serial No. 94-25

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TO AMEND THE SMALL RECLAMATION PROJECTS ACT OF 1956, AS AMENDED

THURSDAY, JUNE 12, 1975

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON WATER AND POWER RESOURCES OF THE
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:45 a.m., in room 1324 Longworth House Office Building, Hon. Harold T. Johnson, presiding.

Mr. JOHNSON. The Subcommittee on Water and Power Resources will come to order.

The purpose of our meeting this morning is to take testimony on H.R. 6874, to amend the Small Reclamation Projects Act of 1956. Upon completion of the hearing, we intended to mark up two other bills.

Due to the circumstances we are confronted with of the House going into session at 10 o'clock with a very important bill on the floor and a long calendar for today, I would say we will go as far as we can this morning in hearing the witnesses.

We will then recess until 9:45 tomorrow morning, when we will meet in room 2253 in the Rayburn Building. There is another meeting scheduled for this room. The full committee is meeting on the coal slurry bill, and whether we can meet or not at the same time is yet up in the air.

We are going to try to complete the hearings on H.R. 6874 tomorrow morning because many of the witnesses have come in from out of State and have been through a considerable expense. We would not want to have to call them back at a later date.

So with that brief explanation, I would ask unanimous consent that we place H.R. 6874 in the record at this point unless there is objection.

[No response.]

Chairman JOHNSON. Hearing none, it is so ordered.

[The material referred to follows:]

[H.R. 6874, 94th Cong., first sess.]

A BILL To amend the Small Reclamation Projects Act of 1956, as amended

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, the Small Reclamation Projects Act of 1956 (70 Stat. 1044) as amended, is further amended as follows:

(a) Subsection 2(d) of the Act, as amended, is further amended to read as follows:

“(d) The term ‘project’ shall mean (i) any complete irrigation project, or (ii) any multiple-purpose water resource project that is authorized or is eligible for authorization under the Federal reclamation laws, or (iii) any distinct unit of

a project described in clauses (i) and (ii) or (iv) any project for the drainage of irrigated lands, without regard to whether such lands are irrigated with water supplies developed pursuant to the Federal reclamation laws, or (v) any project for the rehabilitation and betterment of a project or distinct unit described in clauses (i), (ii), (iii), and (iv): *Provided*, That the estimated total project cost described in clause (i), (ii), (iii), (iv), or (v) does not exceed the maximum allowable estimated total project cost as determined by subsection (f) hereof. Nothing contained in this Act shall preclude the making of more than one loan or grant, or combined loan and grant, to an organization so long as no two such loans or grants, or combinations thereof, are for the same project, as herein defined."

(b) Section 2, as amended, is further amended by adding a new subsection (f) as follows:

"(f) The maximum allowable estimated total project cost of a proposal submitted during any given calendar year shall be determined by the Secretary using the Bureau of Reclamation composite construction cost index for January of that year with \$15,000,000 as the January 1971 base."

(c) Section 4, as amended, is further amended by adding a new subsection (d) as follows:

"(d) At the time of his submitting the project proposal to the Congress, or at any subsequent time prior to completion of construction of the project, the Secretary may increase the amount of the requested loan and/or grant to an amount within the maximum allowed by subsection (a) of section 5 of the Act as herein amended, to compensate for increases in construction costs due to price escalation and/or for such changes in or additions to the proposed plan as he may find proper and necessary to carry out the original purposes of the project: *Provided*, That no such increase shall become effective prior to sixty calendar days (which sixty days, however, shall not include days on which either the House of Representatives or the Senate is not in session because of an adjournment of more than three calendar days to a day certain) from the date on which the Secretary's findings and approval for such increase are submitted to the Congress and then only if, within said sixty days, neither the House nor the Senate Interior and Insular Affairs Committee disapproves the project proposal by committee resolution."

(d) Section 4, as amended, is further amended by changing subsection (d) to subsection (e) and amending it to read as follows:

"(e) No obligation of funds shall be made for financial participation in any such project prior to sixty calendar days (which sixty days, however, shall not include days on which either the House of Representatives or the Senate is not in session because of an adjournment of more than three calendar days to a day certain) from the date on which the Secretary's findings and approval are submitted to the Congress and then only if, within said sixty days, neither the House nor the Senate Interior and Insular Affairs Committee disapproves the project proposal by committee resolution. The provisions of this subsection (e) shall not be applicable to proposals made under section 6 of this Act."

(e) Section 4, as amended, is further amended by changing subsection (e) to subsection (f).

(f) Subsection 5(a), as amended, is further amended by deleting "\$10,000,000 or" and inserting in lieu thereof the following: "two-thirds of the maximum allowable estimated total project cost as determined by subsection (f) of section 2, or".

(g) Section 10, as amended, is further amended by deleting "\$300,000,000" and inserting in lieu thereof the amount of "\$400,000,000".

Chairman JOHNSON. I might say we just received a report on the legislation. It was delivered this morning by messenger. The communication we received from the Office of the Secretary was signed by Mr. Hughes, Assistant Secretary. The gist of the report from the Department on the bill is to the effect that, "We have reviewed the proposed bill and recommend in favor of its enactment, if amended as explained below."

Now they have listed several amendments that they will testify to. I would ask unanimous consent that the report from the Secretary be placed in the record this morning.

Do I hear an objection?

[No response.]

Chairman JOHNSON. Hearing none, so ordered.

[The material referred to follows:]

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., June 12, 1975.

HON. JAMES A. HALEY,
Chairman, Committee on Interior and Insular Affairs,
U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for the views of this Department concerning H.R. 6874, "To amend the Small Reclamation Projects Act of 1956, as amended."

We have reviewed the proposed bill and recommend in favor of its enactment, if amended as explained below.

The purpose of the proposed amendments is to update the Act to account for the effects of inflation, by raising certain ceilings now provided in the Act and by allowing the Secretary additional flexibility in the administration of projects under the Act.

Section (a) of H.R. 6874 amends Section 2(d) of the Act to delete the \$15 million total project cost ceiling. (The proposed amendment does not otherwise affect eligibility requirements found in Section 2[d].) A new, flexible cost ceiling is provided by Section (b) of the proposed bill.

Section (b) of the bill adds a new subsection (f) to Section 2 of the Act permitting the maximum allowable total project cost to vary in each calendar year depending upon the change in the Bureau of Reclamation's composite construction cost index for January of that year. The base cost for indexing would be \$15 million and the base date would be January 1971.

Section (c) of H.R. 6874 would add a new subsection (d) to Section 4 of the Act to enable the Secretary of the Interior, at the time of submitting the application to the Congress or before the completion of construction of the project, to increase the amount of the requested loan and/or grant to an amount within the maximum allowed by Section (f) of the bill (Section 5(a) of the Act as proposed to be amended). Such increase would be used to allow for increases in construction cost or for such changes in or additions to the proposed project as the Secretary may find proper and necessary to carry out the original purposes of the project. Section (c) of the bill also includes an additional 60-day legislative review period for loan and grant increases.

The Administration has recommended that the new subsection (d) of Section 4 of the Act, as provided in Section (c) of the bill be deleted in its entirety. The following reasons have been given: there are no established guidelines for indexing costs increases, and the practice provided in subsection (d) should not be legislated on a piecemeal basis. There is no similar provision in any other Government loan program. Contractors may still resort to their common practice of providing for extra contingency funds in their original loan request. The increased facility for obtaining additional funds may reduce incentives to hold costs to a minimum. And finally, it may be possible, if absolutely necessary, to apply for a supplemental loan.

Section (d) of the bill further amends Section 4 of the Act by changing subsection (d) of the Act to subsection (e) and amends the subsection by deleting the word "appropriation" and substituting the words "obligation of funds." We also oppose this provision, on constitutional grounds. While the structures in existing law making appropriations subject to Committee veto can be justified as establishing internal Congressional procedures, the obligation of funds afterward is clearly an executive action, which under the doctrine of separation of powers is not subject to control of a Committee of Congress. This provision, therefore, is violative of the doctrine of separation of powers, by purporting to grant a Committee of Congress the right to veto an executive action. The Department of Justice, in this and previous administrations, has consistently opposed such provisions on these grounds.

Section (e) of the bill further amends Section 4 of the Act to change subsection (e) to subsection (f).

Section (f) of the bill is closely tied to Sections (a) and (b) and would delete the \$10 million maximum loan and/or grant limit and substitute language enabling the maximum loan and/or grant to be computed as two-thirds of the maximum allowable estimated total project cost. We compute the maximum allowable

estimated total project cost to be \$22,258,000 for January 1975. We propose to round that amount to the nearest \$100,000 or \$22,300,000. With that base, the maximum loan would be computed to be \$14,874,000 or rounded, to \$14,900,000.

There has been an increase of about 48 percent in the costs of construction since the Act was last amended in 1971. The largest single-year cost increase was 26 percent in 1974. Loan applicants have had to revise cost estimates and financial analyses of completed project reports to keep up with rising construction costs. Those approved projects with construction underway during that period have received construction bid estimates well in excess of previously estimated costs. They have been faced with a decision to cut back on the scope of planned projects which may not be financially feasible, or apply for supplemental loans to complete the proposed project works. Those legislative changes for maximum allowable total project cost and maximum loan and/or grant amounts would maintain, on an annual basis, essentially the same size project envisioned under the 1966 amendment of the Act, which changed the original ratio of a loan to total project cost.

Section (g) of the bill amends Section 10 of the Act by increasing the authorized appropriation ceiling to \$400 million from \$300 million. That amendment is appropriate to provide assurance to potential applicants that there is an intended continuity to the loan program that warrants proceeding with the costly investigations and reports required in support on an application.

To date, more than \$160 million has been expended or is committed to projects that have been completed or are under construction. More than \$60 million additional will be required for project applications that have been approved or are in final stages of review. We have received notices of intent to apply for loans that would require more than \$185 million. The aggregate appropriation required for all of the above is about \$400 million.

Other than the increase in the total program appropriation ceiling, the immediate or near future probable cost which would result from enactment of H.R. 6874 cannot be estimated with any reliable accuracy.

The Office of Management and Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely yours,

ROYSTON C. HUGHES,
Assistant Secretary of the Interior.

Chairman JOHNSON. Is there any statement that any member of the committee would like to make at this time before we call our first witness?

Mrs. Pettis, do you have anything to say?

Mrs. PETTIS. No.

Chairman JOHNSON. You have people here who are vitally interested in Public Law 904?

Mrs. PETTIS. Yes.

Chairman JOHNSON. They have been interested for sometime and they are here to testify.

Mrs. PETTIS. That's right.

Chairman JOHNSON. And we have Mr. Symms. You have a statement? I know you have an interest in this also.

Mr. SYMMS. Mr. Chairman, I want to thank you for pushing ahead with this legislation and I want to let you know that you have my support on it, and my cooperation. We would like to expedite the passage of this legislation as soon as possible.

I am looking forward to the testimony of the witnesses and I am delighted to see that the report from the Interior Department is in support of the legislation also.

Chairman JOHNSON. Our first witness is the Honorable John Krebs from California. He represents a district in Fresno County and I am very much interested in hearing what he has to say. We are ready to hear your testimony, Mr. Krebs.

STATEMENT OF HON. JOHN KREBS, U.S. CONGRESSMAN FROM CALIFORNIA

Mr. KREBS. Thank you, Mr. Chairman and members of the committee.

First, I want to thank you and the subcommittee for giving me the opportunity to appear before you this morning.

The problem addressed by H.R. 6874 is of course a well-known matter, especially to the chairman and, I am sure, to other members of the subcommittee who represent agricultural areas, as I do.

And it is a problem that, frankly, I have run into on numerous occasions in my very brief career in the Congress, and I certainly would like to urge this subcommittee to adopt H.R. 6874, because it will alleviate a problem that is very acute as far as many of my constituents are concerned.

I have submitted a statement, Mr. Chairman, and I know that your time is limited and valuable. I also realize that the agenda of the House is extensive this morning and rather than my reading this statement, I would request permission to have it inserted in the record of the hearings of this subcommittee.

Chairman JOHNSON. Your statement will appear in the record. [The material referred to follows:]

STATEMENT OF HON. JOHN KREBS, A REPRESENTATIVE IN CONGRESS, FROM THE STATE OF CALIFORNIA

Mr. Chairman and members of the subcommittee, I am most appreciative of this opportunity to present my views today concerning H.R. 6874, a bill to amend the Small Reclamation Projects Act of 1956, as amended.

At the outset, I want to register my positive support for the bill. I find it to be basically sound legislation. I am most interested in the section which would allow the Secretary of the Interior to increase the amount of a loan in order to compensate for increases in construction costs resulting from price escalations due to inflation and/or for such modifications in the proposed plan as are proper and essential to the realization of the original purposes of the project. This provision is, in my view, the most important one in the proposed legislation. In order for it to be truly effective, however, the stipulation must be made that the amendment be retroactive—that is to say, that it must cover previously approved loans. Otherwise, the amendment will fail of its purpose, which is to remedy the problems currently being faced by groups which have taken out loans under Public Law 984 and now find that they are unable to proceed to completion because inflation has voraciously consumed their funds.

I would like to formally propose the following resultant change in the language of the bill: On page 3, line 1, following "project," insert the following, "including projects heretofore approved,".

Let me now detail for you the plight of a small company, the Pioneer Water Co., with which I am familiar, because it is located within my district (the 17th Congressional District of California). I present the Pioneer Water Co. as an example because it faces problems similar to other entities which have taken out loans under Public Law 984.

In 1966, the Pioneer Water Co. made application for Public Law 984 funding. In 1971, it received a loan for a project to rehabilitate its irrigation distribution system. The estimated cost totaled \$486,000 (in 1971 dollars) for the construction of 42-inch, 36-inch and 30-inch concrete pipe in an existing open ditch (including structures and turnouts). However, the construction work can occur only during the months of December through March, exclusive of inclement weather, due to the fact that the ditch system must be utilized for the delivery of irrigation water throughout the remaining portion of the year. As a result of the double-digit inflation and accompanying escalation of construction costs which have evolved during the past several years, a mere 60 percent of the project can feasibly be completed with the loan funds which have been made available. The total cost of the project, in today's dollars, is estimated to be \$900,000.

Due to the lengthy delay incurred in obtaining the loan and the subsequent inflation in construction costs, a project which has not changed in scope since its inception is in very real peril of not being completed. The Pioneer Water Co. project, which would vastly improve upon an irrigation system which services 3,600 acres of prime agricultural land, typifies the dilemma with which many small but significant reclamation projects are confronted. Under the present provisions of the law, a supplemental application—which may require from 3 to 4 years to process—is the sole means available for acquisition of the necessary additional appropriation.

Mr. Chairman and members of the subcommittee, I thank you for your time in considering this worthwhile bill and amendment, which are so vital to the future of small reclamation projects in this country. I am certain that you will examine the issues carefully and act upon the bill, along with my amendment, in a manner which coincides with the best interests of our land.

Chairman JOHNSON. You may continue your summary.

Mr. KREBS. You will note, Mr. Chairman, that on page 2 of my statement I am proposing an amendment which would in effect make the granting of the additional funds retroactive. I am also citing an example which is not at all atypical of a situation with which, once again, I am sure you and the other members of the subcommittee are familiar, Mr. Chairman. It often takes a couple of years to obtain a loan and in the particular case I am citing it took longer than that. The application was made in 1966 and the loan was not approved until 1971. Plans and specifications for the particular project, which involved a small water company, were not approved until 1972 and construction proceeded in the spring of 1973.

The loan to which I am referring was made to allow the water company to improve its delivery system. The water company serves prime agricultural land, specifically some 3,600,000 acres. After receiving the loan, and preparing plans and specifications, the company finds itself today in the position of having commenced construction, but the cost of completing the project has risen to twice the initial estimated cost. Unless this type of entity is granted relief, it is going to be faced with a project that is only 60 percent complete.

I would therefore urge this subcommittee to give very serious consideration to making the provisions of the legislation before you retroactive so as to cover those who have taken out loans previously. Such action will provide many entities with the opportunity to complete projects for which loans were approved initially.

If there are any questions, Mr. Chairman, or members of the subcommittee, I would be pleased to answer them.

Chairman JOHNSON. I want to thank you, Congressman Krebs, for bringing this particular matter to the committee's attention. I presume under existing law, the only way they can take care of it is to supplement the loan.

Mr. KREBS. That is correct.

Chairman JOHNSON. We are all confronted with that, and I have had projects of that kind myself. California has made pretty good use of the Small Reclamation Projects Act and, as a State, I guess we have more projects than any other State in the West. So, I know that in many of these projects, we are confronted with the same problem.

I am glad you brought this specific problem to the committee's attention.

No doubt, you heard me say that the Department recommended enactment providing the amendments as suggested by the Depart-

ment are adopted and made a part of the bill. One of their amendments goes to the very matter which you are talking about. I am sure the Department's witnesses will testify and enlarge upon the statement that was made by the Secretary to the committee.

If we have an extra copy of the Department's report, I wonder if the clerk would give Mr. Krebs a copy so that he will know exactly what the Department has recommended.

Mr. KREBS. Thank you.

Chairman JOHNSON. Mr. Miller.

Mr. MILLER. I have one question, and perhaps it's better asked of the chairman, but let me ask Mr. Krebs first.

It seems what you are suggesting in effect that we should provide for escalation when loans are first written. It's really an escalation clause you are suggesting because of problems such as those you have outlined with the Pioneer Water Co. They have simply become a victim of the rapid inflation we have seen, and rather than have them take an alternative course—let me make sure I understand what alternative is under the law. Mr. Chairman, would be that they now have to come back and constantly make a new application to cover a deficit, and an application for a deficit, today, may not be sufficient to cover future additional costs?

So we are actually talking about providing an elastic operation to cover this kind of situation, so that the project in fact could be seen through to its completion? Is that a fair statement?

Mr. KREBS. That is correct, but I am also in effect asking that the legislation have a retroactive effective so that an entity such as Pioneer Water Co. will be able to complete its project.

Mr. MILLER. I understand that. What I am trying to get at is, are they a victim of circumstances which are really beyond their control.

Mr. KREBS. That is correct.

Mr. MILLER. It's not that they have modified the project in any way, it's a fact that circumstances beyond their control have taken place, mainly inflationary costs.

Mr. KREBS. I am glad you raised that point because I want to make sure that's clearly understood. It is not a matter within the entity's control, but rather a situation caused by inflation. The lapse of time, and as we all know, the rate of inflation is such that this type of cost differential can come about within a relatively short period of time.

Mr. MILLER. Thank you.

Chairman JOHNSON. I might say, if the gentleman would yield, that is one of the main purposes of the bill. The bill is trying to cope with situations created by the amount of time involved in making application and processing the loan application. Actually getting the loan takes a long time.

The gentleman from California, Mr. Clausen.

Mr. CLAUSEN. I want to tell you, Mr. Krebs, that it's clear from your testimony that you have a good understanding of the workings of the Small Reclamation Projects Act.

One question I would ask of you: While you pointed out that the Pioneer Water Co. project is an example, are you suggesting that you have more like this and that's one of the reasons you are asking for the retroactive feature?

Mr. KREBS. Very much so. I can cite you specific names and examples of water districts and, while the example I cited previously involves a water company, I have been confronted with this problem with a high percentage of water districts that find themselves in exactly the same situation.

Mr. CLAUSEN. What percentage of the water districts would you say made application for or are in this same situation?

Mr. KREBS. While I cannot provide a specific percentage value, I can state that enough situations of this type have been called to my attention to lead me to believe that this is a fairly common problem.

Thank you, Mr. Clausen, for your kind words.

Chairman JOHNSON. The gentleman from Idaho?

Mr. SYMMS. No questions.

Chairman JOHNSON. Gentlewoman from California, Mrs. Pettis?

Mrs. PETTIS. No questions, Mr. Chairman.

Chairman JOHNSON. We thank you, Mr. Krebs, for appearing here this morning.

Mr. KREBS. Thank you, Mr. Chairman, and ladies and gentlemen of the subcommittee.

Chairman JOHNSON. At this time, I would ask unanimous consent of all members of the committee for the right to place a statement concerning the legislation H.R. 6874 in the record. I have a brief statement that I would ask the committee to place in the record at this point.

Any objections?

[No response.]

Chairman JOHNSON. Hearing none, so ordered.

[The material referred to follows:]

STATEMENT OF HON. HAROLD T. JOHNSON, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF CALIFORNIA

I am pleased to have been asked to introduce H.R. 6874 and to be able to recommend its approval by the Subcommittee on Water and Power Resources.

P.L. 984, which this bill will amend, has been a very useful program in many localities throughout the 17 Western States and Hawaii. This has been particularly true in my State of California.

I am advised that programs in place under construction and under consideration for approval have aggregate value of almost \$400 million. The remarkable thing about this accomplishment is that it has been done with an absolute minimum of overhead cost by the Federal Government.

Be that as it may, it is important that we be constantly alert to the need for improvement and refinement of the basic Act. H.R. 6874 is a step in that direction, particularly the provisions which enable a continuing increase in the size of eligible programs as cost escalation occurs. Another important aspect of this bill is the provision which allows the Secretary to grant increases in existing loans because of inflation—and thus avoid the expensive and time-consuming requirement to file supplemental applications. I heartily endorse the bill and recommend its approval by the Subcommittee.

STATEMENT OF HON. DON H. CLAUSEN, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF CALIFORNIA

Mr. Chairman, water user organizations in the 17 western states are suffering from the effects of inflation in a way that is jeopardizing many crucially-needed irrigation water projects. I want to bring this critical problem to the attention of my colleagues and to urge their support for a legislative remedy.

The problem centers on the rapidly rising cost of construction of small reclamation projects and the deadly effect this is having on project applications under the Small Reclamation Projects Act of 1956.

Under this Act, small reclamation projects are limited in size to \$15 million and Federal loans for those projects are limited in size to \$10 million. What is happening is that project sponsors are spending many thousands of dollars to prepare the necessary paperwork and required application reports, basing their application on estimates they have made on current costs of materials and construction. But, between the time of loan application and loan approval, these costs are rising so fast that quite often the project has been priced out of the reach of the legal ceilings.

And, even if the inflation-induced cost increases do not price the project out of reach of the Act, the original loan application must be returned to the sponsor and another six months to a year is consumed as the entire application is re-done to reflect the increased costs. Then they are caught in the same vicious cycle: by the time the application reaches the approval stage, costs have spiraled upward again and the sponsors are back where they started.

To remedy this situation, the legislation pending before the committee, H.R. 6874, will raise the ceilings on both the allowable size of the project and the size of Federal loans and grants. In addition, the bill authorizes the Secretary of the Interior to adjust the application to reflect rising costs without sending the application back to the sponsor for rewriting.

Mr. Chairman, this is one of the most worthwhile bills to be considered by our Subcommittee this year. It represents a timely Congressional response to the problems that inflation is causing our water users in the West. I commend this matter to the attention of my colleagues and urgently request their assistance in giving H.R. 6874 the rapid passage it deserves.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., June 4, 1975.

Hon. HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, 1327 Longworth House Office Building, Washington, D.C.

DEAR BIZZ: Donald B. Scott, President of the Corn Creek Reservoir Association of Torrington, Wyoming, has been nice enough to trace me with a copy of his May 22 letter to you supporting your bill, H.R. 6874 to amend the Small Reclamation Projects Act.

This is just a line to let you know that I stand ready to support you on this proposal and to be of what assistance I can to move it along into law.

With warm personal regards,
Respectfully yours,

TENO RONCALIO.

STATEMENT OF HON. WILLIAM M. KETCHUM, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF CALIFORNIA

Mr. Chairman and Members of the Subcommittee, I should like to take this opportunity to express my strong support of the amendments to the Small Reclamation Project Act of 1956 as proposed in H.R. 6874.

The Buttonwillow and Pond-Poso Improvement Districts, both located within my Congressional District, have approved loans for irrigation distribution systems now being constructed under the Act.

In 1968, a loan application for the Buttonwillow Improvement District was approved to construct a conveyance and distribution system but construction did not begin until 1971 due to administrative delays. This delay caused construction to begin at a time when construction costs were highly inflated. In order to complete the project, the District filed an application with the Bureau of Reclamation for a supplemental loan in the amount of \$3 million.

One of the amendments as proposed in H.R. 6874 would authorize the Secretary of the Interior to increase the amount of a loan to compensate for increased construction costs. This amendment to P.L. 844, would bring it more into line with most project authorizations which include construction cost ceilings tied to ordinary construction cost fluctuations indicated by engineering cost indices.

I respectfully request that the Subcommittee give every consideration to the approval of the amendments proposed in H.R. 6874 so as to meet the current needs of water users' organizations.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., June 14, 1975.

CONGRESSMAN HAROLD T. JOHNSON,
*Chairman, Subcommittee on Water and Power Resources, Committee on Interior and
Insular Affairs, Longworth House Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN: Recently I received an excellent letter from Vern Butler, Secretary of the South Dakota Department of Natural Resource Development. Mr. Butler's letter in support of H.R. 6874, commending the Small Reclamation Projects Act, meets with my approval, and I urge your favorable consideration.

Although I have raised many questions concerning the Oahe Irrigation Project, I am strongly of the opinion that Small Reclamation Projects Act would be a very worthwhile addition to the legislation in this field, and I definitely believe that the smaller projects may well be one of the best ways in which the waters from the Missouri River impoundments can be used most effectively.

Your favorable consideration and support of this legislation will be most appreciated.

Sincerely,

LARRY PRESSLER,
Member of Congress.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., June 25, 1975.

HON. HAROLD T. JOHNSON,
*Chairman, Subcommittee on Water and Power Resources, Longworth Building,
Washington, D.C.*

DEAR BIZZ: I'm writing to express my support of your bill, H.R. 6874, a bill to amend the Small Reclamation Projects Act of 1956.

I'm especially pleased to see included in this bill the provision authorizing the Secretary of Interior to cover cost increases due to inflation. In light of today's economic difficulties I feel that this is a most important provision.

Sincerely,

JIM LLOYD,
Member of Congress.

Chairman JOHNSON. Our next witness will be Mr. Gilbert G. Stamm and Mr. O'Brien, Bureau of Reclamation, who are well qualified to testify. We are very glad to have you here, Mr. Stamm and Mr. O'Brien, and we want to hear the expert testimony from you in the Agency, as well as the position of the Department.

**STATEMENT OF GILBERT G. STAMM, COMMISSIONER, BUREAU OF
RECLAMATION, ACCOMPANIED BY JAMES J. O'BRIEN, ASSISTANT
COMMISSIONER OF PLANNING**

Mr. STAMM. Mr. Chairman, it's a pleasure to appear before your committee, and we are appearing here today on behalf of the Department of the Interior in support of H.R. 6874. The Department of the Interior, in its letter to the chairman of the committee, recommends enactment of the legislation if amended as requested.

The Small Reclamation Projects Act was enacted August 6, 1956, and last amended on November 24, 1971. The act, as amended, enables Federal loans and/or grants to non-Federal organizations in the 17 contiguous Western States and Hawaii for water resources development or rehabilitation projects.

The projects can include single-purpose irrigation or drainage functions or multiple-purpose functions, as appropriate. The Small Reclamation Projects Act is uniquely suited to meeting the needs of small districts.

During the last several years, there has been an upsurge of interest in the program. To meet increasing water demands, there is an urgent need to conserve water supplies and improve project operating efficiencies, both to increase project revenues and to decrease operating costs.

To compound these problems, water organizations have been faced with a rapid escalation of construction costs. H.R. 6874 would materially assist the local organizations in their development plans by accommodating inflationary factors.

Section (a) of the bill amends section 2(d) of the act to delete the \$15 million total project cost ceiling.

Section (b) of the bill adds a new subsection (f) to section 2 of the act permitting the maximum allowable estimated total project cost to be adjusted each calendar year depending upon the change in the Bureau of Reclamation's composite construction cost index for January of that year.

The base cost ceiling for indexing would be \$15 million and the base date would be January 1971. Computations indicate that the maximum allowable estimated total project cost would be \$22,300,000 for calendar year 1975.

Section (c) of H.R. 6874 would add a new subsection (d) to section 4 of the act to enable the Secretary of the Interior, at the time of submitting the application to the Congress or at any time prior to completion of construction of the project, to adjust the amount of the requested loan and/or grant to an amount within the maximum allowed by the proposed new section (f) of the bill.

Such adjustment would be used to compensate for changes in construction costs or for such changes in or additions to the proposed project as the Secretary may find proper and necessary to carry out the original purposes of the project.

Section (c) of H.R. 6874 also includes a proviso for a 60-day legislative review period, if and when such changes would cause an increase in the total cost.

The administration suggests the deletion of section (c) of the bill in its entirety. The departmental report which you received this morning discusses the reason for the proposed deletion.

Section (d) of the bill further amends section 4 of the act by changing subsection (d) of the act to subsection (e) and amends the subsection by deleting the word "appropriation" and substituting the words "obligation of funds." The administration also opposes this provision on the basis of the "Separation of Powers" doctrine.

Section (e) of the bill further amends section 4 of the act to change subsection (e) to subsection (f).

Section (f) of the bill ties closely to section (a) and (b) and would amend section 5(a) of the act by deleting the \$10 million maximum loan and/or grant and substituting language enabling the maximum loan and/or grant to be computed as two-thirds of the maximum allowable estimated total project cost. The maximum allowable loan for calendar year 1975 has been computed to be \$14,900,000 under the terms of the proposed bill.

There has been an increase of about 48 percent in construction costs since the act was last amended in 1971. The largest single-year cost increase was 21 percent in 1974. Loan applicants have had to revise cost estimates and financial analyses of completed project reports to keep up with rising construction costs.

Approved projects with construction underway during that period have received bids for construction well in excess of previously estimated costs. Organizations have been faced with a decision to cut back on the scope of project envisioned, which may not be feasible, or apply for supplemental loans to complete the proposed project works.

The proposed legislative changes for maximum allowable estimated total project costs and maximum loan and/or grant amounts would maintain, on an annual basis, essentially the same size project envisioned under the 1966 amendment of the act which changed the original ratio of maximum loans to total project cost.

Section (g) of the bill amends section 10 of the act by increasing the authorized appropriation ceiling to \$400 million from \$300 million. That amendment would provide assurance to potential applicants that there is an intended continuity to the loan program that warrants proceeding with the costly investigations and reports required in support of an application.

To date, a total of more than \$160 million has been expended or is committed to projects that have been completed or are under construction. More than \$60 million additionally will be required for project applications that have been approved or are in final stages of review.

We have received notices of intent to apply for loans that would require more than \$185 million. The aggregate appropriation required for all of the above is about \$400 million.

Your favorable consideration of H.R. 6874 with the amendments discussed herein, is recommended.

Chairman JOHNSON. I want to thank you, Mr. Stamm, for giving us the benefit of your statement and for raising the questions on the two amendments which were asked for by the Department.

I might say that we are going to have to go over and provide a quorum and I think it's almost hopeless to continue the hearings this morning.

As I stated, we are hopeful of holding hearings tomorrow morning at room 2253 in the Rayburn Building at 9:45 and I hope you and Mr. O'Brien will be here at that time.

Mr. STAMM. Yes, sir.

Chairman JOHNSON. Then we can hear the balance of the witnesses. Also I think we want to go into the amendments, as recommended by the Department, fairly thoroughly, so that we all completely understand your reasons and our interest in a modification or deletion of the amendments recommended. I think we will do a better job of that tomorrow.

I'm sorry, but you understand the circumstances we are working under. There are so many committees trying to meet today that they are going to tie down the forces on the floor while the House carries out the procedure of reading and amending the bill relating to the energy problem reported to the House by the Ways and Means Committee.

There was a very important meeting held at the White House this morning. They will be reporting on it. I think most of us want to hear about that. The leadership has asked the President and the administration people to try and see if they couldn't reach an agree-

ment which they come back and report to the House. That activity will be taking place right after the quorum call is over.

So if all of our witnesses will come back tomorrow, we will meet at 9:45 at 2253 Rayburn and continued the hearings on this bill and other matters scheduled to come before the committee.

If there is no objection to that, the committee will recess until 9:45 tomorrow morning.

[Whereupon, at 10:15 a.m., the Subcommittee on Water and Power Resources was recessed, to reconvene on Friday, June 13, 1975, at 9:45 a.m.]

ment which they come back and report to the station. That is, the
 while taking place right after a certain time. It is
 said all of our girls will come back tomorrow, we will meet
 at 10:00 AM. We will have a meeting on the 15th of
 the month. It is decided to come before the committee.
 If there is no objection to that, the committee will meet on
 the 15th of the month.
 It was decided to go to the station on the 15th of the month.
 It was decided to go to the station on the 15th of the month.
 It was decided to go to the station on the 15th of the month.

TO AMEND THE SMALL RECLAMATION PROJECTS ACT OF 1956, AS AMENDED

FRIDAY, JUNE 13, 1975

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON WATER AND POWER RESOURCES OF THE
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
Washington, D.C.

The subcommittee met pursuant to recess, at 9:45 a.m., in the Cannon Building, Washington, D.C., Hon. Harold T. Johnson presiding.

Mr. JOHNSON. The Subcommittee on Water and Power will come to order for further taking of testimony on H.R. 6874.

Yesterday, when we had to recess due to the legislative situation, Mr. Stamm had just completed his written statement. We are now ready to go into questions with the Commissioner, and anyone that he would like to have with him.

Mr. Stamm, if you would come forward.

**FURTHER STATEMENT OF GILBERT G. STAMM, COMMISSIONER,
BUREAU OF RECLAMATION; DAVID E. LINDGREN, DEPUTY SOLICITOR,
U.S. DEPARTMENT OF THE INTERIOR; AND JAMES O'BRIEN,
ASSISTANT COMMISSIONER OF RECLAMATION**

Mr. STAMM. Good morning, Mr. Chairman.

I would like to have at the table with me, Mr. Dave Lindgren, Deputy Solicitor for the Department of Interior, and Mr. James O'Brien, Assistant to the Commissioner.

We are here to answer to the best of our ability any questions that the committee members may have.

Mr. JOHNSON. I might say at the outset that we are confronted with another bad situation today. The House goes into session at 10 o'clock. We hope, however, that we will be able to sit during general debate.

Furthermore, the new Secretary of the Interior is being sworn in this morning at 10:45. Naturally, the Commissioner of Reclamation and the Solicitor's Deputy will want to attend. I understand the President will be there.

We had an invitation from the committee, but owing to the circumstances we are facing this morning, we probably will not be there. Convey to the new Secretary that only because of legislative functions did we fail to have representation there.

Mr. STAMM. If I get there, I will let him know that it is due to your generosity in expediting this hearing and allowing me to attend.

Mr. JOHNSON. Yesterday, you mentioned the amendments that the Department has recommended. With the amendments you would support the legislation.

Now; I wish you would go into the first amendment that you suggest and give us a further explanation of your reasons, if you can.

Mr. STAMM. The first amendment of real consequence was the complete deletion of proposed section C of the bill. That language in the bill would have permitted increasing the loan amount to compensate for increases in cost due to escalation and for changes in, or additions to the proposed plan to carry out the original purposes of the project.

It also included a proviso that such changes or increases in costs due to those reasons should be submitted to the Congress for a 60-day legislative review period. The total deletion was covered and described in the Department's report to the committee. I believe the words from the Department's report were these: The administration has recommended that the new subsection D provided in the bill be deleted in its entirety. The reasons provided are as follows:

There are no established guidelines for indexing cost increases, and the practice provided in subsection D should not be legislated on a piecemeal basis. There is no similar provision in any other Government loan program. Contractors may still resort to their common practice of providing for extra contingency funds in their original loan request. The increased facility for obtaining additional funds may reduce incentives to hold costs to a minimum.

And, finally, it may be possible, if absolutely necessary, to apply for a supplemental loan. Now in addition to that, I believe the Department made specific reference to their opposition in connection with the oversight provision of section C, and also the change of wording later in the bill where the word "appropriation" was suggested to be changed to "obligation of funds," and to the fact that these items violated the separation of powers doctrine between the executive and the legislative branches of Government. The administration was opposed for that reason.

Mr. JOHNSON. As far as the separation of powers, I think we should get into that more or less as a separate matter. Say that a loan has been approved and it is necessary to come in for a supplemental loan. How would you treat the supplemental application? Would it come under the new legislation if this were enacted as far as costs were concerned?

Mr. STAMM. If a project came in for a supplemental loan, it would be subject to the same procedures that prevail for an original loan. Under the language of the proposed bill, however, the Secretary would have authority to index construction costs throughout the construction period which could well obviate the necessity for a supplemental loan; provided, that any such increase would need to be submitted to the committees of Congress for the 60-day period in exactly the same manner as is required in connection with an original loan. It could be subjected to considerable delays if that process involved, again, clearance through the Department, submission through the Office of Management and Budget, and then submission to the Congress for a 60-day period while Congress is in session.

Mr. JOHNSON. The matter I am trying to clarify for the record is: if we were to pass the proposed piece of legislation with the amendments that the administration has asked for, then a request comes in for a supplemental loan, could the ceilings provided for in the new bill based upon the indices of January 1, 1975, apply?

Seemingly, some of these projects, costs are above the old ceilings, both as to grant, or loan or the total project.

Mr. STAMM. Yes, sir; I think the answer to that is yes. I think that under the bill, if enacted with the administration's amendments, we would still have the opportunity once a year to index up the total amount of loan for a given project. If the district came in for a supplemental loan, I would assume we could establish a new ceiling pursuant to that authority, especially if the request for a supplemental came at least a year after the original, because these would be indexed up once a year. But, it would preclude indexing to make additional funds available during the construction period.

Mr. JOHNSON. Now, on the other matter you spoke to there, you would probably want to offer a legal opinion on that for the record and yield to the solicitor.

Mr. STAMM. Yes, sir; with respect to a discussion of the legislative oversight. Is that what you have reference to?

Now that provision is in the original bill, as you know. It was a matter of controversy at one time, and it caused action or implementation of the program to be held in abeyance for a period of about 2 years.

But, finally it was resolved, and the projects were processed. As a matter of fact, the oversight provision, except for the period when action was held in abeyance by the administration, has not adversely affected the program because I personally don't recall of any time when the committees of Congress have vetoed a proposal that was submitted pursuant to the legislation. But it is a matter of principle, and in any discussion of the matter of principle, I certainly defer to Deputy Solicitor Lindgren.

Mr. JOHNSON. We would like to have your statement for the record.

Mr. LINDGREN. Mr. Chairman, I have no prepared statement. I am prepared to answer the questions of the chairman and the committee. Perhaps I could begin in this fashion. The issue of the so-called committee veto, which is, I believe, the name that this type of provision has acquired over the last 20 or 30 years, has been in existence between the Congress and the executive branch for that period.

The committee veto can be viewed in two fashions. Whichever fashion it is viewed in, it still appears to run afoul of the Constitution. If it is viewed as an exercise, in essence, of the implementing of the original legislation as passed, it would appear to be an exercise of an Executive power, that is, the power to execute the laws, and, hence, would be the exercise by the legislative branch of a power that has been vested in the President.

Specifically, article 2 of the Constitution, section 1, vests the Executive power in the President, and section 3 of that article states in essence that the President shall take care that the laws are faithfully executed. Both of those powers are vested in the President and it would appear that this kind of power is in essence an exercise of the Executive power. That is, the Congress has enacted a general statute authorizing the Secretary to take certain actions, and laying out such standards as the Congress would deem appropriate for the Secretary in acting pursuant to that statute. But then there is a requirement that the action come back to the Congress for a review, that is, for an approval or for disapproval. That has been likened in

the literature to the Congress itself, in a very real sense, executing the statute; that is, in the case of the indexing increase, the Congress making the specific determination in a specific case. That is a function that is reserved for the Executive.

If you view it as a legislative act, the difficulty is an improper delegation to one committee of the Congress to perform a legislative function.

Again, that would appear to run afoul of the Constitution. This notion is not new, and the position of this administration in opposing this type of provision is not new. It was advanced by President Eisenhower when he, with some apparent reluctance, approved the original bill.

The position can be, I think, traced back as early as President Wilson in vetoing a bill involving the publication of documents, printing of documents. A similar position has been taken by President Hoover, President Truman, as I mentioned, President Eisenhower, President Johnson, President Nixon, and, I believe, also President Kennedy.

In terms of background and legal support other than the analysis I have given the committee, I would refer the committee first to the Supreme Court case that is relied on generally by the authors in the field. That is the case of *Springer v. Philippine Islands* at 227 U.S. 189, decided in 1928, in which the Supreme Court struck down an act of the Philippine Legislature operating under an organic act essentially similar to the Constitution of the United States, finding that the function involved in that case, which was the voting of stock owned by the Philippine Government in essentially a government corporation, was an executive function and not the legislative function.

The Philippine Legislature had created a board for that. That was struck down by the Supreme Court. Since that time, the Attorney General has had occasion to address three times the question of the committee veto, and it would appear to be essentially identical to the legislation we are dealing with here.

I can refer the committee to these three opinions. The most recent is by Acting Attorney General Rogers found at 41 opinions of the Attorney General 300—this is 1957. Preceding that would be an opinion of Attorney General Brownell, found at 41 opinions of the Attorney General 230, decided, or rendered in 1955. The earliest by Attorney General Mitchell to President Hoover found at 37 opinions of the Attorney General 56, rendered in 1933.

Mr. Chairman, I am at the disposal of the committee for further discussion on this point.

Mr. JOHNSON. Our consultant would like to get into this at this particular time to bring us back to the amendment that was proposed by the Department.

Mr. Casey.

Mr. CASEY. Mr. Lindgren, I think your explanation is undoubtedly beneficial to those who have not heard it before, as it goes to the question of committee veto. But that is not really what is at issue in this bill, and the amendment you have recommended to it.

Specifically, H.R. 6874 only touches the paragraph of the existing law that sets up the committee veto by changing one word in it;

and you have opposed that amendment on the grounds that changing that word violates the separation of powers.

I don't read your report to go to the question of what is in the law already, but simply the change that the bill propose to make. Now, if we followed the advice of the departmental report, and we do not change the word "appropriation" to "obligation of funds," we would leave Public Law 984, the Small Reclamation Projects Act, just the way it is now. It would still be encumbered, if you want to use that term, with the committee veto.

So the burden of the administration's position on H.R. 6874, as I interpret the departmental report, doesn't attack the principles of committee veto. It attacks something else. The principles of obligations being a control as distinct from appropriations being a control.

While your explanation is instructive and probably useful to the members who have never heard it before, and I had never heard it given so lucidly before so it is helpful to me, I don't think it addresses what we are talking about here today.

Mr. LINDGREN. I apologize for that. I was addressing both of the veto provisions that were in the bill.

Let me speak specifically to the problem with the change of the word appropriation to the word "obligation." President Eisenhower had troubles with the word appropriation. I suppose thinking on that has changed somewhat, and perhaps considerably. But the word obligation sharpens the problem. It is this: With the word appropriation, the statute is in essence saying that Congress may not appropriate funds until such time as the substantive, as distinguished from the appropriations, committee has approved the specific project.

That presents a situation in which a very strong argument can be made that that provision relating to appropriations is a legitimate exercise of the legislative power of the Congress to regulate how the Congress itself shall proceed.

It does not speak to the executive branch; it does not bind the executive branch because there can be no appropriation which the executive branch would, in turn, implement unless the substantive committee had first acted.

So it does not have the problem that the word obligation has. That word, the business of obligating funds, is an executive function.

So it seems to me that there is a very fundamental difference.

Mr. Chairman, I might refer the committee—and I would be happy to submit this for the record, even, this afternoon, if you would wish to incorporate it in the record. I could submit it and you can look at it.

Mr. JOHNSON. Yes.

Mr. LINDGREN. I appreciate the compliment on "lucid," but this is a far more lucid presentation of the general issue. Assistant Attorney General Scalia appeared on May 15 of this year before the Subcommittee on Separation of Powers of the Committee on Judiciary of the Senate.

Mr. JOHNSON. We will make that a part of the record.
[The statement follows:]

STATEMENT OF ANTONIN SCALIA, ASSISTANT ATTORNEY GENERAL, OFFICE OF
LEGAL COUNSEL

Mr. Chairman and members of the subcommittee, the Office of Legal Counsel has often participated in hearings conducted by this Subcommittee concerning

separation of powers problems. The records of those hearings remain as useful studies on issues that few had focused on previously. This is particularly so in the case of executive agreements. The hearings on that subject which you conducted in 1972 collected the views of scholars, both in and out of government, and brought together important source materials; the 668-page printed record is a basic reference tool for students of this area. Congressional Oversight of Executive Agreements, Hearing before the Subcommittee on Separation of Powers of the Senate Judiciary Committee on S. 3475, 92d Cong., 2d Sess. (1972).

As a result of that earlier work, your deliberations today have been greatly simplified. The 1972 hearings clearly established not only that the executive agreement was a useful tool for the conduct of this Nation's business, but also that its constitutional legitimacy was solidly based. Our own 1972 statement described that basis in some detail. We noted that executive agreements had a history going back to the First Congress (1 Stat. 232, 239), and that they had been upheld in major opinions of the Supreme Court. *E.g.*, *United States v. Belmont*, 301 U.S. 324 (1937). See Statement of Ralph E. Erickson, Assistant Attorney General, in *Hearing, supra* at 307-328.

By the time the hearings were completed, we believe a consensus was reached on legal fundamentals. Thus, when this Subcommittee issued its report on Congressional Oversight of Executive Agreements (Committee Print, 93d Cong., 1st Sess.), it recognized that other types of international agreements besides treaties exist and have been approved by the Supreme Court (p. 4). The Subcommittee report explains (p. 6):

"American constitutional law recognizes, in the Constitution itself and in judicial opinion, three basic types of international agreement. First in order of importance is the treaty, an international bilateral or multilateral compact that requires consent by a two-thirds vote of the Senate prior to ratification. . . . Next is the congressional-executive agreement, entered into pursuant to statute or to a preexisting treaty. Finally, there is the 'pure' or 'true' executive agreement, negotiated by the Executive entirely on his authority as a constituent department of government.

"It is the prerogative of the Executive to conduct international negotiations; within that power lies the lesser, albeit quite important, power to choose the instrument of international dialog."

Although the Subcommittee believed that Congress should have a greater role in the review of international agreements, it refrained at that time from recommending specific legislation. It did not endorse the Ervin bill (S. 3475, 93d Cong.) which made all executive agreements subject to veto by concurrent resolution of Congress. The Report recognized that the bill was not "a finished product of legislative drafting" but "a basis for beginning a study and dialog which may lead to more detailed and refined legislation" (p. 12).

The bills before us today, S. 632 introduced by Senator Bentsen and S. 1251 introduced by Senator Glenn, differ in significant respects from the original Ervin bill. Both provide for review of executive agreements, the former by concurrent resolution of Congress and the latter by resolution of the Senate alone. We do not believe that either is an appropriate measure that we can support.

S. 632 more closely resembles the bill on which the 1972 hearings were held, but contains a major difference: The original bill purported to regulate all executive agreements and to make them subject to veto by concurrent resolution; section 5 of S. 632, however, excepts "any executive agreements entered into by the President pursuant to a provision of the Constitution or prior authority given the President by treaty or law."¹ Presumably, this change reflects the conclusion drawn by the Subcommittee from its earlier hearings—that there are legitimate, well accepted areas for the conclusion of executive agreements under existing law. The problem with S. 632 is that, by including all these areas within the exception, it leaves nothing upon which the bill would operate—nothing, that is, except unlawful executive agreements, which it is not the President's intent ever to conclude. In other words, in my view S. 632 has no effect, unless one adopts an interpretation which would cause it to expand rather than to constrict Presidential power.

Let me explain: All executive agreements rely for their authority upon the Constitution, which empowers the President, and the President alone, to make agreements with foreign nations. In addition to the agreement-making authority, however, the President also requires authority to deal with the particular sub-

¹ We note that S. 632 has no section 4.

stantive area which the agreement affects. In some cases this authority is likewise conferred by the Constitution—as is the case, for example, with an agreement to recognize a foreign nation or to coordinate military tactics in the event of an attack upon the United States. When, however, the substance of the agreement is a matter over which the Congress exercises control, then if the President is relying upon the Constitution alone he must expressly or impliedly either (a) condition the performance of the agreement upon the enactment of appropriate legislation or (b) condition the very effectiveness of the agreement upon the enactment of appropriate legislation. Thus, for example, the President could, under the Constitution alone, enter into a bilateral agreement for the reduction of tariffs which states that the reductions will only occur when the Congress passes implementing legislation—or which recites that the agreement itself will be effective only upon the passage of implementing legislation. (A prominent historical example of an agreement of the latter sort was the executive agreement providing for establishment of the United Nations Headquarters District in New York City, which was to be “brought into effect” only after appropriate action by the Congress. 22 U.S.C. 287, note; see 40 Op. A.G. 469 (1946).) If the President desires to do any more than this with respect to a substantive area that is within congressional control, he must rely not upon the Constitution alone but also upon the laws and treaties of the United States. When, to take a common example from actual practice, he makes an executive agreement for the distribution of United States funds to foreign countries, he relies not merely upon the Constitution but also upon the provisions of the Foreign Assistance Act of 1961, 22 U.S.C. 2151, et seq.

It should appear from the foregoing that executive agreements made under the Constitution alone and those made under the Constitution and the laws and treaties of the United States comprise the totality of executive agreements which the President can now lawfully make; and since both categories are covered by the exception in S. 632, I am at a loss to explain what remains to be covered by the other provisions of the bill.

The one possible explanation does not seem to me a plausible estimate of the congressional intent. It might be argued that S. 632 is meant to be an implied grant of authority to the President to enter into unconditional executive agreements with any substantive content whatever—so long as those which deal with matters not within his constitutional power, or not previously placed within his power by statute or treaty, are submitted to the Congress pursuant to the concurrent resolution feature of the legislation. This would amount to an increase rather than a decrease of the President's executive agreement authority. I think it unlikely that was intended; and even if it were intended, we would oppose it. There is no reason why the need for congressional approval, when it exists, cannot be met—as it is under current law—through the normal legislative process rather than by the artificial concurrent resolution procedure which S. 632, if interpreted as I have just described, would establish.

The fact that Section 5 of S. 632 swallows the rest of the bill can only be understood (if not entirely explained) by referring to the history of its development. Last year, a bill similar to S. 632 was introduced, exempting only executive agreements made pursuant to “specific” provisions of the Constitution or laws. S. 3830, 93d Cong., 2d Sess. That language would, of course, have left substantial areas of lawful executive agreement upon which the remainder of the bill could operate. The Senate Judiciary Committee reported the bill out, but deleted the requirement that authority be “specific.” It explained that the change was made, “to make clear that the bill would not deprive the President of any implied powers which he may have to make executive agreements.” S. Rep. 93-1286 on S. 3830. The bill thus amended was reported out without hearings and passed the Senate without debate. 120 Cong. Rec. S 19867-69 (Nov. 21, 1974, daily ed.). It is consistent with this history to surmise that, in its concern to preserve implied Presidential authority, the Judiciary Committee overlooked the fact that it was reducing the effective scope of the bill to coverage of only unauthorized agreements.

The other bill before you, S. 1251, has a broader scope than S. 632. Indeed, it can be read as being wider than existing understandings of what normally constitute executive agreements. Section 3 of S. 1251 defines executive agreement to include “any bilateral or multilateral international agreement or understanding, formal or informal, written or verbal, other than a treaty, which involves, or the intent is to leave the impression of, a commitment of manpower, funds, information, or other resources of the United States.” No exceptions are made. Under Section 2(a) all such agreements must be transmitted to the Senate and are subject to a 60-day waiting period unless the Senate sooner passes a resolution of approval or disapproval. (The House has no role to play under S. 1251.)

I had intended to say that the Department of Justice is rarely involved in the making of executive agreements, and thus would leave discussion of the practical problems involved in the 60-day waiting period to other agencies. With the broad definition that S. 1251 contains, however, I am not sure such a statement would be accurate. On any one day there may be innumerable informal arrangements made by individuals or units in the Immigration and Naturalization Service, the Drug Enforcement Administration and the Federal Bureau of Investigation which might be considered to fall within the definition. For example, an oral agreement between I&NS officials and Mexican authorities that the Service will deliver over certain illegal immigrants on a certain day at a certain time could be thought to qualify.

I will indeed leave it to other agencies to expand further upon such examples, since I am sure their problems would be even greater than ours. I do want to note, however, my strong view that the definition of S. 1251 is inadvisably broad—so broad that, if interpreted literally, it is plainly unworkable. You should also be aware, moreover, that even at this cost it does not achieve the apparent intent of eliminating all doubt that every possible agreement must be submitted to the Congress. That is to say, one can reasonably take the position that “informal understandings” do not ordinarily constitute, or even give the impression of, a binding commitment of the United States to provide manpower, funds, information, or other resources. In other words, your dependence upon good-faith submission of important agreements by the executive branch would not be eliminated by this strange definition; nothing will have been accomplished but a muddying of the waters.

Thus, each of the two bills presents at the outset difficult questions of construction. In this respect, they represent extremes. S. 632 is on its face so narrow that one is at a loss to construe it sensibly without making it meaningless; S. 1251 is so broad that, if taken literally, it could create serious administrative problems for the executive branch.

Beyond this, both bills raise fundamental issues concerning the proper roles of Congress and the Executive. They have the potential of precipitating constitutional conflict affecting virtually the entire field of our foreign affairs. No one can deny that in many areas Congress can and does legislate standards for the making of executive agreements. A good example is the P.L. 480 program, under which the President is authorized to negotiate and carry out agreements with friendly countries for the purchase and sale of agricultural commodities. 7 U.S.C. 1701. Congress has frequently reviewed and amended that program, through normal legislative methods, to adapt it to changing conditions. Congress has set the standards, in as much detail as it wished, for making the agreements, and the executive branch has carried out the law. By thus focusing on a particular subject area over which it has clear legislative competence under the Constitution, Congress has carefully and intelligently controlled the executive agreement process.

Unfortunately, the bills before us do not legislate on specific substantive areas of concern to the Congress; but attempt to subject all executive agreements to a requirement of subsequent Congressional approval. In doing this, they carry Congress beyond its proper function of making laws under Article I of the Constitution, and thrust it into the role of executing the laws, reserved to the President under Article II. The balance of my testimony will be devoted to a discussion of the precise manner in which these bills would violate specific provisions of the Constitution; but my basic appeal is to the inherent repugnance of the overall scheme to our accepted constitutional framework. As our system operates, the Congress makes the laws, within its fields of competent authority, in as much detail as it desires; the President executes those laws, with due regard for the congressional intent; and the Judiciary determines the laws to be of no effect when they exceed congressional authority and determines the President's application of the laws to be of no effect when it is inconsistent with valid congressional prescription. This rough division of government power is what the doctrine of separation of powers is all about.

Under this proposed legislation, however, the Congress would seek to control executive action not by passing laws before the fact, but by requiring authorized actions under existing law to be submitted for its approval. These bills are the approximate equivalent, in the foreign affairs field, of a law that would purport to render all executive orders and regulations under domestic law ineffective until presented for congressional endorsement. I would hope it is apparent upon the face of the matter—and even to one who is not familiar with the specific clauses of the Constitution violated by such an arrangement—that this is simply not the

manner in which the United States Government is supposed to function. When, under such an arrangement, the Congress attempts to deny effect to an executive action validly taken under existing law, it is usurping the function of the Executive; and when it purports to invalidate such action on the basis that the action was not authorized, it is usurping the function of the Judiciary. I would hope, in short, that it would be entirely clear, even without the more technical discussion which I am about to embark upon, that when the Constitution established a system in which the Congress makes the laws and the President executes them, it did not envision or permit a system in which the Congress could pass a law which says: "The President may do anything within his authority we have not otherwise prohibited, so long as he submits all of that action for our prior approval."

Turning now to a more legalistic discussion of the problem: As the bills are drafted, there are two basic constitutional defects. First, Congress cannot in any manner restrict or modify powers which the Constitution reserves to the President alone. Second, as to those Presidential powers—conferred by the Constitution, treaty or statute—which are subject to congressional restriction or modification, Congress cannot impose such restriction or modification by the device of concurrent resolution or Senate resolution. As far as the first point is concerned, it is clear that some subjects, such as the recognition of foreign governments or the conclusion of operational arrangements on the battlefield are exclusively Presidential in nature and not subject to limitation by Congress, even by statute. See Art. II, sections 2 and 3; *United States v. Belmont*, 301 U.S. 324 (1937); *United States v. Pink*, 315 U.S. 203, 229 (1942). Cf. *Ex parte Milligan*, 71 U.S. 2, 139 (1866). It would be difficult to anticipate or describe all of the circumstances in which the President's exclusive powers might form the subject matter of executive agreements. In practice they have done so rarely, and executive agreements of this sort constitute by far the smallest category. The 1973 Report of your Subcommittee (p. 34) includes an ingenious and not unlikely example: an executive agreement to grant a Presidential pardon to an alien in this country in exchange for like treatment of an American abroad. Since the pardon power is vested in the President alone (see Art. II, section 2), it would be difficult to see how Congress could negate such an agreement, even by statute passed over the President's veto. A fortiori the concurrent resolution and Senate veto established by the present bills would be ineffective. With respect to executive agreements asserting only exclusive Presidential powers, then, the present bills would contravene the Constitution.

I turn next to agreements whose subject matter involves Presidential powers (conferred by the Constitution, statute or treaty) which are constitutionally subject to congressional control. In my view it is clear that such agreements are valid and binding unless Congress limits the Presidential powers in question by the one means available to it under the Constitution: legislation passed by both Houses and submitted to the President for his approval. Congress cannot repeal or amend or restrict Presidential powers by concurrent resolution as provided in S. 632 or by resolution of the Senate alone as provided in S. 1251, since this would distort the constitutional legislative process by avoiding the President's veto.

The difficulty is not solved by the fact that this legislation itself must pass over the President's veto. For this legislation does not purport to remove Presidential power to enter executive agreements (it is doubtful that it could constitutionally do so) or Presidential power to act in all of those substantive areas which the category of executive agreements we are now discussing might deal with. The legislation would leave the power, but subject it to a congressional restriction which is simply not envisioned by the Constitution. One might reasonably ask, if the Congress can do the greater (take away the power entirely), why can it not do the lesser (subject the use of the power to congressional approval)? I can best explain by an analogy to the law of property: A person is entirely free under the common law to refuse to sell his real property, but if he chooses to sell it he cannot subject it to continuing restrictions, so-called "restraints on alienation," which are inconsistent with full title in the new owner. So also, the Congress has authority to deprive the President completely of substantive powers in a number of fields; but unless it is willing to take that drastic step, it cannot leave the powers intact and yet subject them to formal restrictions other than those that can subsequently be imposed by the normal legislative process. The need for this doctrine should be obvious: Without it, the carefully drawn legislative procedure of the Constitution could be entirely evaded by a congressional grant of enormously broad powers and authorities to the President, subject only to the condition that Congress approve

their exercise by concurrent resolution. In effect, our laws would thereafter be made by the Congress alone, without any effective Presidential participation.

The language and history of the Constitution indicate that the veto power of the President was intended to apply to *all* actions of Congress which have the force of law. It would be difficult to conceive of language and history which make the point more explicitly. Two provisions of Article I, section 7 are involved. The Constitution provides, first, that every bill which passes the House of Representatives and the Senate, shall, before it becomes a law, be presented to the President for his approval or disapproval. If disapproved it does not become law unless repassed by a two-thirds vote of each House. (Art. I, sec. 7, clause 2).

The problem that we faced today was foreseen by the Framers. At the Constitutional Convention it was recognized that Congress might evade the above-described provision by passing "resolutions" (the precise language of these proposals) rather than bills. During the debate on this clause, James Madison observed that "if the negative of the President was confined to bills; it would be evaded by acts under the form and name of Resolutions, votes &c . . ." Madison believed that additional language was necessary to pin this point down and therefore "proposed that 'or resolve' should be added after 'bill' . . . with an exception as to votes of adjournment &c." Madison's notes show that "after a short and rather confused conversation on the subject," his proposal was, at first, rejected. 2 M. Farrand, *The Records of the Federal Convention of 1787*, 301-02 (1937 Rev. ed.) ("Farrand"). However, at the commencement of the following day's session, Mr. Randolph, "having thrown into a new form" Madison's proposal, renewed it. It passed by a vote of 9-1. 2 Farrand 303-05. Thus, the Constitution today provides—not in clause 2 of section 7, dealing with the passage of legislation (which has its own Presidential veto provision), but as an entirely separate clause 3—the following:

"Every Order, Resolution, or Vote to which the Concurrence of the Senate, and House or Representatives may be necessary (except on a question of Adjournment) shall be presented to the President of the United States; and before the Same shall take Effect, shall be approved by him, or being disapproved by him shall be repassed by two-thirds of the Senate and House of Representatives, according to the Rules and Limitations prescribed in the Case of a Bill."

It should be apparent from the wording of this provision, and from its formulation as a separate clause apart from the clause dealing with legislation, that it was intended to protect the President against all congressional evasions of his veto power, and not merely those that were formally connected with the legislative process. Of course, the fact that it refers only to concurrent resolutions, and not to one-House resolutions such as S. 1251 would provide, was not meant to sanction avoidance of the Presidential veto by the latter process; rather, the omission was meant to exclude from the veto requirement those instances in which, under the Constitution, the Senate has authority to take binding action on its own—to wit, in ratifying treaties and in confirming the appointment of Federal officers (Article II, section 2). The Framers probably never even envisioned that, apart from those constitutionally prescribed instances, a single House would purport to take any legally effective action on behalf of the entire Congress. In other words, the provision of S. 1251 for a one-House resolution is not in literal violation of section 7, clause 3 of the Constitution only because it has, in addition to the defect which that provision addresses, the defect of being an unlawful delegation of congressional power to one of its Houses.

The purpose of the veto was not merely to prevent bad laws but to protect the powers of the President from inroads of the kind represented by S. 632 and S. 1251. Leading participants in the Convention of 1787, such as James Madison, Gouverneur Morris and James Wilson, pointed out that the veto would protect the office of President against "encroachments of the popular branch" and guard against the legislature "swallowing up all the other powers." 2 Farrand 299-300, 586-87. In *The Federalist* (No. 73), Hamilton states that the primary purpose of conferring the veto power on the President is "to enable him to defend himself." Otherwise he "might be gradually stripped of his authorities by successive resolutions, or annihilated by a single vote." We are faced in this proposed legislation with precisely the situation these quotations describe. The actions of the President in carrying out one of his principal functions—as the sole instrument for the actual conduct of our foreign relations—will be subjected to impairment and reversal by congressional vote without protection of the Presidential veto.

Despite the explicit language of the Constitution and the clear evidence of the original understanding contained in the remarks of the Framers, statutes have

existed for some years which provide for congressional action by concurrent resolution. Moreover, although Presidents have vetoed proposed laws because of the unconstitutionality of such provisions, and have even more frequently registered their constitutional objections in signing statements, they have sometimes accepted such provisions in silence, and have on several occasions even proposed legislation containing them. This is to be explained, one presumes, by the Presidential determination of acute need for legislation which could not be obtained without the objectionable provision. Former Justice (and before that Attorney General) Jackson recounted that when President Roosevelt signed without objection the Lend Lease Act of 1941, 55 Stat. 32, he addressed an internal memorandum to the Attorney General stating, for the record, that in view of the importance of the legislation he felt constrained to sign the bill in spite of the fact that in his view section 3(c) purported to give legislative effect to congressional action not presented to the President and this violated Article I, section 7 of the Constitution. Jackson, *A Presidential Legal Opinion*, 66 Harv. L. Rev. 1353, 1357-58, (1953).

The argument suggests itself that repeated congressional use of such provisions, and occasional Presidential acceptance, comprise a constitutional practice which establishes their validity. This cannot be so. Custom or practice may indeed give conclusive content to vague or ambiguous constitutional provisions, but it cannot overcome the explicit language of the text—especially when that text is supported by historical evidence that shows it means precisely what it says. Moreover, if one is to rely upon practice, it must be both accepted and long standing. Repeated Presidential objections destroy the first of these characteristics, and the clear record of history eliminates the second. Use of the concurrent resolution is in fact a very recent phenomenon, and flatly contradicts what was the accepted understanding and usage until the second third of this century. A careful analysis of the historical practice was compiled by the Senate Judiciary Committee in 1897. It shows that from the First Congress through the nineteenth century concurrent resolutions were limited to matters "in which both Houses have a common interest, but with which the President has no concern." They never "embraced legislative provisions proper." S. Rep. No. 1335, 54th Cong., 1st Sess. 6 (1897). The report concluded that the Constitution requires that resolutions must be presented to the President when "they contain matter which is properly to be regarded as legislative in its character and effect." *Id.* at 8, quoted in part in 4 *Hinds' Precedents of the House of Representatives* § 3483. A concise formulation of the understanding may be found in Congressman Mann's statement that a concurrent resolution has "no force beyond the confines of the Capitol". 42 Cong. Rec. 2661 (1908).

It was not until the 1930's that enactments of the present sort first appeared, see R. Ginnane, *The Control of Federal Administration by Congressional Resolutions and Committees*, 66 Harv. L. Rev. 569, 575 (1953), and not until very recent years that they became fairly frequent. It has been recognized, even by their supporters, that they raise difficult constitutional issues. See, e.g., Memorandum of Senator Javits on the Foreign Assistance Act of 1961, 107 Cong. Rec. 15039 (1961); L. Henkin, *Foreign Affairs and the Constitution* 120-123 (1972). If, then, we are to give any credit to constitutional custom, we believe that it argues persuasively against the validity of congressional action by concurrent resolution. The tradition begun with the adoption of the Constitution and continued uniformly until relatively recent years is entitled to far greater weight than a disputed current practice.

I may add, that while the present bills present the occasion for our expression of concern about the concurrent resolution, they alone are by no means what prompts it. The Office of Legal Counsel has been concerned for some time with the dramatic increase in the number of legislative proposals which provide for concurrent resolutions, one-House vetos, and committee vetos. Unless the Congress comes to see the necessity of adhering to the clear language of the Constitution I fear that erosion of the separation of powers in this fashion will continue rapidly to accelerate. It is for this reason that I have discussed the point in such depth.

I apologize, Mr. Chairman, for the length of this statement which, as long as it is, does not exhaust the difficult and important problems with which it deals. For both the reasons I have discussed—the inappropriate scope of coverage and the concurrent resolution and one-House veto provisions—we oppose the enactment of both S. 632 and S. 1251.

Mr. LINDGREN. I will submit it to the committee this afternoon.

Mr. JOHNSON. Very good.

Mr. CASEY. Then to sharpen and make certain that there is no misunderstanding of the Department's position as it relates to this substitution of words, if the committee and the Congress saw fit to accept the Department's recommendation in this respect, in this specific respect—

Mr. JOHNSON. We are going to have to recess.

[Recess.]

Mr. JOHNSON. The committee will be in order.

We will proceed with the questioning by our counsel, Mr. Casey, or consultant, I should say.

Mr. CASEY. I think I was through with my questioning, Mr. Chairman. I was more or less summing up for the record what I had felt to be the case. That is, the present law does indeed contain the so-called committee veto provision. H.R. 6874 does not address that point. Therefore, the Department's proposed amendment to H.R. 6874 would not address that point insofar as it goes to committee review of loan applications. What H.R. 6874 really does is substitute the term "obligation of funds" for the term "appropriations."

But if the committee adopts the Department's proposed amendment H.R. 6874 it will simply be leaving that section of this statute intact and in the same posture it has been in since 1957. It will still be encumbered by committee veto legislation whether that be right or wrong; is that correct?

Mr. LINDGREN. Mr. Casey, yes.

Mr. Chairman, we would have no problem, whatever, with leaving the committee vetoes relating to appropriations in the statute as it is now.

Mr. JOHNSON. I wanted that cleared up because it is no use for us to go through with this if the administration and Department is opposed to the proposed change in the language. We might receive a veto; and we do not want to go through that exercise for nothing.

I presume what you have stated there, that if we were to pass the bill with this language in it, there would be a good opportunity that it would be vetoed on that ground.

Mr. LINDGREN. I think that's correct and I think the history of administrations previous also indicates that.

Mr. JOHNSON. That is one thing we wanted to clear up. The gentleman from Utah, Mr. Howe.

Mr. HOWE. I have no questions, Mr. Chairman.

Mr. JOHNSON. The gentlewoman from California, Mrs. Pettis?

Mrs. PETTIS. I have no questions, Mr. Chairman.

Mr. JOHNSON. The gentleman from Oklahoma, Mr. Risenhoover?

Mr. RISENHOOVER. No questions, Mr. Chairman.

Mr. JOHNSON. The gentleman from New Mexico, Mr. Lujan?

Mr. LUJAN. Yes. I am not a lawyer, much less being able to understand all this constitutional business, but apparently from what you are saying, we have been doing everything wrong up until now.

I sit on the Joint Committee on Atomic Energy. When we are submitted a proposal by ERDA now to sell products to some foreign country, the Congress has to approve it. But if the committee does not put out a resolution approving it, the whole Congress never sees it.

You are telling me that that is unconstitutional?

Mr. LINDGREN. Mr. Lujan, I am, yes. This issue has been a continuing debate between the Congress and the Executive, as I mentioned, probably since 1939.

Mr. LUJAN. They just did not choose to push it on that particular item?

Mr. LINDGREN. I would have to look into that particular act. It has been raised in a number of fashions. There have been veto messages, a number of them, in which bills have been vetoed on the ground that I indicated. There have been other instances in which a President has approved a bill, but with strong reservations and has raised specifically what he felt to be the constitutional provisions. The 1956 act here was such an instance. There have been times when he has not.

Mr. LUJAN. Are you referring to lines 15 and 16 where it says that unless the Senate Interior, House or Senate Interior and Insular Affairs Committee disapproves the project by committee resolution, that is the wording you are objecting to?

Mr. LINDGREN. That's correct.

Mr. LUJAN. If we did not delete that and simply changed that to say after 60 days on line 15, that the Congress does not disapprove the proposal by an appropriate resolution, then it would be all right?

Mr. LINDGREN. No, I am not saying that, Mr. Lujan. In fact, I would have to say that that again presents the same problem because, again, that would, for instance, bypass the veto prerogative of the President, again, that is laid down in the Constitution. Even if it were expanded to the whole Congress or whole House of the Congress, as opposed to a committee of one House of the Congress, the problem would be presented.

Mr. LUJAN. Thank you, Mr. Chairman.

Mr. JOHNSON. The gentleman from California, Mr. Clausen?

Mr. CLAUSEN. I am sorry I came in late, Mr. Chairman. But I am assuming you are addressing yourself to the separation of powers?

Mr. LINDGREN. That's correct.

Mr. JOHNSON. Any further questions?

Mr. CASEY?

Mr. CASEY. I have one on the other substantive departmental amendment which in effect recommends that subsection C of the act be deleted in its entirety. That is the provision of the bill that would allow the Secretary to increase loans on ongoing work.

Mr. STAMM. Pursuant to cost index increases.

Mr. CASEY. Pursuant to cost index and pursuant to minor changes and additions. As it is drafted, it requires the same parallel 60-day overview. The Department rather specifically opposed that. You read the reasons this morning.

My question is, this will call for a judgment from you, I think, Mr. Stamm; if the committee were to see fit to limit that paragraph by putting a period after the word "escalation," on line 5 of page 3 thereby limiting the Secretary's authority to increase these loans merely to compensate for inflation, and eliminate the requirement for committee overview of those rather simple transactions, is it your feeling that that language so limited would be any less odious to the administration than the language that is in there now?

Mr. STAMM. I believe if you were to do that, you would have eliminated the portion of section C that is most odious. I think you

would, in fact, merely be extending the Secretary's right to increase the cost pursuant to cost index increases from the time of submission. That is, on an annual basis to add to the original loan increases that might occur during the construction period of a given project. It would add some flexibility to his ability to apply cost indexes.

Mr. CASEY. One last quick point. That is a provision that cannot help but be useful to every applicant who has completed an application and who has not yet completed his project?

Mr. STAMM. Yes, sir, it would be helpful, and it would be consistent with the practice we follow in the regular reclamation program. The larger projects sometimes are constructed over five to ten years or more, and we do index those costs annually in connection with submission of our budget requests.

Mr. CASEY. Thank you. That is all.

Mr. JOHNSON. Any further questions?

We want to thank you, Mr. Stamm, and Mr. O'Brien, and the Solicitor. We hope you get back and participate in the swearing in ceremonies and that reclamation is not forgotten in the shuffle.

Mr. STAMM. Thank you for the opportunity.

Mr. CLAUSEN. I wonder if I could ask unanimous consent that I be permitted to direct some questions to them. I want to review a couple of things.

Mr. JOHNSON. You have heard the gentleman's request. Is there objection? Hearing none, so ordered.

Mr. CLAUSEN. It will relate to the question of the indexes.

Mr. JOHNSON. Very good. Give the Secretary our best wishes.

Mr. STAMM. We shall do so and we shall express your regrets.

Mr. JOHNSON. Our next witness is Mr. Doyle F. Boen, chairman of the Small Projects Committee of the National Water Resources Association.

Mrs. PETTIS. It is a great pleasure for me to welcome a constituent of mine to this hearing, Mr. Doyle Boen. He is well known to the members of the subcommittee; he will be testifying in his capacity as chairman of the Small Projects Committee of the National Water Resources Association. I should note that his regular job is general manager and chief engineer of the Eastern Municipal Water District in Hemet, Calif.

Mr. Boen has been active in trying to solve the problems of our country and my district's deficiencies in water. In fact, he helped develop the 1956 legislation which we are now considering for appropriate amendments today. I am sure his comments and suggestions on H.R. 6874 will be most helpful to us.

As a personal note, Mr. Chairman, since I am a new member of this subcommittee, it is good to know that an expert like Mr. Boen is my constituent.

Thank you.

Mr. JOHNSON. I am sure he is going to be a big help to you in making sure that you understand fully the Small Reclamation Project Act because he has been in the business ever since it started. He is here quite frequently. So you will probably see him here more than you do in your home county.

STATEMENT OF DOYLE F. BOEN, CHAIRMAN OF THE SMALL
PROJECTS COMMITTEE OF THE NATIONAL WATER RESOURCES
ASSOCIATION

Mr. BOEN. Thank you.

Mr. Chairman, I am overwhelmed by this introduction. I know on behalf of my associates in the District, we are delighted that our new Congresswoman, who was elected by such a strong majority, has been appointed to this committee that is so important to our particular District.

I thank you very much.

Mr. Chairman, I have a prepared statement. I am reluctant to read it.

Mr. JOHNSON. It is all right. We have time now. It is a matter of recessing for the votes, but if you want to read it, fine. It will be placed in the record as if read in full and you may summarize it. But you can do as you like.

Mr. BOEN. Thank you very much.

Since I have been so overly adequately introduced, I will omit the first paragraph and call your attention to a letter that I submitted to the Secretary yesterday from Robert T. Chuck, president of the National Water Resources Association. In his opening paragraph, Mr. Chuck identifies himself as president of the National Water Resources Association and member of its board of directors from the State of Hawaii.

He says, "I have maintained a keen interest in the Small Reclamation Projects program and am acutely aware of its current problems. I am proud of the relationship the association has maintained to the program, both in its inception and development in the early 1950's and in its improvement since that time. Your bill, H.R. 6874, which is now before the subcommittee, will adequately solve the serious problems which the program currently faces because of the rapid escalation in construction costs. The association strongly supports this bill and urges its immediate passage."

He closes by thanking the committee for the strong support "that you continue to give to water resources development programs which are so important to the Nation and of vital concern to the association."

Mr. JOHNSON. Mr. Chuck's letter will follow your prepared statement in the record.

[The documents follow.]

STATEMENT BY DOYLE F. BOEN, GENERAL MANAGER, AND CHIEF ENGINEER,
EASTERN MUNICIPAL WATER DISTRICT, HEMET, CALIF.

My name is Doyle F. Boen. I serve as General Manager and Chief Engineer of the Eastern Municipal Water District, with offices in Hemet, California. I am appearing before your Committee in the capacity of Chairman of the Small Projects Committee of the National Water Resources Association.

At the Association's Annual Convention in Fresno last November, our Committee recognized the need for updating, clarifying and extending certain provisions of the Small Reclamation Projects Act. As a result, a resolution describing the required amendment was presented to and approved by the Board of Directors and adopted by the Association. At that time, it was recognized that those particular amendments having to do with offsetting the effects of rapidly escalating

construction costs were of greatest need, but it was believed all of the amendments should be given serious consideration. Since that time, however, the need for the changes having to do with escalation of costs, as provided for in H.R. 6874, has become critical and, considering the need for further study of the remaining amendments, these more urgent amendments must now be moved ahead separately.

It has been reported that there are three organizations that have submitted loan applications to the Bureau of Reclamation for projects, the size of which does not exceed the limit provided in the original Act and for which estimated cost was less than the \$15 million allowable at the time their application was submitted. Now, it appears that, because of the rapid escalation in construction cost, the estimated cost of these projects will exceed the maximum cost limit before the time their applications can be processed to approval. This brings the combined efforts of the applicant and the Department of the Interior to a complete impasse.

It is also reported that there are three additional organizations in the process of preparing loan applications which will be faced with the same problem before their processing is completed. Likewise, numerous organizations who have not as yet filed their Notice of Intent are interested in projects that would otherwise qualify under the Act that are not applying because the escalating project costs exceed the present maximum limit. These problems would be corrected by Items 1 and 2 of H.R. 6874, which require that the Secretary of the Interior annually adjust the maximum allowable construction cost of a project such that it would be equivalent to the maximum project cost contemplated in the original Act.

It is of interest to note that, of the 49 Small Reclamation Projects completed to date, only eight have required supplemental loans; while, of the 14 now under construction, five have applied or are applying for supplemental loans. It should be recognized that, to obtain a supplemental loan requires essentially the same procedure as obtaining the initial loan and, although the preparation of the supplemental application is somewhat simplified, its processing time is practically the same; that is, one to two years or more. It does not require much imagination to visualize the consternation of these organizations with projects under construction, waiting for funds for completion while costs are increasing at the rate of about one percent per month. Item 3 of H.R. 6874 avoids the necessity of filing a supplemental application and much of the waiting time, by permitting the Secretary of the Interior to increase the amount of a loan which has become inadequate because of cost escalation, provided such increased amount is within the allowable limit.

By changing the one word "appropriation" in Subsection (d) of Section 4 of the Act to "obligation" as provided by Item 4 of the Bill, the limitation on action in providing loan funds is shifted from the Congress to the Secretary of the Interior. In other words, the Congress can then appropriate funds for a given loan before its application has spent 60 days before the Committees on Interior and Insular Affairs, but the Secretary will be unable to sign the repayment contract before the end of that period. This amendment will reduce the time required to provide loan funds by a year or more under certain circumstances which frequently occur.

Item 5 of the Bill provides that the maximum allowable amount of the loan will be two-thirds of the maximum allowable estimated total project cost, determined annually by the Secretary of the Interior, as provided by Items 1 and 2 of the Bill. This permits the amount of the loan to vary with the change in construction prices so that the share of the maximum allowable project cost which can be financed from loan funds remains the same as that established when the Act was last amended in 1971. This would increase the maximum loan for applications received during 1975 to \$15 million, thereby providing proper loan funding for the eight organizations that have filed Notices of Intent to apply for loans which were at or near the \$10 million limit at the time the Notice was filed, but have been subject to escalation at the rate of one percent per month since the filing date.

I have been informed that there are several agencies that are preparing or intend to prepare applications for loans under the Act that need loan funds to, among other things, purchase existing facilities where such acquisition is less costly than new construction and is not the principal purpose of the project. Although the Department of the Interior has found that such purchase is now possible under the Act to a minor degree, clarification of the Act in this respect is needed. The officers of some of these agencies needing this provision were

planning to appear as witnesses. I note that some of them are present and I am sure they will inform you in more detail concerning their requirements.

With your permission. I would like to discuss briefly the more important improvements in the Act which the National Water Resources Association is considering, but for which it is not now seeking legislation because of the urgent need for the amendments proposed by H.R. 6874.

In recent years, in keeping with the Clean Water Act, the agencies with responsibilities concerning water quality at both Federal and State levels have been imposing increasingly severe regulations involving water use and wastewater disposal. To comply with these regulations, the responsible local agencies are being required to make major revisions in their systems without adequate means of financing. This is imposing a terrific burden on these agencies, their water users and taxpayers. In the opinion of the National Water Resources Association, the Small Reclamation Projects Act, which is designed to assist local agencies in financing small multipurpose projects, provides an excellent means to assist in the required financing of system changes and would benefit both the general public taxpayer and the water users and taxpayers of the local agencies. The Association is, therefore, considering proposing an amendment to the Act which would specifically recognize the long-range preservation or enhancement of ground and surface water quality and the processing and utilization of reclaimed water as project purposes.

The Association continues to be increasingly concerned over the changing policies of the Administration and resulting unnecessary hardships and delays attendant thereto. The most recent and disturbing example began about three years ago, at which time it was learned that no loan applications were to be processed until a new policy had been developed concerning the degree of subsidy to be provided. The resulting policy, which was announced less than a year ago, set the maximum repayment period at 40 years instead of the 50 years provided by the Act, and established priorities in processing according to the degree of subsidy involved. That is, the proposals involving the least amount of subsidy would receive the highest priority in obtaining loans. In other words, the organizations best equipped to help themselves were to be the first to receive assistance, the same as the old adage, "Those who have, get". We believe this is directly opposed to the intent and purpose of the Act, the primary purpose of which was to assist water organizations needing help. It appears that this can be corrected only by amending the Act to prohibit discrimination.

To continue with the other respect of the problem, that is, the unnecessary and extended delays which are crushing the progress and success of the program, the above-described example caused a delay of at least two years in processing all applications under consideration in the Department at the beginning of the moratorium. As a result, at the end of the period, nine loan applications which had been submitted were returned to the applicants, primarily because their cost estimates were inadequate due to the escalation in construction costs which had occurred during the delay. These applications are all currently still under consideration in the Department. This single instance of unnecessary delay has cost the agencies involved, and the entire Nation, millions of dollars, not only in increased construction costs, but in the benefits which would accrue from the construction of the projects and from the projects themselves. These delays are also opposed to the intent and purpose of the Act, which was designed to reduce the time consuming and costly process required to obtain authorization of small projects through the normal Reclamation program. An easy and ready solution to this problem of unnecessary delays, which is of such great concern to so many people, is not now apparent and it is rumored that another similar policy change which would involve similar problems and delays is now being considered by the Administration.

On behalf of the Association, I wish to extend my profound thanks to Congressman Johnson for introducing H.R. 6874, which will solve the more urgent problems facing the Small Reclamation Projects program, and to Jim T. Casey, Chief of the Subcommittee Staff, for development of the Bill. I also wish to thank the Commissioner of Reclamation and his Staff and the members of the Staff of the Senate Interior Committee who have contributed to the solution of the problems involved.

And, finally, my thanks to the Chairman and the Committee for the opportunity to appear before you at this hearing.

NATIONAL WATER RESOURCES ASSOCIATION,
Washington, D.C., June 6, 1975.

Congressman HAROLD T. JOHNSON,
*Chairman, Subcommittee on Water and Power Resources, Committee on Interior and
Insular Affairs, Longworth House Office Building, Washington, D.C.*

DEAR CONGRESSMAN JOHNSON: As President of the National Water Resources Association, and the member of its Board of Directors from the State of Hawaii, I have maintained a keen interest in the Small Reclamation Projects Program and am acutely aware of its current problems. I am proud of the relationship the Association has maintained to the program, both in its inception and development in the early 1950's and in its improvement since that time. Your Bill, H.R. 6874, which is now before the Subcommittee, will adequately solve the serious problems which the program currently faces because of the rapid escalation in construction costs. The Association strongly supports this bill and urges its immediate passage.

I wish it were possible for me to appear at the Subcommittee hearing to lend both my personal and official support. However, inasmuch as this cannot be, I am asking Mr. Doyle Boen, Chairman of the Association's Small Projects Committee, to personally represent me. Mr. Boen served actively on this Committee during the years that the Act was originally developed and enacted and as Chairman of the Committee since 1957.

The State of Hawaii has, so far, only one Small Reclamation Project, the Molokai Project. The State's Department of Water Resources prepared the loan application, designed and constructed the project's works and is now operating the project. As the Department's General Manager and Chief Engineer, I have had firsthand experience in all phases of the Small Reclamation Projects program. The Project's construction period has not been so long ago that I cannot vividly recall the worrisome times during that period when, with delays in the construction program and escalating costs, I was concerned that the total costs might exceed the maximum and that the loan funds would be inadequate to complete the job. I am, therefore, in complete sympathy with those organizations facing similar problems but now more serious and compounded by unprecedented rates of inflation, and give my personal support to H.R. 6874 on their behalf.

As President of the National Water Resources Association, I wish to thank you and your Committee for the strong support that you continue to give to water resources development programs which are so important to the Nation and of vital concern to the Association.

Sincerely,

ROBERT T. CHUCK, *President.*

Mr. BOEN. At the association's annual convention in Fresno last November, our committee recognized the need for updating, clarifying and extending certain provisions of the Small Reclamation Projects Act. As a result, a resolution describing the required amendments was presented to and approved by the board of directors and adopted by the association.

At that time, it was recognized that those particular amendments having to do with offsetting the effects of rapidly escalating construction costs were of greatest need, but it was believed all of the amendments should be given serious consideration.

Since that time, however, the need for the changes having to do with escalation of costs, as provided for in H.R. 6874, has become critical and, considering the need for further study of the remaining amendments, these more urgent amendments must now be moved ahead separately.

It has been reported that there are three organizations that have submitted loan applications to the Bureau of Reclamation for projects, the size of which does not exceed the limit provided in the original act and for which estimated cost was less than the \$15 million allowable at the time their application was submitted. Now, it appears that, because of the rapid escalation in construction cost, the estimated cost of

these projects will exceed the maximum cost limit before the time their applications can be processed to approval. This brings the combined efforts of the applicant and the Department of the Interior to a complete impasse.

Now we go ahead and justify the escalation of tying the maximum cost of projects to the index, and we go ahead to say that it is of interest to note that, of the 49 small reclamation projects completed to date—of course, these go back to the early 1950's—only 8 have required supplemental loans; that is, 8 out of 49, while, of the 14 now under construction, 5 have applied or are applying for supplemental loans.

It should be recognized that, to obtain a supplemental loan requires essentially the same procedure as obtaining the initial loan and, although the preparation of the supplemental application is somewhat simplified, its processing time is practically the same; that is, 1 to 2 years or more. It does not require much imagination to visualize the consternation of these organizations with projects under construction, waiting for funds for completion while costs are increasing at the rate of about 1 percent per month.

Of course, others are facing the same problem as it is being considered. Section C of the bill avoids the necessity of filing a supplemental application, and much of the waiting time, by permitting the Secretary of the Interior to increase the amount of a loan which has become inadequate because of cost escalation, provided such increased amount is within the allowable limit.

I note with great interest the opposition of the administration with respect to this proposal and Mr. Casey's proposed compromise which appeared to lessen their opposition and which I believe would be entirely satisfactory. It solves the major problem and provides the solution to the major problems.

We discuss in our statement the matter of expediting the funding of projects once they have reached the Washington level by making it possible to have appropriations in advance and having the Secretary have the authority to obligate funds following the usual review procedure and we would hope that that could be worked out because a year's delay, which frequently occurs, is very costly to the applicants and requires more money to fund projects on the part of the Federal Government.

There has been much discussion on the establishment of the two-thirds ratio between the maximum size of a project and the amount of loan which maintains the ratio as it is in the present law. I will not discuss that.

I have been informed that there are several agencies that are preparing or intend to prepare applications for loans under the Act that need loan funds to, among other things, to purchase existing facilities where such acquisition is less costly than new construction and is not the principle purpose of the project. Although the Department of the Interior has found that such purchase is now possible under the act to a minor degree, clarification of the act in this respect is needed. The officers of some of these agencies needing this provision were planning to appear as witnesses.

I note that Mr. Price is present and I am sure he will inform you in more detail concerning their requirements.

I have had the privilege of discussing possible language and hope that an amendment to your bill can be implemented to make this possible.

I would like to just touch on some of the other amendments that are under consideration, but are not included in the bill and we are not in a position to make specific recommendations at this time.

In recent years, in keeping with the Clean Water Act, the agencies with responsibilities concerning water quality at both Federal and State levels have been imposing increasingly severe regulations involving water use and wastewater disposal.

To comply with these regulations, the responsible local agencies are being required to make major revisions in their systems without adequate means of financing. This is imposing a terrific burden on these agencies, their water users and taxpayers.

In the opinion of the National Water Resources Association, the the Small Reclamation Projects Act, which is designed to assist local agencies in financing small multipurpose projects, provides an excellent means to assist in the required financing of system changes and would benefit both the general public taxpayer and the water users and taxpayers of the local agencies.

The association is, therefore, considering proposing an amendment to the act which would specifically recognize the long-range preservation or enhancement of ground and surface water quality and the processing and utilization of reclaimed water as project purposes. We will do this as soon as our study is complete.

The association continues to be increasingly concerned over the changing policies of the administration and resulting unnecessary hardships and delays attendant thereto. The most recent and disturbing example began about 3 years ago, at which time it was learned that no loan applications were to be processed until a new policy had been developed concerning the degree of subsidy to be provided.

The resulting policy, which was announced less than a year ago, set the maximum repayment at 40 years instead of the 50 years provided by the act, and established priorities in processing according to the degree of subsidy involved. That is, the project proposals involving the least amount of subsidy would receive the highest priority in obtaining loans. In other words, the organizations best equipped to help themselves were to be the first to receive assistance, the same as the old adage, "Those who have, get."

We believe this is directly opposed to the intent and purpose of the act, the primary purpose of which was to assist water organizations needing help. It appears that this can be corrected only by amending the act to prohibit discrimination in some form.

To continue with the other aspect of the problem, that is, the unnecessary and extended delays which are crushing the progress and success of the program periodically, the above-described example caused a delay of at least 2 years in processing all applications under consideration in the Department at the beginning of the moratorium.

As a result, at the end of the period, nine loan applications which had been submitted were returned to the applicants, primarily because their cost estimates were inadequate due to the escalation in construction costs which had occurred during the delay.

These applications are all currently still under consideration in the Department. This single instance of unnecessary delay has cost the agencies involved, and the entire Nation, millions of dollars, not only in increased construction costs, but in the benefits which would accrue from the construction of the projects and from the projects themselves.

These delays are also opposed to the intent and purpose of the act, which was designed to reduce the time consuming and costly process required to obtain authorization of small projects through the normal reclamation program. An easy and ready solution to this problem of unnecessary delays, which is of such great concern to so many people, is not now apparent and it is rumored that another similar policy change which would involve similar problems and delays is now being considered by the administration.

On behalf of the association, I wish to extend my profound thanks to Congressman Johnson for introducing H.R. 6874, which will solve the more urgent problems facing the small reclamation projects program, and to Jim T. Casey, chief of the subcommittee staff, for development of the bill.

I also wish to thank the Commissioner of Reclamation and his staff and the members of the staff of the Senate Interior Committee who have contributed to the solution of the problems involved.

Finally, Mr. Chairman, I wish to thank you and your committee for your patience in such a long statement.

Mr. JOHNSON. We want to thank you, Mr. Boen, for giving us this very well-prepared statement on behalf of the association, which you serve as chairman of its Subcommittee on Small Reclamation Projects. I think you have done a very good job in pointing up the problems.

We discussed the problems in Fresno, and later when we had a conference here with the Senate staff, Mr. Casey, myself, the bureau, the minority people and yourself. I think we worked out a bill that would have a good chance of going through and taking care of the most urgent problems.

We realize there are other matters of concern, and you pointed those up in your statement here very well. I do believe that the committee will give further consideration at a later date to these matters. But as for now, I think the bill that is pending before us is about as much as we can do to clear the House and Senate and have it signed into law. It will be effective in helping the immediate situation we face by updating the costs so we can put through projects at the increased levels.

Mr. BOEN. Thank you.

Mr. JOHNSON. The gentleman from Utah, Mr. Howe?

Mr. HOWE. I have no questions, Mr. Chairman.

Mr. JOHNSON. The gentlewoman from California, Mrs. Pettis?

Mrs. PETTIS. I have no questions, Mr. Chairman.

Mr. JOHNSON. The gentleman from New Mexico, Mr. Lujan?

Mr. LUJAN. I hate to always have a question, but the obvious comes up.

You say that 5 out of 14 are now applying for supplementals. What bothers me in a lot of the legislation is that those that handle it well can get along well, and those that do not handle the thing—and I am not talking about reclamation projects necessarily; I am talking about

the whole range of Federal programs—why can nine make it within their estimate and five cannot? Is it because those nine operate properly, and I do not even know which particular projects we are talking about, but if nine can make it, why should not the other five?

Mr. BOEN. Mr. Chairman, that is an excellent question. It does not necessarily have anything to do with the expertise of the applicant. This, we feel, represents the inflation problems that the particular applicant agency has been faced with. If their application has been pending for a considerable time and the escalation of costs has advanced beyond its ability to complete the project, it is in trouble.

At 1 percent per month over the past several 3 or 4 years, there would be nothing that an agency could do.

Mr. LUJAN. But that would make all 14 above their estimate, would it not?

Mr. BOEN. Yes, and you see some of those, of course, had earlier starts. Some of them had less delay. I feel it is not a reflection on the agencies. It is a reflection that nine projects were sent back. They were at the Washington level when this moratorium occurred; so their construction estimates became inadequate and they had to go back and start all over again.

Well, these projects that I mentioned that are having these problems were experiencing similar problems.

Mr. LUJAN. Did these five experience administrative delays as opposed to the nine which are under construction that are not having any escalation?

I am trying to find a reason why those five need more money and the other nine do not. If it has to do with administrative delays, then perhaps we might be able to do something about it. But if it is just the operation that the nine are more efficient than the five then maybe we ought to look to those sources.

Mr. BOEN. I really do not believe that is the problem. I believe that, for the most part, having their project exceed the established loan at the time, that they were initiated and the study was made, I think that is more a product of this escalation. Two projects might start together, and one might be under construction a year or two before the other. Where you have 10 or 15 percent escalation per year for those projects, they are in a dilemma beyond their control. I have documentation for these particular projects, and I would be very pleased to report them to you. I did not go to that detail in my statement to identify them, but I could give them to you.

Mr. JOHNSON. Would the gentleman yield?

Mr. LUJAN. Yes, Mr. Chairman.

Mr. JOHNSON. Maybe those that were completed had a little better situation within their own organization where they could move forward on their own funds.

Mr. JOHNSON. Many of the districts are better off than the other ones. Sometimes they go ahead and complete their projects because they have private means for doing it within their own organization.

Mr. BOEN. May I add something, Mr. Chairman?

Mr. JOHNSON. Yes.

Mr. BOEN. The point I was making is that in the earlier projects under the program prior to the rapid escalation, there was a relatively small percentage of projects that had to go back for supplementals.

Now during the period of escalation it is almost the rule rather than the exception.

Mr. LUJAN. I understood the difference.

Mr. BOEN. The whole situation, of course, discourages good, honest estimating which is, I think, desirable on the part of the applicant and the Federal Government.

Mr. LUJAN. Thank you, Mr. Chairman.

Mr. JOHNSON. The gentleman from California, Mr. Clausen.

Mr. CLAUSEN. Mr. Boen, with the clarity of your statement and your response to the questions, you have clearly lived up to the laudatory introduction by your Congresswoman, Mrs. Pettis, I might add.

Mr. BOEN. Thank you.

Mr. CLAUSEN. You made reference to something that interests me a great deal, namely, with the increasing regulations that are being promulgated by both the Federal and State agencies as it relates to the handling of wastewater disposal problems. Do you feel that the Small Reclamations Project Act, properly amended, may very well be the financing vehicle through which this kind of problem of financing can be handled?

Could you give me an example of how this would apply, particularly as it relates to a wastewater disposal program?

Mr. BOEN. The wastewater disposal would be a minor part under this program. But since the program is the only program that I am familiar with that covers multipurpose projects whereby a water agency may incorporate supply, distribution, and truly manage the water-related problems through a single multipurpose project.

Now with respect to the wastewater, if you are in an agricultural area, obviously, and wherever it is permissive, it would be very desirable to provide adequate distribution systems for making the highest use of the wastewater and to provide irrigation and distribution systems to utilize the water. That is just one purpose. I do not think it is envisioned here to compete with sewage treatment plants under other programs, but to, as a multipurpose undertaking, solve the water problems.

But, we have many requirements to improve the quality of the water supply. As a part of the multipurpose project development, it is desirable where these new requirements are being met, to incorporate this into the program so that we avoid doing these things piecemeal.

Mr. CLAUSEN. A final question, then, would be, if I understand you correctly, it is not your intent to offer suggestive language for amendment in this bill?

Mr. BOEN. No.

Mr. CLAUSEN. You are looking at it long range and will have something that could be presented as we give future consideration to this program?

Mr. BOEN. Mr. Clausen, I was fully aware that your committee is principally concerned with the language in this bill. We sort of just felt that we would be remiss if we did not display the entire problem.

Mr. CLAUSEN. I am pleased that you did.

Mr. JOHNSON. Any questions from either of the consultants?

Mr. CASEY. I would like to mention just one thing and it might be better to leave this line of questioning to Mr. Price; but Mr. Boen's statement emphasizes the desirability of amending the small projects

program to make it clear that loan funds may be used to purchase existing facilities as distinct from constructing them.

I understand Mr. Price intends to elaborate on this. I would like to ask you, however, if you are aware of a number of opportunities to utilize that particular provision of the act if indeed it were so amended? And if you are aware of a number of them, would you document that and furnish it to us for our record so we can see just whether this is a unique problem of Mr. Price's constituent organization, or whether it would have rather general application throughout the West?

Mr. BOEN. Mr. Chairman, I would be very interested in doing so. I would cite some of Congressman Howe's people that have this same problem where they are putting together rehabilitation and betterment by combining five existing small water groups into one composite. I would be delighted to do what you suggest.

Mr. JOHNSON. You heard the request for the material. Is there objection?

Hearing none, so ordered.

Mr. Boen, if you will prepare that and make it a part of the record. If there are no further questions, we thank you for appearing here.

Mr. BOEN. Thank you very much.

NATIONAL WATER RESOURCES ASSOCIATION

Washington, D.C., June 18, 1975.

Mr. JIM T. CASEY,

Consultant, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, House of Representatives, Longworth House Office Building, Washington, D.C.

DEAR JIM: While appearing before the Water and Power Resources Subcommittee last Friday you asked if I would submit documentation of the need for the proposed amendment to PL 984 by amending HR 6874 to provide for the use of loan funds to acquire existing facilities where they are suitable and cost less than new construction.

The following is a limited list prepared on short notice:

(1) The Pleasant Valley County Water District in Ventura County, California, is developing an application for a project which includes the construction of pipelines and ground water wells to supplement the surface water supply to meet peaks and better manage the water resources of the Valley. The acquisition of several suitable existing wells as a part of the project would be more economic and would avoid duplication. This project was described in considerable detail by Mr. William P. Price, Jr., Chief Engineer of that District, who testified before the Committee on June 13, 1975.

(2) The Lakeside Irrigation Water District at Hanford, California, spent several years in an effort to develop an application under PL 984 to acquire and improve a strategically located irrigation canal, to replace an open ditch distribution system with pipelines and to supplement the water supply and better serve the total area. The canal could not logically be duplicated and although its acquisition was supported by reviewing personnel of the Bureau of Reclamation, it was determined, at the Washington level, that the acquisition was not consistent with policy at that time under PL 984. In this instance, the proposed amendment would have provided clarification.

(3) The Yolo County Flood Control and Water Conservation District attempted to develop an application for a loan under PL 984 to buy a water distribution system in their service area owned by the Clear Lake Water Company, to improve and extend this system and provide supplemental water through construction of Indian Valley dam. Although the objectives of the project otherwise appeared to meet the requirements of the Act, it was determined that the acquisition of the existing facilities did not qualify. Several years of delay and increased project costs resulted before other means were found to accomplish this project.

(4) The Santa Ynez River Water Conservation District at Santa Ynez, California, following considerable lost time in deliberation, did receive approval for acquisition of existing facilities that, although not great in dollar value, were

difficult to duplicate. The proposed amendment would have avoided a loss of time in this instance by providing clarification in the Act.

(5) In the area surrounding Farmington, New Mexico, a Notice of Intent was filed in the year 1960 under PL 984 by a public agency to acquire and combine the distribution works of a nonpublic company and rehabilitate and enlarge the facilities to accommodate both service areas. The project was abandoned because it was not feasible without the acquisition necessary to combine works of separate companies.

(6) In the Safford Valley of Arizona there are a large number of ditch or canal companies that are mutually owned by the users. Personnel of the Bureau's Lower Colorado Regional Office and its local office at Phoenix have for many years worked with these canal companies in an attempt to work out consolidations and improvement of their canals to conserve water. The Brown Canal Company which improved its system with the assistance of PL 984 loan in the early 1960's could have included other small canal systems had the Act provided for acquisition of existing facilities.

I am sure that ample time to research the development history of the 125 projects, application or Notices of Intent under PL 984 would disclose many additional examples where the provision in the Act for acquisition of existing facilities would have improved the scope of projects. Also I believe many valuable potential projects under PL 984 such as those cited in Arizona and New Mexico were abandoned before reaching the Notice of Intent stage because of the limitation in acquiring existing facilities which is often needed to bring about consolidation and rehabilitation.

Hope that this may be of some value.

Best personal regards,

DOYLE F. BOEN.

Mr. JOHNSON. Our next witness will be Mr. William Price, chief engineer of the Pleasant Valley County Water District of Ventura County.

We have with us our colleague, Mr. Lagomarsino.

Mr. LAGOMARSINO. Thank you, Mr. Chairman.

I appreciate the opportunity to introduce Mr. Price. Mr. Price, as you know, is the consultant for the Pleasant Valley County Water District and United Water Conservation District, both of Ventura County.

I am probably, to some small degree, bending congressional courtesy, because Mr. Price really is a constituent of my colleague, Barry Goldwater. Barry is not here today. In any event, I am sure he would not mind, because I have had the honor of representing that area of eastern Ventura County area, some 13 years in the State senate, as well as for about a year here in the Congress.

In addition to that, the United Water Conservation District is partly in my district. I feel, having been born in Ventura County, that I still represent all of it, anyway.

Mr. JOHNSON. I am sure—your colleague, Congressman Goldwater will approve. He contacted me yesterday about this.

Mr. LAGOMARSINO. I just want to commend Mr. Price to you. I have known him a long, long time and have found him to be extremely knowledgeable on matters pertaining to water, and particularly as to matters pertaining to water in Ventura County. We have had our problems there with water projects and the administration of water policy, but I think we are working our way out of that. I think, in large part, it is due to the efforts and understanding and knowledge of Mr. Price.

Mr. Chairman, I simply wanted to come here and introduce him to you.

Mr. JOHNSON. Thank you for coming. Mr. Price is right at home here, I am sure. He is an oldtimer in this business. He has attended

the committee hearings many times and he attends all of the national association's conventions.

We are glad to have you here, Mr. Price. Go right ahead. Your full statement will be placed in the record.

[The complete statement follows:]

STATEMENT OF WILLIAM P. PRICE, JR., CHIEF ENGINEER, PLEASANT VALLEY COUNTY WATER DISTRICT, VENTURA COUNTY, CALIFORNIA AND FORMER GENERAL MANAGER-CHIEF ENGINEER OF THE UNITED WATER CONSERVATION DISTRICT, VENTURA COUNTY, CALIFORNIA.

Mr. Chairman, Gentlemen: My name is Wm. P. Price, Jr. I am representing both the Pleasant Valley County Water District of Ventura County, California and the United Water Conservation District, also of Ventura County, California. I am the Chief Engineer of the Pleasant Valley District and a consultant and former General Manager-Chief Engineer of the United Water District. Both of these Districts are keenly interested in the Small Reclamation Projects Act in that Pleasant Valley is now actively engaged in preparing an application for a loan under the Act, and United has an application now under consideration by the Department of the Interior.

I have with me statements that have been prepared by each of these Districts and, with your permission, will now read them, starting with that of the United Water Conservation District.

The service area of the United Water Conservation District includes the Santa Clara Valley and Oxnard Plain in Southwestern California. Its headquarters are in Santa Paula, California, about 60 air miles northwest of downtown Los Angeles. The District contains 86,400 acres of arable lands, most of which is presently irrigated, primarily for the production of a wide variety of vegetables and of citrus and avocados. Its present population is nearly 210,000.

The water supply for the people and lands of the District is derived almost entirely from groundwater. The groundwater supply is augmented by the District through the operation of two spreading grounds for which water is obtained from the District's storage reservoir on Piru Creek and diversions from that stream and the Santa Clara River. The quality of this groundwater has been continually degraded with time by man's activities until, presently, its mineral content is far below the standards recommended by the Public Health Service and is costing its users many thousands of dollars annually.

On August 20, 1974, the District submitted its final application for a Small Reclamation Projects loan of \$10 million to assist in financing a project to cost nearly \$15,000,000 if placed under contract for construction by July, 1976. These funds are to be used to construct a 24-mile long pipeline, the primary purpose of which is to capture the high quality State Project and local surface waters and convey them to the points of greatest need. At the time of submission of the final application, the engineering and economic report required for its support had been under preparation for about two years, about a third of which time was devoted to revisions made necessary by the escalation in construction costs. Since its submission, processing of the application has been delayed several times through reasons beyond the District's control and, as the result, the application has not yet reached the Washington level of the Bureau of Reclamation. In the meantime, construction costs are continuing to increase and, considering the processing time required before the application can be submitted by the Secretary to the Congress, and the 60 days required before the Congress, it is becoming doubtful that loan funds can be made available in time to award construction contracts by the planned date of July 1, 1976.

Unless some changes are made, the District will then be faced with the dilemma of having an urgently needed project which costs too much to qualify for a loan under the Small Reclamation Projects Act and for which other means of financing would be financially infeasible. Even if the limit is increased on the maximum estimated project cost, as is provided by Item 2 of H.R. 6874, the District would still be faced with at least another year of delay in revising and processing its application to increase the total project cost, which will have increased by another \$1.5 million during that year.

The District sympathizes with all of the many other organizations with applications being processed which are faced with a situation similar to our own and with those organizations having approved loans or projects under construction

with loan funds which have now become inadequate because of increased construction costs. We commend them for their patience and endurance.

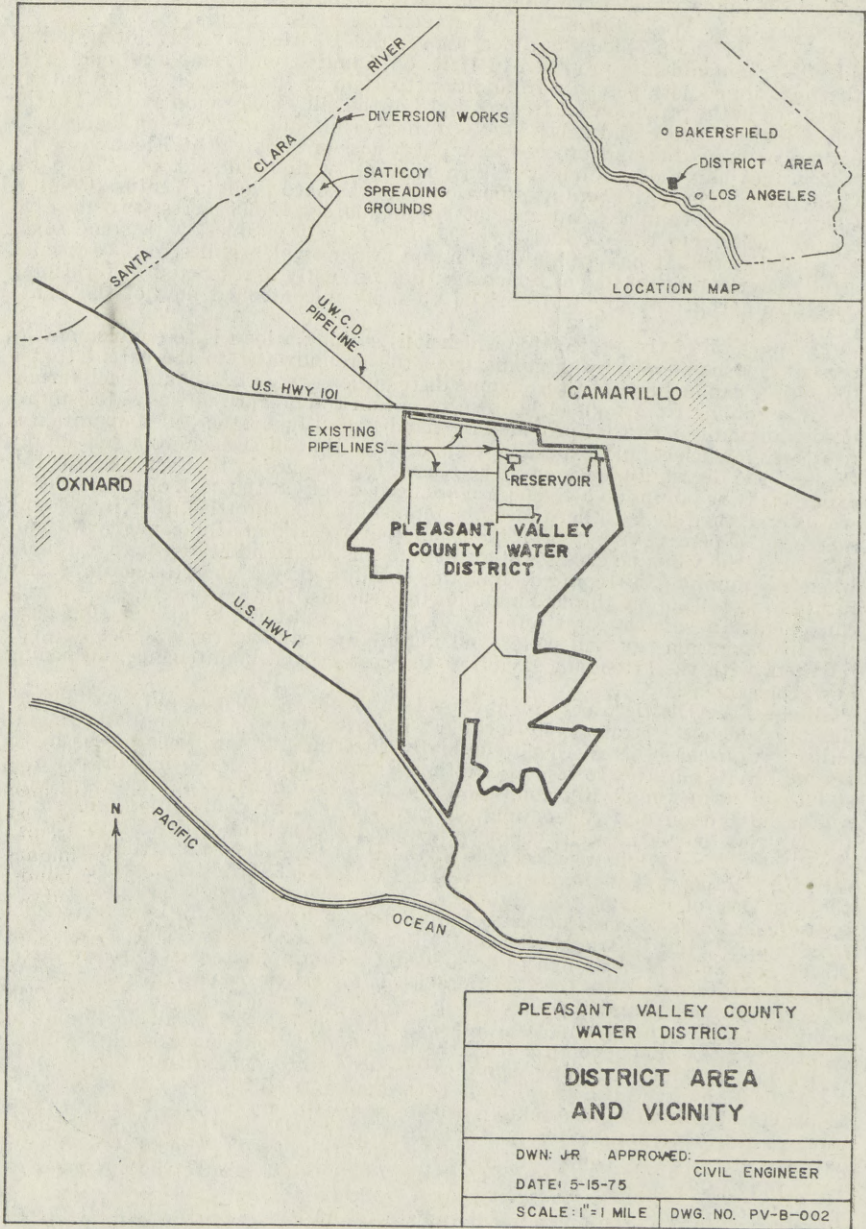
In view of the problems outlined above, the District is vitally interested in all of the amendments proposed in H.R. 6874 and strongly supports and urges the bill's immediate passage. In addition to Item 2, the District is particularly interested in the provisions of Items 3 and 4 of the bill which would avoid all of the unnecessary expense and delay involved in revising and reprocessing loan applications or preparing and processing applications for supplemental loans.

The Pleasant Valley County Water District, with headquarters at Oxnard, California, lies in the easternmost portion of the Oxnard Plain in Ventura County, California, and comprises an area of approximately 12,605 acres, two devoted almost entirely to the production of high quality vegetables, with some sugar beets and citrus. It has a pipe distribution system which is designed to furnish a full water supply to its entire acreage, but presently is restricted to furnishing only an intermittent supply from the virtually uncontrolled flow of the Santa Clara River.

The purpose of the project for which it is seeking a loan is to supplement its present surface supply by pumping from the groundwater to the extent that a full supply can be furnished through its distribution system. Although each farmer is now pumping from wells of his own to obtain the balance of the water supply needed in addition to that provided by the distribution system, such operation is relatively inefficient and expensive compared to that of furnishing a full supply through the distribution system. The reason for this lies in the fact that the full capacity of the pumps on a given farm are needed only at the peak of the irrigation season and, therefore, at other times, the pumps must be throttled, thereby wasting scarce and expensive energy or, if maintained in operation at full capacity without throttling, the valuable excess water must be wasted. In addition, there are times when no pumping is required, but the standby power charges continue. By furnishing a full supply through pumping into the distribution system, the District can operate a smaller total number of pumps continuously at full efficiency, thereby saving energy and water and materially reducing the number of wells required, with the attendant saving in the cost of well maintenance, deepening and replacement.

Because the District does not now own any wells, it must acquire a sufficient number which are strategically located with respect to its distribution system, either by purchase of existing wells or by constructing new wells, or both, to accomplish its purpose. In response to the District's inquiry regarding the permissibility of using Small Reclamation Project loan funds to purchase existing wells, the Bureau of Reclamation, after rather lengthy deliberation, informed the District that some wells could be acquired by loan funds if their total cost constituted a very minor percentage of the total project cost. In these circumstances, it appears that the District is faced with two alternatives: either finance the purchase of most of the suitable existing wells through the sale of bonds, or use loan funds to construct an equal number of new wells. In view of today's bond market, the District's choice of alternatives is obvious; that is, to construct new wells, even though to do so would be to duplicate wells already there, and at a greater initial cost than the purchase of the existing ones. In consideration of overall economy and the effective use of taxpayers' money, we urge that, in addition to the amendments contained in H.R. 6874, the Small Reclamation Projects Act be amended to clarify the matter of purchasing existing facilities with loan funds by permitting such purchase where it is demonstrated to be more economical than the construction of new, similar facilities. To amend the Act to provide for a singular situation would probably not be justified. However, we have heard of a number of organizations with similar situations, some of whom have either tried and failed, or been discouraged from trying, and some who have given up without trying. We therefore again urge that the Act be amended as outlined.

We fully support the amendments now contained in H.R. 6874 and are well aware of the urgency of their passage in view of the continuing rapid rise in construction costs. Item (3), permitting the Secretary of the Interior to increase the amount of the requested loan, is of particular interest because it would avoid—for us as well as for the many other applicants—the frequent and extended delays and frustrations being experienced in revising and reprocessing loan applications in which construction cost estimates have become inadequate because of escalation due to inflation. Most important of all, by avoiding these delays, it will save millions of dollars in the continually rising construction costs and will create purposeful work to alleviate the unemployment problem.



Mr. JOHNSON. If you wish to summarize it or read it, that will be up to you.

Mr. PRICE. Mr. Chairman, thank you, members of the committee.

STATEMENT OF WILLIAM P. PRICE, JR., CHIEF ENGINEER,
PLEASANT VALLEY COUNTY WATER DISTRICT, VENTURA
COUNTY, CALIF., AND FORMER GENERAL MANAGER-CHIEF
ENGINEER OF THE UNITED WATER CONSERVATION DISTRICT,
VENTURA COUNTY, CALIF.

Mr. PRICE. My first apologies to Mrs. Pettis. At the time I wrote this, I did not know you were on the committee, so "gentlemen" should be expanded.

I think in order not to miss any of the points I have thought of, and because it is a rather brief statement, I will read it and be available for questions afterwards.

My name is William P. Price, Jr. I am representing both the Pleasant Valley County Water District of Ventura County, Calif. I am the chief engineer of the Pleasant Valley District and a consultant and former general manager-chief engineer of the United Water Conservation District. Both of these districts are keenly interested in the Small Reclamation Projects Act, in that Pleasant Valley is now actively engaged in preparing an application for a loan under the act, and United has an application now under consideration by the Department of the Interior.

I have with me statements that have been prepared by each of these districts and, with your permission, will now read them, starting with that of the United Water Conservation District.

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The water supply for the people and lands of the district is derived almost entirely from ground water. The ground water supply is augmented by the district through the operation of two spreading grounds for which water is obtained from the district's storage reservoir on Piru Creek and diversions from that stream and the Santa Clara River. The quality of this ground water has been continually degraded with time by man's activities until, presently, its mineral content is far below the standards recommended by the Public Health Service and is costing its users many thousands of dollars annually.

On August 20, 1974, the district submitted its final application for a small reclamation projects loan of \$10 million to assist in financing a project to cost nearly \$15 million if placed under contract for construction by July, 1976. These funds are to be used to construct a 24-mile long pipeline, the primary purpose of which is to capture the high quality State project and local surface waters and convey them to the points of greatest need.

At the time of submission of the final application, the engineering and economic report required for its support had been under preparation for about 2 years, about a third of which time was devoted to

revisions made necessary by the escalation in construction costs. Since its submission, processing of the application has been delayed several times through reasons beyond the district's control and, as the result, the application has not yet reached the Washington level of the Bureau of Reclamation. In the meantime, construction costs are continuing to increase and, considering the processing time required before the application can be submitted by the Secretary to the Congress, and the 60 days required before the Congress, it is becoming doubtful that loan funds can be made available in time to award construction contracts by the planned date of July 1, 1976.

Unless some changes are made, the district will then be faced with the dilemma of having an urgently needed project which costs too much to qualify for a loan under the Small Reclamation Projects Act and for which other means of financing would be financially infeasible. Even if the limit is increased on the maximum estimated project cost, as is provided by item 2 of H.R. 6874, the district would still be faced with at least another year of delay in revising and processing its application to increase the total project cost, which will have increased by another \$1.5 million during that year.

The district sympathizes with all of the many other organizations with applications being processed which are faced with a situation similar to our own and with those organizations having approved loans or projects under construction with loan funds which have now become inadequate because of increased construction costs. We commend them for their patience and endurance.

In view of the problems outlined above, the district is vitally interested in all of the amendments proposed in H.R. 6874 and strongly supports and urges the bill's immediate passage. In addition to item 2, the district is particularly interested in the provisions of items 3 and 4 of the bill which would avoid all of the unnecessary expense and delay involved in revising and reprocessing loan applications or preparing and processing applications for supplemental loans.

And now a statement for the Pleasant Valley County Water District.

The Pleasant Valley County Water District, with headquarters at Oxnard, Calif., lies in the easternmost portion of the Oxnard Plain in Ventura County, Calif., and comprises an area of approximately 12,605 acres. This is within the district and is a subdistrict of that area. This area is devoted almost entirely to the production of high quality vegetables, with some sugar beets and citrus. It has a pipe distribution system which is designed to furnish a full water supply to its entire acreage, but presently is restricted to furnishing only an intermittent supply from the virtually uncontrolled flow of the Santa Clara River.

The purpose of the project for which it is seeking a loan is to supplement its present surface supply by pumping from the ground water to the extent that a full supply can be furnished through its distribution system. Although each farmer is now pumping from wells of his own to obtain the balance of the water supply needed in addition to that provided by the distribution system, such operation is relatively inefficient and expensive compared to that of furnishing a full supply through the distribution system. The reason for this lies in the fact that the full capacity of the pumps on a given farm are needed

only at the peak of the irrigation season and, therefore, at other times, the pumps must be throttled, thereby wasting scarce and expensive energy or, if maintained in operation at full capacity without throttling, the valuable excess water must be wasted.

In addition, there are times when no pumping is required, but the standby power charges continue. By furnishing a full supply through pumping into the distribution system, the district can operate a smaller total number of pumps continuously at full efficiency, thereby saving energy and water and materially reducing the number of wells required, with the attendant saving in the cost of well maintenance, deepening, and replacement.

Because the district does not now own any wells, it must acquire a sufficient number which are strategically located with respect to its distribution system, either by purchase of existing wells or by constructing new wells, or both, to accomplish its purpose. In response to the district's inquiry regarding the permissibility of using small reclamation project loan funds to purchase existing wells, the Bureau of Reclamation, after rather lengthy deliberation, informed the district that some wells could be acquired by loan funds if their total cost constituted a very minor percentage of the total project cost.

In these circumstances, it appears that the district is faced with two alternatives: either finance the purchase of most of the suitable existing wells through the sale of bonds, or use loan funds to construct an equal number of new wells. In view of today's bond market, the district's choice of alternatives is obvious; that is, to construct new wells, even though to do so would be to duplicate wells already there, and at a greater initial cost than the purchase of the existing ones.

In consideration of overall economy and the effective use of taxpayers' money, we urge that, in addition to the amendments contained in H.R. 6874, the Small Reclamation Projects Act be amended to clarify the matter of purchasing existing facilities with loan funds by permitting such purchase where it is demonstrated to be more economical than the construction of new, similar facilities.

To amend the act to provide for a singular situation would probably not be justified. However, we have heard of a number of organizations with similar situations, some of whom have either tried and failed, or been discouraged from trying, and some who have given up without trying.

We therefore again urge that the act be amended as outlined.

We fully support the amendments now contained in H.R. 6874 and are well aware of the urgency of their passage in view of the continuing rapid rise in construction costs. Item (3), permitting the Secretary of the Interior to increase the amount of the requested loan, is of particular interest because it would avoid—for us as well as for the many other applicants—the frequent and extended delays and frustrations being experienced in revising and reprocessing loan applications in which construction cost estimates have become inadequate because of escalation due to inflation. Most important of all, by avoiding these delays, it will save millions of dollars in the continually rising construction costs and will create purposeful work to alleviate the unemployment problem.

Mr. JOHNSON: Thank you, Mr. Price.

We are going to have to recess again for us to go over and vote on an amendment to the energy bill. We will be back in 15 minutes.

[Recess.]

Mr. JOHNSON. The committee will resume.

Mr. Price, we want to thank you for a very well-written statement concerning the problems that face the two districts that you are here representing, one to be a very large overall district, and, as I understand, your second problem deals with a very small district within the overall district.

Mr. PRICE. Yes, sir.

Mr. JOHNSON. You stated that there are existing wells in the smaller district at the present time, but they are found on lands that were not included in the smaller district's land?

Mr. PRICE. No sir. All of the wells that we contemplate using are within the 12,000 acres of the Pleasant Valley District. There are some 200 of them. We selected out of those for consideration, about 80 of them. Then we did a lot of exploratory work and broke that down to 49. On the 49, we went into them in great detail and got that whittled down to 13 which are now under consideration, all within our district.

Mr. JOHNSON. They are within the small district that was set up to utilize the Small Reclamations Act?

Mr. PRICE. Yes.

Mr. JOHNSON. The lands that the wells are located on are part of the small district?

Mr. PRICE. Yes, sir; but all privately owned.

Mr. JOHNSON. Are they all part of the large district, too?

Mr. PRICE. Yes, sir.

Mr. JOHNSON. The lands that the wells are now on are all subject to taxation?

Mr. PRICE. In both districts.

Mr. JOHNSON. In both districts?

Mr. PRICE. Yes, sir.

Mr. JOHNSON. You have now boiled this down to probably 49 or 50 wells that are suitable for use?

Mr. PRICE. They were the ones we considered in detail. We have boiled it down to about 13 of them now, which we think would meet reasonable criteria of being suitable and durable enough to last out the terms of the mortgage, if you will, and that would have to be acquired to be used and would be more economical, say, than drilling new ones.

If I might add one thing, our problem has been this, that if we talk to a local taxpayer and say, "We are going to put a well, connect it to our pipeline."

He says, "Look, there is one over here right now. Why don't you use that?"

We are hard pressed to justify building a new well right next to his with taxpayers' money when there is one there that could be acquired at less cost; the reason for that partly being that yesterday it cost maybe \$60,000 or \$80,000 to drill and equip a 1,000-foot-deep well. Today that same well would cost perhaps \$100,000 to drill and \$20,000 to equip.

So we think it would be much more advantageous economically to buy existing ones provided they meet the requirements and will last

out the loan, and provided, second—and I agree with Mr. Casey on this—that there should be proper safeguards to ensure that the act to acquire them was not used improperly.

Mr. JOHNSON. I presume these are all willing sellers?

Mr. PRICE. That is the only way in which we would acquire them. The board has already said that if anybody does not want to sell their well, they are not condemning them.

Mr. JOHNSON. Now, during the consideration that has been given to these wells, has the Bureau of Reclamation participated in any way?

Mr. PRICE. Yes, sir. Before I went into the details of an engineering estimate, we took the problem to the Bureau offices in Sacramento and asked them about acquiring existing wells. There are no specific guidelines at this time about how much of a new project may consist of existing things. There are no parameters, 10 percent, 20 or 30. So it took about 4 months for them to decide that the wells that we were at that time considering were indeed a minor part of it. There may be more of them that would be advantageous, and it is my thought that for this job and other similar ones there should be some guidelines established by the Congress to say, "These are the limits within which you guys can work."

Mr. JOHNSON. Other than the wells, who do you take water from?

Mr. PRICE. We get water from the parent district United Water, from a surface diversion, take it through 13 miles of pipeline and it delivers it to our district. In some years there is no water available for diversion from surface flow. In some years there is a full supply. In those years in which there is zero water available from United, we have to use all of our local wells independently, the private people. That is not effective. It means that there are more standby charges, more wells operating, less efficient.

Mr. JOHNSON. Where does United get its water from?

Mr. PRICE. It has a dam on Piru Creek. It brings it down the river and is currently proposing a pipeline to bring it down the river, and diverts it through about 13 miles of pipeline to bring it to the Pleasant Valley District. It also diverts surface water into two ground water recharge basins. It has a pipeline from El Rio serving the cities and naval missile center.

Mr. JOHNSON. You do not contract them, the Bureau of Reclamation?

Mr. PRICE. No, sir.

Mr. JOHNSON. Nor the State of California?

Mr. PRICE. The United District currently has a contract to buy 5,000 acre-feet of firm water annually from the State water plan, and they have anticipated some purchases of surplus water during the early years to come down Piru Creek into our regular facilities.

Mr. JOHNSON. The gentleman from New Mexico, Mr. Lujan.

Mr. LUJAN. Thank you, Mr. Chairman.

Mr. PRICE. I think that is an excellent idea, that you might be able to buy existing ones if they are cheaper. You say somebody gave you some information about some guidelines that we could use?

Mr. PRICE. The things that were suggested were that this be made subject to review similar to the basic project requirements. For example, Secretary of the Interior ultimately has to pass on the appro-

priateness of a total project. In talking to people in the Bureau and consultants here for the staff, I would agree that it would be desirable to have something that would require ultimately the Secretary to say—and that would be through the Chief Engineer, no doubt, of the Bureau—that these wells are suitable, will last long enough to last out the mortgage and that they will be more economical than drilling new ones.

Mr. LUJAN. Well, the lasting would be whether the underground supply is recharged?

Mr. PRICE. Mr. Lujan, that is not the problem here. There is a very massive aquifer under this whole area. The thing that is in point, in that area they may last only 25 or 30 years. If a well is already 20 years old, I would not recommend to the district that they buy it.

Mr. LUJAN. If it is just a hole in the ground, it does not get recharged?

Mr. PRICE. No, it gets recharged, but the casing will reduce or collapse. So you have to drill another one. But the well itself is what we want to buy. The water rights and ground water supply are there and our geologists assure us there is a 50- or 75-year supply available.

Mr. LUJAN. You say the particular farmer owns the water rights?

Mr. PRICE. The overlying landowners have the water rights. It will be merely a change in point of extraction from the same ground water basin. It is more efficient a way of getting water to their lands and everybody having their own private well.

Mr. LUJAN. You are saying they would have the same entitlement, it would not just become district water and apportioned out?

Mr. PRICE. They would have a full supply of water out of the pipeline as opposed to currently, out of their own wells and small pipeline systems.

Mr. LUJAN. Thank you, Mr. Chairman.

Mr. JOHNSON. The gentleman from California, Mr. Clausen?

Mr. CLAUSEN. No questions, Mr. Chairman.

Mr. JOHNSON. The gentlewoman from California, Mrs. Pettis?

Mrs. PETTIS. No questions, Mr. Chairman.

Mr. JOHNSON. Consultant, Mr. Casey?

Mr. CASEY. Yes, sir; I do have some questions.

The present Loan Program Act is clear that applicant districts are obliged at their own expense to acquire all right-of-way and all water rights; is that correct?

Mr. PRICE. Yes, sir.

Mr. CASEY. Now, if the committee developed language to clearly sanction the use of loan funds to acquire existing facilities, would it not follow that we would have to be careful not to come in conflict which this basic provision of law relative to water rights and right-of-way. We must not inadvertently authorize loan funds for the acquisition of water rights and right-of-way when we authorize you to buy John Doe's well?

Mr. PRICE. We would be only acquiring, as Mr. Lujan says, a hole in the ground with some machinery on it. The water rights are appurtenant to the land already as overlying owners. It would be the same water rights. They would be acquired and assigned to these wells, acquired by the district, and they would not be included in the loan application request, any amount for either water rights or for anything that had to do with water rights or rights of way.

Mr. CASEY. Then you would agree that it is important that we not fuzz up the law as it relates to water rights and right-of-way by adopting this, and that there should be certain care taken in drafting this amendment from that standpoint?

Mr. PRICE. Mr. Casey, I would be one of the people most opposed to anything that would damage this act because it has been a very valuable act to the West. I had one of the first or second projects that was put in in California, the Pleasant Valley. I would agree with you thoroughly that it needs to be carefully worded to protect against abuse. I think it can be done in talking with you. You are a good wordsmith, sir.

Mr. CASEY. One other point. Are you aware of any instance or any precedent in the administration of the Reclamation program, which includes the Loan program, whereby the committee has sanctioned the use of Federal funds for a facility where it did not indeed provide for the ultimate engineering veto to be vested in the Commissioner of Reclamation and his engineers?

Mr. PRICE. I know of at least one project in which a small facility was acquired as a part of a project. I believe there are others. However, I believe that the control of it rested with the Secretary through the Bureau of Reclamation.

Mr. CASEY. Then this would be one other thing we would have to be careful about is that the law require the Secretary's engineer, which, incidentally, when we authorize a project, he becomes the committee's engineer as well, to have the sayso in the final determination of the functionalism and durability of these facilities.

Would you agree with that?

Mr. PRICE. Mr. Casey, I agree with that thoroughly. There has to be proper controls.

Mr. CASEY. One other little thing. Boards of directors of local agencies are also frequently constituents of the agency. Board of directors are usually made up of the farmers. Now the board is in a position to buy something that is already there. There is always the possibility or the suggestion that a farmer is selling his well to himself in his capacity as president of the board of directors.

I guess implicit in that is that I am assuming that everybody has as devious a mind as I do. But probably there is somebody, someplace, that does have. How can we avoid those kinds of potential abuses in drafting this statute, or should we try to prevent those kinds of potential abuses?

Mr. PRICE. One thing which occurred to me which may or may not be practical would be to have an appraisal board. You are going to have to appraise the wells anyway, a representative of the landowner, of the district, and representative of the engineer. They have to pass on the durability, the expected life of every well. Whether it is the chairman of the board or any farmer on the district, the same criteria would have to apply. That board has never, ever tried to direct my technical advice to help or hinder any of them. They have only asked for my professional services to do the best I can, and I have no reason to think that that would not be continued.

Mr. CASEY. Fine.

Now, the last point—

Mr. JOHNSON. Just a minute. I would like to ask a question there.

As I understand it, if you did not have to use the loan fund, you could buy now. There would be no restriction on buying a farmer's well now, as far as the district is concerned?

Mr. PRICE. If we went out with bond funds and went to get them, we could. Actually, we have condemnation powers, but as a matter of policy, the Board is most reluctant to use those. In acquiring 20 miles of pipeline rights-of-way for the first project, I think only about one-quarter of a mile of the total amount had to be acquired ultimately by condemnation. It was all negotiated.

Mr. JOHNSON. But you have that right as a district?

Mr. PRICE. Yes, sir.

Mr. JOHNSON. If you could use your own funds, you could purchase these wells, bring them in, and augment your water supply?

Mr. PRICE. Yes, sir.

Mr. CASEY. My last point goes back to the question I asked Mr. Boen, if he would research his memory and records to document, perhaps, other applications of this.

I believe in your statement you said that you would not really ask for this if you were the only person that was going to be benefited by it. Is that a correct interpretation?

Mr. PRICE. I expected a gentleman to be here who has a very similar problem. I would be glad to work with Doyle—Doyle and I worked 20 years on this act—and help to get a statement supplementing our present statements.

Mr. CASEY. I feel the members would like to know whether they are considering a problem that has a rather general application and just how general it is. That is the reason I asked the question.

Mr. DAUM. The act as it now stands, it does authorize the acquisition of existing facilities, providing that acquisition does not represent the principal purpose of the loan; is that correct?

Mr. PRICE. Yes, sir.

Mr. DAUM. So that in proposing that the act more carefully, in more clearly chosen words, permit the acquisition of existing facilities, what you are really asking for is a clarification of the term "principal part of the loan"; is that correct?

Mr. PRICE. That's right. At the present time when you go to prepare a loan application report, you have no way of knowing whether you can submit something and go all the way through this thing and find out that when you get to a particular regional office, or solicitor's office in one of the regions, that they will say, "No, that is too much." If we knew it was going to be 10 percent or 20 percent or something, then we would avoid any costly delays of backing up and trying it again with something else. We would just like to know what the ground rules are, sir.

Mr. DAUM. So you are not proposing anything new to be added to the act insofar as the acquisition of this existing facility is concerned, other than clarification of the extent to which the acquisition of facilities, to the extent to which they represent a percentage of the loan?

Mr. PRICE. If I were suggesting language, I would say if you could remove that thing that says "minor" and perhaps put in something more specific, it would be most helpful.

Mr. LUJAN. I have something that has occurred to me.

Mr. JOHNSON. The gentleman from New Mexico.

Mr. LUJAN. You said that what really will happen is that farmer "A" has rights to pump out of that well, 1 acre-foot, for example. If the district were to acquire that 1 acre-foot, he would retain those rights, the farmer would retain those rights, and all that would happen is that it would go through the district's system and come back to him.

Where is the benefit to the district?

Mr. PRICE. The overall benefit to the district is in that there will be four total wells in operation, so everybody pays their taxes. This means there will be less standby charges for 50 wells than, say, 200. Because one well is used 30 days a month instead of 10 days a month. And that the replacement of a well which is substantially now for any farmer would be spread over the district as part of an overall water supply. So that the district would become a prime source of water for the whole 12,000 acres.

Mr. LUJAN. Can you take more water out of that well than the farmer is presently taking out of it?

Mr. PRICE. Yes, sir. At the present time, a good well in that area will take maybe, some of them 3 second feet up to as much as 5 second feet. The normal farmer's use will be something under 3. Some of the new Japanese farmers there who are doing a beautiful job of growing truck crops will tailor down to a quarter or a half. If they are doing that out of their own well, they screw down the valve and waste energy or open it wider and quickly run it down and it goes to the ocean, both of which are things we cannot afford.

Mr. JOHNSON. We want to thank you, Mr. Price, for coming in and giving us the benefit of your experience, your statement, and your responses to the question.

Mr. PRICE. Thank you very much for the opportunity to appear. I appreciate that and the help of your very capable staff people.

Mr. JOHNSON. Our next witness will be Mr. Stewart Sall, member of the Fort Mojave Farm Board. He is accompanied by Mr. Norvin McCord, chairman of the board.

If you gentlemen will come forward.

I would like to say Mr. Sall is also a farmer in my area. He is an orchardist and vineyardist; what else, I do not know. But I do know he is here in those capacities, anyhow.

We are glad to have you people here. You may proceed. If you have a prepared statement, we will accept it for the record or you may summarize and speak from your notes.

STATEMENT OF STEWART SALL, MEMBER OF THE FORT MOJAVE FARM BOARD; ACCOMPANIED BY NORVIN McCORD, CHAIRMAN OF THE BOARD.

Mr. SALL. Mr. Chairman, members of the subcommittee, Mr. McCord and I wish to express our appreciation for this opportunity to express our views concerning H.R. 6874, a bill to amend the act of 1956 as amended.

We wish to apologize for not providing a prepared statement. The chairman of the Fort Mojave Indian Tribe has instructed us to respectfully request to submit oral testimony at this time and reserve the right to submit written testimony in the future.

Mr. JOHNSON. You have heard the request. Is there objection?
Hearing none, so ordered.

We would say we would like to have that written testimony within 10 days.

Mr. SALL. Yes, sir.

The Fort Mojave Tribe has an application under consideration by the Department of the Interior. We feel that this is a step toward bringing projects to fruition as intended by Congress under the Small Reclamation Projects Act of 1956, as amended, and strongly urge that your committee give favorable consideration to H.R. 6874.

Our project is an example why this bill should be considered. Approximately 3 years ago the Fort Mojave Indian Tribe, which has under trust several thousand acres that are more than suitable for agricultural development, in both California, Nevada, and Arizona, determined that they were qualified applicants to receive funds via the Small Reclamation Funds Project Act.

At this time, they applied to the Four Corners Commission, made up of the States of Arizona, New Mexico, Utah, and Colorado, for a grant to prepare this application. They were given \$30,000 by the Four Corners Commission and retained Trico, International of Scottsdale, Ariz., to prepare this application.

During the period of time during the application's preparation, the project's cost has risen from \$8.3 million in the initial application to in excess of \$10 million today, which, by definition, disqualifies the project now for further pursual. However, the Fort Mojave Tribe feels that although they cannot pursue their application, that they would like to pass on their thoughts at this time, with the hope that it can be of benefit to future applicants, including other qualified Indian tribes.

It is recommended this committee take additional measures to identify the underlying problems which create these extensive delays, thereby compounding the inflationary factor which requires a bill such as H.R. 6874 to be a necessity.

I would like to ask Mr. Norvin McCord if he would like to make any comments at this time on behalf of other members of his tribe.

Mr. McCord. Mr. Chairman, members of the committee:

On behalf of the tribe, we are certainly happy to be here and to contribute what little we have to contribute.

Fort Mojave is well experienced in the processes of the law that require this application. We would like to see something done to help speed it along.

Thank you.

Mr. JOHNSON. I can well remember when you people brought this matter to my attention some time ago. At that time, we tried to give you the best guidance we could from the committee staff. Then I noticed when your prepared application came in, it was very well done, I might say, as far as I can see.

Mr. SALL. Thank you.

Mr. JOHNSON. I think you prepared or had prepared a very fine application. I realized that things were escalating all the time that you were in preparation, from the first time you met with the Four Corners group, and then when you came here and then went back and prepared a very fine application.

What is the status of that application at the present time?

Mr. SALL. We had a meeting approximately 30 days ago with a member of the Bureau of Reclamation on the reservation. Based on the continual problems and hurdles and comments and redirection, the fact that the tribe has no more funds, there is no longer any way they can see, based on the last criticism from the Bureau of Reclamation, that they can pursue this project. They are going to have to take other steps to try to develop these lands and become a self-supporting Indian nation.

Mr. JOHNSON. Then you figure there is no way that your proposal would be looked on by the Bureau of Reclamation as a proper application for a loan, grant or loan?

Mr. SALL. No, sir. They advised us that it was unsatisfactory, after five drafts and 3 years of work. As I stated, the tribe does not have the funds to pursue this any further.

Mr. JOHNSON. What do you propose to do now? Would this Act, if passed in its present form, with the new price tag of approximately \$23 million to \$24 million total project, with about a \$15 million loan or grant, would that be of any assistance to the tribe in developing their projects?

Mr. SALL. Yes, sir. The act and the bill we are discussing today, enacted, would allow the tribe to start again. The project as outlined in this report cannot possibly succeed. The tribe has financial pressures; it must do things to generate income to the tribe. They have had to step aside instead of doing a self-help program. They have had to lease a portion of these lands, a very small portion of these lands, to generate income.

At the moment we have tried to take a direction that maybe we understand more and are seeking private capital to develop on a section-by-section basis to generate the income to be able to support a new application that we would like to pursue as soon as we can generate income within the tribe itself to do so.

Mr. JOHNSON. Was there any clarity given to your source of water?

Mr. SALL. Our source of water is, if I understand the question, very clear and is one of the primary assets of the tribe. Under Supreme Court rulings, the tribe has interest in 122,000 acre-feet of water per year. These rights to water give them rights to this water over the State of California, over the State of Arizona, and any treaties with any other foreign countries.

This has been one of the prime considerations of the tribe, in addition to their lands, this very, very valuable asset of water, to be able to put it to use and generate the benefits of it before it is lost to someone else.

Mr. JOHNSON. That is your water from the Colorado River?

Mr. SALL. From the Colorado River; yes, sir.

Mr. Lujan. Are you talking about the Winters doctrine?

Mr. SALL. Yes, sir.

Mr. JOHNSON. The amount of acreage that our Indian lands, this tribe, has jurisdiction over, amount to how much, approximately?

Mr. SALL. Approximately 40,000 acres in both the State of California, Nevada, and Arizona, within that triangle. In the report we had identified in the checkerboard section, 8,100 acres we wished to develop. This is proven fertile land. When the checkerboard system was

implemented where they gave one section to the railroads and one to the Indian tribes, now private enterprise and individuals, corporations, have gone on to the areas within the checkerboard owned by them and have developed these lands into agricultural projects. As you drive down the road, on one side of the road you have alfalfa. On the Indian side, you have mesquite. You get to the next section, on this side you have cotton; on the Indian side, you have mesquite.

It was because of this proven ability of these lands to generate income, the tribe wished to pursue this and develop this agriculture project.

Mr. JOHNSON. Tell me this, if you know: Where does the private sector get their water?

Mr. SALL. The private sector are using wells. It is my understanding there are no clearcut water rights. But I don't think anyone has bothered to do anything about it.

Mr. JOHNSON. Their water supply is coming from wells?

Mr. SALL. Yes, sir. We are fairly confident that the wells are fed from the Colorado River. We feel there is a moving stream underneath these lands because the water level is approximately 15 feet.

Mr. JOHNSON. The lands that you have plotted, the 8,000 acres, you figure that pretty much is class one land?

Mr. SALL. There is class one, class two, and class three lands within there. We feel that the areas that we have identified are the most suitable for production within the reservation.

Mr. JOHNSON. The gentleman from New Mexico?

Mr. LUJAN. Since you have run out of money, do you have pending an Indian Claims Commission settlement of some kind, or have you recently received one, the tribe, I mean?

Mr. SALL. There are some Indian claims that are pending. I do not know whether or not the tribe—and I would have to ask Mr. McCord—would be willing to continue to waste their funds, as they feel they have been wasted, by the way this application has been treated. It would be very hard for Mr. McCord and the other members of the tribe council to justify to the members of the tribe themselves, who are very much upset by this, to convince them that this act should be pursued at this time.

Mr. McCORD. The funds we are talking about are going to have to be presented to the tribe to see what they would want to do with the funds because these are tribal funds, individual funds.

Mr. LUJAN. You are just talking about dropping the whole thing?

Mr. SALL. We feel we must put it on the shelf until we can generate enough income from our own smaller efforts to develop this with private capital until we can generate it and feel that there have been some changes made to allow a project as the act envisions it to be brought to fruition.

Mr. JOHNSON. Tell me this: Have you pursued all of your matters with the Bureau of Indian Affairs for a project, per se, within the Bureau of Indian Affairs?

Mr. McCORD. Yes.

Mr. JOHNSON. They have turned you down?

Mr. McCORD. Yes.

Mr. SALL. They are the ones that gave us the direction to try to utilize the Indian Finance Act to go out and try to seek private capital

to develop this project. This is the direction they are asking us to follow.

Mr. JOHNSON. It has been my experience on this committee that there have been funds made available through the Bureau of Indian Affairs that have been very helpful to tribes in developing their water projects for a better economy and self-sufficiency.

Now, there are a good many that have come through this committee since I have been on here, through the Subcommittee on Indian Affairs, and they are based upon applications and requests made by tribes to the Bureau of Indian Affairs. BIA has been very helpful to some of those in setting up a project. Now, I do not know whether all of this has been looked into by the tribe and their legal counsel or not.

Mr. SALL. The tribe and their legal counsel, to my knowledge, have constantly kept the BIA apprised of the hardships they are encountering and the problem in regard to this situation. To my knowledge—correct me if I am wrong, Mr. McCord—the only direction we have received is to attempt to implement the Indian Finance Act and seek private capital to go into this project.

Mr. JOHNSON. Did the tribe have contact with the director? Was Mr. Finalle the Director of the BIA in California or Arizona or Nevada?

Mr. SALL. The superintendent is the Colorado River agency in Arizona and the area director is in Phoenix, Ariz. I think most of your contact has been with the Colorado agency.

Mr. McCORD. Arizona.

Mr. JOHNSON. We had pointed out to us much of the new development taking place along the Colorado and various areas. But we did not have too much in the way of detail. It was all general conversation about development along the Colorado and with water from the Colorado.

I am wondering if all of the matters were reviewed with the Bureau of Indian Affairs, how many people are involved in your tribe?

Mr. McCORD. Approximately 632.

Mr. JOHNSON. Your Indian lands available to the tribe are located in California, Arizona, and Nevada?

Mr. McCORD. Yes.

Mr. JOHNSON. There is no water development on the lands at the present time?

Mr. SALL. Not on these lands that we are talking here. On the lands they have just leased in the past, what has it been—60 to 90 days; they are presently moving rapidly ahead and developing, private contractors are developing and utilizing the water, well and Colorado River. This is a plat of the reservation.

Mr. JOHNSON. Is the tribe selling some of your water to the private developers?

Mr. McCORD. Not selling it. It is in the lease.

Mr. JOHNSON. The lands are leased with the water.

Mr. McCORD. Right.

Mr. JOHNSON. The gentleman from New Mexico?

Mr. LUJAN. No questions.

Mr. JOHNSON. The gentleman from California, Mr. Clausen?

Mr. CLAUSEN. I don't know whether I have any questions, Mr. Chairman, but I would like to make an observation that while, Mr. Sall, you are a constituent of Mr. Johnson's, why, you fellows seem to have the best of both worlds because Mr. McCord is a constituent of our newest members of this subcommittee. Of course, Mrs. Pettis is on my right, as you know. You appear to have the best of both worlds here.

Mr. JOHNSON. The gentlewoman from California, Mrs. Pettis? I presume a lot of this territory is in your district.

Mrs. PETTIS. Yes, it is, Mr. Chairman.

I want to say that I have seen the increasing agricultural development ongoing in this area. It is most impressive.

Mr. JOHNSON. Mr. Casey, do you have any questions?

Mr. CASEY. Well, I don't have any questions on the record, Mr. Chairman. I would only like to say that I would certainly like to visit with Mr. Sall and Mr. McCord to find out more particularly what went wrong with their application. After they came to see you last winter, you directed me to look into this. I made some suggestions, and they apparently didn't bear fruit. It is kind of a matter of personal curiosity that I would like to find out what happened.

Mr. JOHNSON. Where you went wrong?

Mr. CASEY. Where I went wrong. Whether the committee instructs me to do that or not, I probably shall do it, anyhow, because I would like to find out what happened.

Mr. JOHNSON. I would like to make that suggestion now, that Mr. Casey, the minority, and Mr. Daum get together. I think there should be a Bureau man there and there should be a Bureau of Indian Affairs person there to sit down and have this little discussion.

Whether it could be lined up this afternoon or whether you people could remain over or not, that is something else, because time is running out on us for this particular afternoon. But I think it should be gone into by the committee and by the Bureau and by the Bureau of Indian Affairs and you people who are here, or someone else, whoever you would want to bring, and get into this thing and find out if there is any way possible. I thought when it was explained to me the first time that you did have a great potential there. I am sure Mr. Casey, when he met and advised and gave counsel, he thought you had one, too. It behooves all of us, as members of this committee, to find out just what the problem is and what the real answers are. Because I think we owe it to you, really.

Mr. SALL. Thank you very much, Mr. Chairman.

Mr. JOHNSON. Mr. Daum?

Mr. DAUM. No questions, Mr. Chairman.

Mr. JOHNSON. We want to thank you for coming here and giving us the benefit of your testimony. You have a real interesting problem here as far as I am concerned, and knowing what I know about what happens in the way of development, and especially if you have a water right, because water is the secret to the lands, we realize that, so you can discuss this with Mr. Casey after we get through here.

Mr. SALL. We wish to thank you, Mr. Chairman, members of the subcommittee, for your attention. We would like to put on the record that we would like to thank Mr. Casey for his constructive direction and assistance he has given us to this point.

Thank you.

Mr. JOHNSON. We had another witness here yesterday that could not stay, Mr. Stanley Nelson, who is manager of the Buttonwillow improvement district and Pond-Poso improvement district of semitropic water storage district, California. He had to leave. I would ask unanimous consent that he have a right to place his statement in the record at this point. Is there objection?

[No response.]

[The statement follows:]

STATEMENT OF STANLEY NELSON, ENGINEER-MANAGER OF BUTTONWILLOW IMPROVEMENT DISTRICT AND POND-POSO IMPROVEMENT DISTRICT OF SEMITROPIC WATER STORAGE DISTRICT, CALIFORNIA

I am Stanley Nelson, Engineer-Manager of the Buttonwillow Improvement District and the Pond-Poso Improvement District in Kern County, California. Both Improvement Districts have approved loans for irrigation distribution systems now being constructed under the Small Reclamation Project Act of 1956. Both districts strongly support the amendments to the Act as proposed in H.R. 6874.

The experience of the Buttonwillow Improvement District illustrates the need for updating Public Law 84-984. Its loan application was approved in 1968 but because of various administrative delays funding for construction was not available until early in 1971. As a result, we have been constructing the conveyance and distribution system during a period of unprecedented inflationary increases in construction costs. Available federal and local funds under the initial estimates are insufficient to complete construction of the irrigation system as planned and it has been necessary for the district to prepare and file an application with the Bureau of Reclamation for a supplemental loan in the amount of \$3 million to finish the project.

Under one of the amendments proposed in H.R. 6874, the Secretary of the interior would be authorized to increase the amount of a loan to compensate for such increases in construction costs. Such an amendment to P.L. 984 would make it consistent with most project authorizations which include construction cost ceilings tied to ordinary fluctuations in construction costs as indicated by engineering cost indexes.

This Committee and the Bureau of Reclamation can be proud of the Small Reclamation Projects loan program. We thank the Bureau for its cooperation and this Committee for the time and attention it has given to periodic amendments to P.L. 984 so as to meet the current needs of water users' organizations such as I represent.

We request that you give favorable consideration to the amendments proposed in H.R. 6874.

Mr. JOHNSON. We have statements here that came in by mail that we would like to have included in the record from the various districts that are interested in this legislation from all over the 17 Western States and Hawaii. They are all in favor of the legislation that is pending before this committee. They are too numerous to read all of their names, but I would like to ask unanimous consent that they be placed in the record.

Is there objection?

Hearing no objection, so ordered.

[The documents follow:]

TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT,
Tehachapi, Calif., May 23, 1975.

HON. HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR MR. JOHNSON: Sharp escalation of construction costs during the last several year, if no end in sight, is causing serious problems for agencies constructing projects with loans under PL 984. The amendments proposed under H.R. 6874 would solve these problems.

The Tehachapi-Cummings County Water District has received a loan under PL 984 and our project is completed. This project is very important and in fact vital to the interest of small communities with limited resources such as ours.

Because of our involvement in this program and our experience we are vitally interested in it. We feel that of all the various federal programs it is one of the most meaningful and servicable to the interests of our citizens. We strongly urge that your committee give favorable consideration to H.R. 6874 and work for its enactment by the Congress.

On behalf of our Board of Directors I also want to thank you for your continued efforts in the field of resources development.

Yours truly,

ROBERT J. JASPER,
General Manager.

NATIONAL WATER RESOURCES ASSOCIATION,
Washington, D.C., May 27, 1975.

Hon. HAROLD T. (Bizz) JOHNSON,
Chairman, Water and Power Resources Subcommittee, House IIA Committee,
The Longworth Building, Washington, D.C.

DEAR MR. CHAIRMAN: The National Water Resources Association thanks you for scheduling a public hearing on HR 6874 to update the Small Reclamation Projects Act. Regarding HR 6874, this letter—which I ask be made part of the hearing record—notes the following:

1. Last November, delegates to the NWRA convention in Fresno, California, voted in favor of modifications to the Small Reclamation Projects Act, to include all changes as proposed in HR 6874. While the delegates had wished to amend the Act further, to include as a loan purpose the improvement of water quality, that aspect is postponed pending clarification of PL 92-500 as regards agricultural runoff (at issue in the courts).

2. NWRA's delegates represent State associations in the seventeen Reclamation States and Hawaii. Memberships of the State Associations include irrigation districts, conservancy districts, cities, towns, counties, corporations, and individuals. These members irrigate more than 8 million areas of land, provide water to at least 12 million people, and aid in the propagation of fish and wildlife.

3. To testify at the hearing, NWRA designates Mr. Doyle F. Boen, of Hemet, California. Mr. Boen is Chairman of the Small Projects Committee, and a sponsor of the original Act . . . on which he worked with members of Congress twenty years ago.

4. Finally, for members of the Committee concerned about the rising Budget deficit, the extra \$100 million to be authorized will not be drawn upon in FY 1976; probably not in FY 1977. The \$100 million is to assure prospective loan applicants (who personally pay the costs of preparing project documents setting forth construction and other requirements) that authorization will be on hand when their requests finally transit the long administrative route from field concept to Congressional Committee.

Thank you,

CARL H. BRONN.

WEST BERNARDINO COUNTY WATER DISTRICT,
Rialto, Calif., May 22, 1975.

CONGRESSMAN HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and
Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Sharp escalation of construction costs during the last several years, with no end in sight, is causing insurmountable problems for agencies that are constructing projects with loans under this Act. The amendments proposed under H.R. 6874 would solve these problems.

Our agency has received a loan and our project has been completed. In view of our experience, we are vitally interested in the program and strongly urge your Committee to give its favorable consideration to H.R. 6874 and work for its early enactment by the Congress.

Yours very truly,

JOHN S. TAYLOR, President.

CORN CREEK RESERVOIR ASSOCIATION,
May 22, 1975.

CONGRESSMAN HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Our Association is considering submitting an application for our irrigation project as provided by Public Law 984.

However, due to increasing costs to industries, and by ever increasing labor rates it is almost impossible to estimate costs that might be effective at the time of fund authorization.

For the above reasons, applicants under the Small Reclamation Projects Act (P.L. 984) urgently need the amendment designated H.R. 6874. May we suggest that your Committee give favorable consideration to H.R. 6874 and that you work for its early enactment by the Congress.

Yours truly,

DONALD B. SCOTT, *President.*

SIGLER, WINSTON, GREENWOOD & ASSOCIATES, INC.,
Weslaco, Tex., May 27, 1975.

CONGRESSMAN HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR CONGRESSMAN: We are writing to ask your favorable consideration to the amendments to Public Law 984 as proposed by the National Water Resources Association. This office is serving as engineer for some four (4) irrigation districts here in the Lower Rio Grande Valley of Texas, and these amendments would be favorable to their projects.

Thank you for your attention to this matter, and with kindest regards.

Yours very truly,

SIGLER, WINSTON, GREENWOOD & ASSOCIATES, INC.,
JOE B. WINSTON, *P.E.*

HIDALGO COUNTY WATER IMPROVEMENT DISTRICT No. 2,
San Juan, Tex., May 29, 1975.

CONGRESSMAN HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR CONGRESSMAN: We are writing you to ask your favorable consideration to the amendments to Public Law 984 as proposed by the National Water Resources Association. We presently have an application under consideration by the Department of the Interior and these amendments would be favorable to our project.

Thank you for your attention to this matter, and with kindest personal regards.

Yours very truly,

WALTER D. BRANT,
General Manager.

R. L. SCHAFER & ASSOCIATES, INC.,
May 30, 1975.

CONGRESSMAN HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR CONGRESSMAN JOHNSON: The Pioneer Water Company, with water rights on the Tule River near Porterville, Tulare County, California, obtained a P.L. 984 loan in 1971 in the amount of \$486,000 for rehabilitation of their irrigation distribution system.

The project scope has remained the same since inception in 1966, consisting of the installation of 42 inch, 36 inch and 30 inch concrete pipe, structures, turnouts and related appurtenances in an existing open ditch transmission system. The turnouts from the irrigation system provide water to 3,600 acres of prime agricultural land in the company's service area.

Due to the need for the use of the irrigation system, construction for replacement of the open ditch with concrete pipe only occurs during a short period each year, normally December through March, exclusive of inclement and cold weather.

As a result of the length of time to obtain the loan, the minimum construction period available and the extensive inflation or escalation of construction costs during the past few years, only 60 percent of the project can be completed with the loan funds. The total cost of the project is now estimated to be \$900,000.

The Pioneer Water Company, therefore, strongly urges your committee to provide a favorable consideration of H.R. 6874 and support its early enactment by the Congress. Your special attention is directed to the amendment of Section 4 regarding the granting of additional compensation for increases in construction costs due to price escalation; the amendment must be made retroactive and allowed for previously approved project loans.

Very truly yours,

R. L. SCHAFER.

HOOPER IRRIGATION CO.,
Hooper, Utah, May 30, 1975.

Congressman HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and
Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Sharp escalation of construction costs during the last several years with no end in sight is causing insurmountable problems for agencies that are constructing projects with loans under the Small Reclamation Projects Act (P.L. 984). The amendments proposed under H.R. 6874 would solve these problems.

Our Company has received a loan, our project has been completed and in view of our experience, we are vitally interested in the program. We were involved with the delay and expense of having to apply for additional funds to complete our project because of the increase in costs during the time lapse between filing and application and the granting of the loan.

We strongly urge that your Committee give favorable consideration to H.R. 6874 and work for its early enactment by the Congress.

Yours truly,

JAMES M. JOHNSTON, President.
ACWA,

ASSOCIATION OF CALIFORNIA WATER AGENCIES,
Sacramento, Calif., May 30, 1975.

HON. HAROLD T. JOHNSON,
House of Representatives,
Washington, D.C.

DEAR BIZZ: We have been asked by Doyle Boen to indicate to you our position with respect to H.R. 6874. As you are aware, this legislation introduced by you would amend Public Law 984 pertaining to the Small Reclamation Projects Act of 1956.

This Association has been a long and strong supporter of the Small Reclamation Projects Act which has resulted in numerous small reclamation projects being constructed within the State of California and throughout the West to provide supplemental sources of water on a small scale to numerous farms and families in California and elsewhere. It goes without saying that many of these projects would not have been built without the assistance that was provided by Congress in this Act.

The amendments being proposed by the National Water Resources Association seem to us to institute needed changes in the law to adjust to changes in times, inflation, and other factors that have held up badly needed projects. By tying the maximum amount allowable under a small projects loan to the Bureau of Reclamation composite construction cost index, for example, the size of an eligible project and loan limits would be automatically adjusted up or down in accordance with that index and based upon what construction costs happen to reflect at that particular time.

Another provision of the amendments to P.L. 984 would increase the amount of loan to compensate for increases in construction costs due to price escalations upon the decision of the Secretary of the Interior. In this way, where projects that have

gotten underway and serious inflationary factors that have entered into the process frustrating the project and causing delays or serious financial consequences to the local community, these problems would be forestalled should the Secretary of the Interior agree that the amount of the loan be increased. Under present procedures, long delays have been experienced in obtaining adjustments in the loan amount.

Another related change would also eliminate costly delays that have been experienced in the past by eliminating the requirement that an appropriation cannot be made for a project under the Act until a 60-day review period has been completed by the interior committees of Congress.

Finally, the increase in the total amount authorized from \$300 to \$400 million is certainly necessary in light of the fact that the total loans already made together with those being processed and those being prepared amount to about \$440 million as of January 1, 1975.

In this day and age when there is much talk about stimulating the economy, there would not seem to be any program that could surpass the effectiveness of the small project loan program of the Bureau of Reclamation for cost effectiveness and serving as a permanent stimulus to the economy. It seems to me that a federal program that will provide the stimulus to the economy by generating new construction under conditions that require the repayment of such a loan to the United States and at the same time generate the construction of a project that will provide not only benefits to the economy on a short-term basis during construction but long-term benefits to the economy by providing additional water supplies for irrigation, in some cases flood control, fish and wildlife enhancement, water supplies, recreational benefits as well as other environmental enhancement features, is a congressional program without parallel. We strongly urge improvement in the program by adoption of the recommended amendments to P.L. 984.

Sincerely,

JOHN P. FRASER,
Executive Director and General Counsel.

JENNINGS, STROUSS & SALMON,
Phoenix, Ariz., May 27, 1975.

Hon. HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: I am sure you know of my long and continued interest in reclamation projects and water development. Doyle Boen has just advised me that hearings are to be held on H.R. 6874, which would amend the Small Reclamation Projects Act.

I have reviewed the proposed amendments, and I agree with Doyle that they are urgently needed. I hope that you and your committee can approve the necessary amendments to the Act.

Sincerely yours,

J. A. RIGGINS, JR.

PINE VIEW WATER SYSTEMS,
Ogden, Utah, May 29, 1975.

Congressman HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: The Small Reclamation Projects Act has been a great benefit to our area and, in particular, to the Weber-Box Elder Conservation District which has completed two projects under the Act.

The uses have been primarily for agricultural and residential irrigation. This project has provided substantial economic savings for our users because they have been able to irrigate their farms in a more efficient manner with their sprinkling systems and water lawns with untreated irrigation water which otherwise would have to undergo expensive municipal treatment.

The users of these projects have been very satisfied with the program and feel strongly in favor of H.R. 6874 and urge its favorable consideration and enactment by the Congress.

Sincerely,

EDWARD H. SOUTHWICK,
Secretary-Manager.

BYRON-BETHANY IRRIGATION DISTRICT,
Byron, Calif., May 30, 1975.

Congressman HAROLD T. JOHNSON.

Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

Our Agency has received a loan, our project is completed and, in view of our experience, we are vitally interested in the program. H.R. 6874 would solve the serious problems related to the sharp escalation of construction costs and we urge that your committee give favorable consideration to H.R. 6874.

M. R. FURTADO,
Chairman, Board of Directors.

CAMERON COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT No. 19,
May 23, 1975.

Congressman HAROLD T. JOHNSON,

Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Bldg., Washington, D.C.

DEAR CONGRESSMAN JOHNSON: The Cameron County Water Control and Improvement District Number 19 ("Adams Gardens District") has filed an application for a loan to rehabilitate the facilities of the district. This work is urgently needed, that we may continue vital service to land owners.

The enactment of H.R. 6874 would be of benefit to our application and we ask that your committee give this bill—H.R. 6874—favorable consideration.

Sincerely yours,

M. T. MARTIN,
Rehabilitation Manager.

JACKSON VALLEY IRRIGATION DISTRICT,
Ione, Calif., May 23, 1975.

Congressman HAROLD T. JOHNSON,

Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Sharp escalation of construction costs during the last several years with no end in sight is causing insurmountable problems for agencies that are constructing projects with loans under this Act. The amendments proposed under H.R. 6874 would solve these problems.

Our agency has received a loan, our project is completed and, in view of our experience, we are vitally interested in the program.

We strongly urge that your committee give favorable consideration to H.R. 6874 and work for its early enactment by the Congress.

Very truly yours,

HENRY WILLY,
Secretary-Manager.

CALIFORNIA WATER RESOURCES ASSOCIATION,
Burbank, Calif., May 29, 1975.

Congressman HAROLD T. (BIZZ) JOHNSON,

Chairman, Water and Power Resources Subcommittee of House Committee on Interior and Insular Affairs, House of Representatives, Washington, D.C.

DEAR MR. JOHNSON: The California Water Resources Association, representing nearly 400 cities, counties, water entities, industries and individuals, vigorously supports the amendments proposed for the Small Reclamation Projects Act (PL-984) as contained in HR 6874 and S 1794 as being vital to the timely and orderly development of California's water resources.

This is a time of massive ground water overdraft and projected water shortage in many areas of California which must be combatted by realistic project scheduling and adequate funding. Unwieldy review procedures and pre-inflation sizing and funding limitations inherent in PL-984 as currently amended has delayed or placed in jeopardy some 35 needed California projects already in the final planning stage or under construction, involving \$189 million in funding. Seven projects in California alone are presently subject to exceeding the \$10 million loan limit.

CWRA sees the adoption of the proposed amendments as a good investment in this nation's future in terms of increased or stabilized water supply, increased food supply and needed recreation and flood control. These amendments will allow multipurpose project construction to create or continue many jobs jeopardized by the present Law and thus contribute substantially to continuing expansion of the national product. This is certainly preferable to emergency short-term, job-creating government programs.

California Water Resources Association urges swift approval of HR 6874 by the Water and Power Resources Subcommittee of the House Committee on Interior and Insular Affairs.

Sincerely,

WILLIAM E. MOORE, Jr.,
President.

THE CENTRAL NEBRASKA PUBLIC POWER
AND IRRIGATION DISTRICT,
Holdrege, Nebr., May 29, 1975.

Congressman HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: The Central Nebraska Public Power and Irrigation District, a political subdivision of the State of Nebraska and the State's largest irrigation district presently serving some 126,000 acres of land, wishes to take this means to record its support of H.R. 6874.

Our District recently received a Small Project Loan and construction is scheduled to get underway in the near future. Continued sharp escalation of construction costs will undoubtedly cause many problems for our District as it gets this project underway. Passage of H.R. 6874 could mean that our District would be able to complete this project on time if serious cost escalations become a problem. As you know the Small Project Loan Act as it is now written would require that the District follow the same procedure that was used to obtain the original loan to procure any additional money that may be needed because of cost escalations.

Our District is also considering additional Small Project Loans in an effort to rehabilitate the rest of our irrigation system so as to conserve water and provide better irrigation service.

H.R. 6874 with its automatically adjusted loan limits as construction costs rise or fall and the other features of the bill will make such projects as we are considering feasible.

We strongly urge that your committee give favorable consideration to H.R. 6874 and work for its early enactment by the Congress.

Sincerely,

R. D. DIRMAYER,
General Manager.

THE CENTRAL NEBRASKA PUBLIC POWER
AND IRRIGATION DISTRICT,
Holdrege, Nebr., June 2, 1975.

Hon. HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR CONGRESSMAN JOHNSON: The Central Nebraska Public Power and Irrigation District learned today that there is an amendment pending on HR 6874 that would make the Small Project Loan program even more useable to our District should the amendment be adopted.

The amendment, as we understand it, would authorize the use of Small Project Loan money for the purpose of acquiring facilities where such acquisition would be less costly than new construction thereby making such acquisition economically sound.

The Central District is now studying the rehabilitation of its canal systems and can see where this new authorization could work in saving money and water. Should engineering feasibility prove out it would appear that our District could acquire existing private irrigation wells to supplement its water supply rather than constructing new wells for this purpose. Rising costs of constructing irrigation

wells and their pumps and motors would make such a program of acquisition look extremely good.

Any help you might give us in attaching this proposed amendment to HR 6874 would be greatly appreciated.

Sincerely,

R. D. DIRMAYER,
General Manager.

KLAMATH IRRIGATION DISTRICT,
Klamath Falls, Oreg., May 30, 1975.

Congressman HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: The sharp escalation of construction costs during the last several years, with no end in sight, is causing insurmountable problems for agencies that are constructing projects with loans under this Act. The amendments proposed under H.R. 6874 would solve these problems.

Our District has been involved in this program and, because of our experience, we are interested in the program.

We strongly urge that your Committee give favorable consideration to H.R. 6874 and work for its early enactment by the Congress.

Very truly yours,

RAY L. ROBERTS,
Manager.

HIDALGO COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 1,
Edinburg, Tex., May 29, 1975.

Congressman HAROLD T. JOHNSON,
Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR CHAIRMAN JOHNSON: We are writing to ask your favorable consideration to amendments proposed under H.R. 6874.

Hidalgo County Water Control and Improvement District No. 1 has made an application for a Small Projects Loan to the Bureau of Reclamation.

We believe H.R. 6874 would solve some of the problems of escalated construction costs and we respectfully request your Committee give favorable consideration to said bill.

Thank you for your courtesy and cooperation.

Yours very truly,

PAUL R. HETRICK, *Manager.*

NEVADA IRRIGATION DISTRICT
Grass Valley, Calif., May 29, 1975.

Congressman HAROLD T. JOHNSON,
Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: The rapid escalation of construction costs over the last few years, with no end in sight, is causing serious problems for agencies attempting to construct projects with loans under the Public Law 984 Act. The amendments proposed under H.R. 6874 would solve these problems.

Our agency has a loan in progress with construction underway, and we also have a supplemental loan application under consideration by Congress after a two and one half year processing period.

From our experience with the loan program we strongly urge that your Committee give favorable consideration to H.R. 6874 and work for its early enactment by the Congress.

Sincerely yours,

ALBERT W. SCURR, *Manager.*

TAHOE CATTLEMEN'S ASSOCIATION,
Lincoln, Calif., May 29, 1975.

CONGRESSMAN HAROLD T. JOHNSON,
*Chairman, Subcommittee on Water and Power Resources, Committee on Interior and
Insular Affairs, Longworth House Office Building, Washington, D.C.*

DEAR MR. JOHNSON: The rapid escalation of construction costs over the last few years, with no end in sight, is causing serious problems for agencies attempting to construct projects with loans under the Public Law 984 Act. The amendments proposed under HR 6874 would solve these problems.

In the past, members of the Association have benefited from the Public Law 984 program because it has made possible projects which have brought water for grains and stock, and at a cost which makes use of the water financially feasible.

From our experience with the program we strongly urge that your Committee give favorable consideration to HR 6874 and work for its early enactment by the Congress.

Sincerely yours,

VERNON D. VINEYARD, *President.*

ARCH HURLEY CONSERVANCY DISTRICT,
TUCUMCARI IRRIGATION PROJECT,
Tucumcari, N. Mex., May 30, 1975.

CONGRESSMAN HAROLD T. JOHNSON,
*Chairman of the Subcommittee on Water and Power Resources, Committee on Interior
and Insular Affairs, Longworth House Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN: The Small Projects Act of 1956 has been a lifesaver for Projects in New Mexico, especially the Arch Hurley Conservancy District in Tucumcari. For 14 years of the 18 the Act has been in existence, the Arch Hurley Conservancy District has been conducting a Rehabilitation and Betterment Program under the Act.

Nine of the 14 years I have been the Project Manager. During that period of time I have seen first hand the continuing escalation of construction cost, and am completely in agreement with the amendments set forth in your Bill, HR 6874 to Public Law 984.

I, as well as the Board of Directors of the Arch Hurley Conservancy District, strongly urge that your Committee give favorable consideration to HR 6874 and work for its early enactment by Congress.

Sincerely,

ROBERT R. HATHAWAY,
Member Small Project Committee N.W.R.A.

BOUNTIFUL WATER SUBCONSERVANCY DISTRICT,
Bountiful, Utah, May 27, 1975.

CONGRESSMAN HAROLD T. JOHNSON,
*Chairman, Subcommittee on Water and Power Resources, Committee on Interior and
Insular Affairs, Longworth House Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN: Sharp escalation of construction costs during the last several years with no end in sight, is causing insurmountable problems for agencies that are constructing projects with loans under this act. The amendments proposed under H.R. 6874 would solve these problems.

Our agency has received a loan, our project is completed, and in view of our experience, we are vitally interested in the program.

We strongly urge that your committee give favorable consideration to H.R. 6874 and work for its early enactment by the Congress.

Respectfully yours,

MERRILL T. TUTTLE, *Manager.*

NATIONAL WATER RESOURCES ASSOCIATION,
Washington, D.C., May 30, 1975.

CONGRESSMAN HAROLD T. JOHNSON,
*Chairman, Subcommittee on Water and Power Resources, Committee on Interior and
Insular Affairs, Longworth House Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN: Sharp escalation of construction costs during the last several years with no end in sight is causing insurmountable problems for agencies that are construction projects or are about to get appropriations for the construction of their project with loans under this Act. The amendments proposed under H.R. 6874 would solve these problems.

The Wenatchee Heights Reclamation District has an application under consideration by the Department of Interior under the Small Reclamation Projects Act and urge that your committee give favorable consideration to H.R. 6874 and work for its early enactment by the Congress.

E. F. DONCASTER, *Director.*

DEPARTMENT OF NATURAL RESOURCES,
COLORADO WATER CONSERVATION BOARD,
Denver, Colo., June 3, 1975.

HONORABLE HAROLD T. JOHNSON,
*Chairman, Subcommittee on Water and Power Resources, Committee on Interior and
Insular Affairs, Longworth House Office Building, Washington, D.C.*

DEAR CONGRESSMAN JOHNSON: During the last eighteen years, the Small Reclamation Projects Act has provided urgently needed assistance for the development of water resource projects to many small local organizations in the western United States, including some in Colorado. However, because of rapid escalation of construction costs, serious problems have developed in this program. H.R. 6874 provides a solution to these problems.

As a member of the Small Projects Committee of the National Water Resources Association and as Deputy Director of the Colorado Water Conservation Board, I have had an opportunity to become very familiar with the help that is available to urgently needed water resource projects in Colorado through this program. I strongly urge that your Committee give favorable consideration to H.R. 6874 and work for its early enactment in Congress.

Thank you for your help in this matter.

Sincerely,

LAREN D. MORRILL,
Deputy Director.

NATIONAL WATER RESOURCES ASSOCIATION,
Washington, D.C., June 3, 1975.

HON. HAROLD T. JOHNSON,
*Chairman, Water and Power Resources Subcommittee, Committee on Interior and
Insular Affairs, Washington, D.C.*

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE: I am Judge Wm. C. Smith, Jr., of Ainsworth, Nebraska, and serve on the board of directors of the National Water Resources Association, from Nebraska, and also serve on the board of directors of the Nebraska Water Resources Association. I wish to make the following statement in regard to the Amendments to the Small Reclamation Projects Act (P.L. 984) contained in H.R. 6874.

The Small Projects Act has served a very useful purpose since its enactment, as with everything else as time progresses, we find that adjustments and changes are beneficial to carry out the original purpose of the act.

The first amendment proposed adjusts the maximum cost of project eligible under the act to compensate for escalation in construction costs. By tying the limit to the Bureau of Reclamation Composite Construction Cost Index, the maximum cost of eligible projects would be automatically adjusted up or down.

The second amendment proposes that at any time prior to completion of construction of a project under the Public Law 984 Act, the secretary may increase the amount of loan to compensate for increases in construction costs, due to price escalations or for changes or additions to the original proposed plan that he may find proper and necessary to carry out the original purposes of the project. Presently, without this feature, a supplemental application would have to be filed and the same procedure as the original loan application would have to be followed.

The third amendment proposes to eliminate the requirement that an appropriation cannot be made for a project under the act, until it has completed its 60-day review with the Interior Committees of Congress. This change, would eliminate much delay in getting the project underway.

The fourth amendment proposes to maintain the current ratio between the maximum allowable loan limit and the maximum allowable total project cost. Thereby permitting the loan limit to increase or decrease annually according to the Construction Cost Index.

The fifth amendment proposes to increase the total amount authorized to be appropriated from \$300 million to \$400 million, for the program going back to the beginning when the act was passed in the year 1956.

The above and foregoing amendments, we feel, are necessary to bring the Small Projects Act up to date. Our associations heartily endorse the amendments as set forth in H.R. 6874.

Yours very truly,

WM. C. SMITH, JR.,
Nebraska Director.

WILLAMETTE BASIN PROJECT COMMITTEE,
Salem, Oreg., June 3, 1975.

Congressman HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: The Small Reclamation Projects Act for more than 18 years has provided an extremely valuable program for the accomplishment of water resources development and improvements that are urgently needed by small local organizations throughout the West.

H.R. 6874 provides a solution to serious problems that are being caused by the rapid escalation of construction costs. As a member of the Small Projects Committee of the National Water Resources Association, where I have had the opportunity to become closely familiar with the important benefits that the Small Projects Program can provide for urgently needed projects in my State, I strongly urge that your Committee give favorable consideration to H.R. 6874 and work for its early enactment by the Congress.

Sincerely,

WARREN JONES,
Executive Secretary.

ARIZONA STATE RECLAMATION ASSOCIATION,
Phoenix, Ariz., June 3, 1975.

Hon. HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Longworth House Office Building, Washington, D.C.

DEAR CHAIRMAN JOHNSON: The Small Reclamation Projects Act has been of inestimable value to water resource development in Arizona, and the need for it in many parts of Arizona will continue. It can be particularly useful to small irrigation districts which must construct works in order to take delivery of water from the Central Arizona Project aqueduct.

In view of construction cost escalation during recent years, however, it is essential that the Act be amended to increase the allowable size of projects for eligibility and the loan limitation, as proposed in H.R. 6874. I urge your Committee to take favorable action on this Bill.

Sincerely,

RICH JOHNSON,
President.

KAYS CREEK IRRIGATION CO.,
East Layton, Utah, June 3, 1975.

Congressman HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Sharp escalation of construction costs during the last several years with no end in sight is causing insurmountable problems for agencies that are constructing projects with loans under the Small Reclamation Projects Act. The amendments proposed under H.R. 6874 would solve these problems.

Our agency, the Kays Creek Irrigation Company, has received a loan and has been involved in this program for about ten years, with great satisfaction.

Because of our experience, we are interested in the program and feel that H.R. 6874 would solve the serious problems related to the sharp escalation of construction costs and we urge that your Committee give favorable consideration to that bill.

Sincerely,

WOODROW E. GREEN, *President.*

FARMERS IRRIGATION DISTRICT,
Scottsbluff, Nebr., June 2, 1975.

Congressman HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: For more than 18 years, The Small Reclamation Projects Act has provided an extremely valuable program for the accomplishment of water resources development and improvements that are urgently needed by small local organizations throughout the West.

As a member of the Small Projects Committee of the National Water Resources Association, I have had an opportunity to become closely familiar with the important benefits that the Small Projects Program is providing for urgently needed projects in my state. H.R. 6874 provides a solution to serious problems that are being caused by the rapid escalation of construction costs.

I strongly urge that your Committee give favorable consideration to H.R. 6874 and work for its early enactment by the Congress.

Sincerely,

JAMES R. PRINGLE,
Nebraska Representative Small Projects Committee.

DEPARTMENT OF NATURAL RESOURCES,
Denver, Colo., June 3, 1975.

HONORABLE HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR CONGRESSMAN JOHNSON: The amendments to P.L. 984 contained in H.R. 6874 are urgently needed because of the continuing inflationary trends which have caused large increases in construction costs. It appears that these trends will continue for the foreseeable future with resulting insurmountable problems for agencies that are attempting to proceed with projects under this act.

The Colorado Department of Natural Resources, through the Colorado Water Conservation Board, is cooperating with several local sponsors in their efforts to construct small reclamation projects under P.L. 984. H.R. 6874 would solve the serious problems of these entities related to the sharp escalation of construction costs.

I wish to emphasize that Colorado is a firm supporter of the Small Reclamation Projects program and I believe that the amendments suggested in H.R. 6874 are vital to the continuation of the program.

Thank you for your consideration in this matter.

Sincerely,

HARRIS D. SHERMAN,
Executive Director.

NATIONAL WATER RESOURCES ASSOCIATION,
Washington D.C., May 30, 1975.

Congressman HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources Committee on Interior and Insular Affairs Longworth House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: The Small Reclamation Projects Act for more than 18 years has provided an extremely valuable program for the accomplishment of water resources development and improvements that are urgently needed by small local organizations throughout the West.

H.R. 6874 provides a solution to serious problems that are being caused by the rapid escalation of construction costs. As a member of the Board of Directors of the National Water Resources Association, where I have had the opportunity to become closely familiar with the important benefits that the Small Projects Program is providing for urgently needed projects in my State, I strongly urge that your Committee give favorable consideration to H. R. 6874 and work for its early enactment by the Congress.

Sincerely,

ROLAND D. WESTERGARD,
Director.

PIONEER WATER CO.,
Porterville, Calif., June 2, 1975.

CONGRESSMAN HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: The Pioneer Water Company passed the enclosed Resolution at their regular board meeting, June 2, 1975.

The Pioneer Water Company is in dire need of approximately \$400,000 additional loan funds to complete their project. Such funds are needed for use during the winter months of 1975, and only with the passage of the proposed amendment of Section 4 could funds be available by that time.

The Pioneer Water Company has adequate repayment capabilities as the original repayment period was established at 35 years due to the Company's ability to pay.

The Company requests your continued support of California agriculture and, particularly, loans under the Small Projects Act.

Very truly yours,

C. G. VAN LENTE,
Secretary, Pioneer Water Co.

RESOLUTION

Whereas, the Pioneer Water Company has an average annual water right of 6,500 acre-feet on the Tule River near Porterville, Tulare County, California, and

Whereas, the Pioneer Water Company distributes its irrigation water rights to 3,600 acres of prime agricultural land, primarily citrus, in the Company's service area through an open ditch, and

Whereas, the percolation loss has accounted for approximately 50% of the irrigation water rights in the distribution of the water, and

Whereas, the Pioneer Water Company made application for Public Law 984 funds in 1966 and received a loan for a project with an estimated cost of \$486,000 in 1971 for construction of 42-inch, 36-inch and 30-inch concrete pipe in the existing open ditch, including structures and turnouts, and

Whereas, the construction work may only occur during the period December through March, exclusive of inclement and cold weather, as the ditch system must be utilized for delivery of irrigation water through the remainder of the season, and

Whereas, due to the extensive inflation and escalation of construction costs during the past few years, only 60% of the project can be constructed with the loan funds appropriated and the total cost of the project is now estimated to be \$900,000,

Now, Therefore, BE IT RESOLVED, the Pioneer Water Company urges the Subcommittee on Water and Power Resources of the House Committee on Interior and Insular Affairs give favorable consideration to H.R. 6874 and work toward the early amendment of P. L. 984 by the Congress,

Be It Further Resolved, the Pioneer Water Company requests consideration of the amendment of Section 4 regarding the granting of additional compensation for increases in construction costs due to price escalation to be retroactive and allowed for previously approved project loans.

STATE OF NORTH DAKOTA,
EXECUTIVE OFFICE,
Bismarck, N. Dak., May 29, 1975.

Congressman HAROLD T. JOHNSON,
*Chairman, Subcommittee on Water and Power Resources, Committee on Interior and
Insular Affairs, Longworth House Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN: The Small Reclamation Projects Act for more than 18 years has provided an extremely valuable program for the accomplishment of water resources development and improvements that are urgently needed by small local organizations throughout the West.

H.R. 6874 provides a solution to serious problems that are being caused by the rapid escalation of construction costs. As Governor and a former Congressman, where I have had the opportunity to become closely familiar with the important benefits that the Small Projects Program is providing for urgently needed projects in my State, I strongly urge that your Committee give favorable consideration to H.R. 6874 and work for its early enactment by the Congress.

Sincerely yours,

ARTHUR A. LINK,
Governor of North Dakota.

STODDARD & ASSOCIATES,
CIVIL ENGINEERS,
Los Banos, Calif., June 2, 1975.

Hon. HAROLD T. JOHNSON,
*Chairman, Subcommittee on Water and Power Resources, Committee on Interior and
Insular Affairs, Longworth House Office Building, Washington, D.C.*

DEAR CONGRESSMAN JOHNSON: The Small Reclamation Projects Act of 1956 (Public Law 984), As Amended, has been a useful vehicle for financing water conveyance systems throughout the Western United States. A number of the local agencies that we represent are interested in the continuation and the improvement of the Act.

Cost escalation in the past several years has indicated the desirability of amending the Act so as to make it more workable under the condition of rapidly changing costs. Your Bill, H.R. 6874 would accomplish a number of changes that would make the Act much more workable and would meet the problems of cost escalation headon.

We are very hopeful that your committee will report favorably on H.R. 6874 and will assist in securing its early enactment by the Congress.

A great many people who are informed on water development in the West are deeply appreciative of all of the things you have done to assist in sound and progressive water development.

Very truly yours,

HOWARD STODDARD.

OFFICE OF THE SECRETARY,
MITCHELL IRRIGATION DISTRICT,
Mitchell, Nebr., June 2, 1975.

CONGRESSMAN HAROLD T. JOHNSON,
*Chairman, Subcommittee on Water and Power Resources, Committee on Interior and
Insular Affairs, Longworth House Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN: Sharp escalation of construction costs during the last several years with no end in sight in causing insurmountable problems for agencies that are constructing projects with loans under this Act. The amendments proposed under H.R. 6874 would solve these problems.

Our agency, the Mitchell Irrigation District has a loan in progress and project is under construction.

We strongly urge that your Committee give favorable consideration to H.R. 6874 and work for its early enactment by the Congress.

Yours very truly,

LAWRENCE F. STRONG, President.

RAINBOW MUNICIPAL WATER DISTRICT,
Fallsbrook, Calif., May 29, 1975.

CONGRESSMAN HAROLD T. JOHNSON,
*Chairman, Subcommittee on Water and Power Resources, Committee on Interior and
Insular Affairs, Longworth House Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN: This District is currently concluding preparation of two applications for Small Project Loans. It had been our expectation that the sum of both loans would be within the current limitations of the loan program. However, the escalation of construction costs the past several years, plus the contingencies required in the loan application means that the combined loan request would exceed current maximum amounts. Our schedule for submission is June 30th.

We strongly urge support of your Committee on HR 6874 and its early enactment by the Congress.

Very truly yours,

PAT N. SCOTT,
General Manager.

KLAMATH BASIN IMPROVEMENT DISTRICT,
Klamath Falls, Oreg., May 30, 1975.

Congressman HAROLD T. JOHNSON,
*Chairman, Subcommittee on Water and Power Resources, Committee on Interior and
Insular Affairs, Longworth House Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN: Sharp escalation of construction costs during the last several years, with no end in sight, is causing insurmountable problems for agencies that are constructing projects with loans under this Act. The amendments proposed under H.R. 6874 would solve these problems.

Our District has received a loan, our project is completed and, in view of our experience, we are vitally interested in the program.

We strongly urge that your Committee give favorable consideration to H.R. 6874 and work for its early enactment by the Congress.

Very truly yours,

J. RANDALL POPE,
President of The Board.

Congressman HAROLD T. JOHNSON,
*Chairman, Subcommittee on Water and Power Resources, Committee on Interior and
Insular Affairs, Longworth House Office Building, Washington, D.C.*

Understand immediate hearings scheduled your bill H.R. 6874 amending Small Reclamation Projects Act Bella Vista Water District vitally concerned having application under consideration by Department of Interior for additional loan funds for domestic water treatment per State health mandate. System expansion to serve land taxed but not served and to complete excellent skeleton system installed under existing loan H.R. 6875 would solve serious problems relating to sharply escalating construction costs hopefully erasing inequities under existing Small Reclamation Projects Act. Urgently request your committee give strong favorable consideration that bill.

JAMES P. TURMAN, Manager,
Bella Vista Water District.

GLENN-COLUSA IRRIGATION DISTRICT,
Willows, Calif., June 3, 1975.

Hon. HAROLD T. JOHNSON,
*Chairman, Subcommittee on Water and Power Resources, Committee on Interior and
Insular Affairs, Longworth House Office Building, Washington, D.C.*

DEAR CONGRESSMAN JOHNSON: Subject: H.R. 6874, The Glenn-Colusa Irrigation District wishes to express support for passage of amendments to Public Law 984 as contained in H.R. 6874.

This District has been working on a Master Plan for improvements to its 70 year old water pumping and distribution system to modernize measurement and control structures and improve water use efficiencies. The increasing demands on our system due to the need for increased food production require that improvements be made. Our improvement program, because of escalating costs, cannot be fully accomplished on a pay-as-you-go basis, and a Public Law 984 loan will be

needed. Since our project will exceed the \$15 million limit as defined under the small reclamation projects program, we wish to go on record in support of H.R. 6874 now before you for consideration.

We respectfully urge your affirmative decision in this matter so that we may look forward to implementation of a successful improvement program.

Sincerely,

RALPH A. NISSEN, *President.*

DONNA IRRIGATION DISTRICT, HIDALGO COUNTY No. 1,

Donna, Tex., June 4, 1975.

Congressman HAROLD T. JOHNSON,

Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR SIR: The amendments to the Small Reclamation Projects Act of 1956 as proposed in H.R. 6874 are urgently needed to solve the problem of escalating costs for agencies with projects under construction.

The Donna Irrigation District has experienced a great saving of water and an increase in farm production since completing the rehabilitation of part of the facilities under a Small Projects Loan, and because of the short supply of water in our area and the greater demand on agriculture for food and fiber, we are studying further rehabilitation needs at today's increased costs.

We respectfully urge favorable consideration be given H.R. 6874 by your committee.

Yours very truly,

WM. A. GREEN, *Manager.*

WESTERN MUNICIPAL WATER DISTRICT

OF RIVERSIDE COUNTY,

Riverside, Calif., June 4, 1975.

Hon. HAROLD T. JOHNSON,

Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR SIR: It is our understanding that hearings are to be held soon on your bill, H.R. 6874, containing amendments to the Small Reclamation Projects Act (P.L. 984). Our agency is preparing to file an application for a loan under P.L. 984.

The amendments being considered under H.R. 6874 directly apply to our project. This bill is needed to adjust project costs due to inflation, reduce delays in processing, cover cost escalations during planning and construction, and provide for the effective continuation of this loan program.

We strongly urge that your Committee work for the enactment of H.R. 6874.

Very truly yours,

LAWRENCE V. JONES,

*Assistant General Manager
and Chief Engineer.*

ENGINEERING-SCIENCE, INC.,

Arcadia, Calif., June 5, 1975.

Hon. HAROLD T. JOHNSON,

Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR CONGRESSMAN JOHNSON: Phenomenal escalation of construction costs during the last several years with no end in sights is causing insurmountable problems for agencies that are constructing projects with loans under this Act. The amendments proposed under H.R. 6874 would solve these serious problems.

We are a large consulting engineering firm with offices throughout the United States and have been involved in this program through our clients and, because of our experience and awareness of the cost escalation problems we are vitally interested in and support the passage of H.R. 6874.

We strongly urge that your committee give favorable consideration to H.R. 6874 and work for its early enactment by the Congress.

Very truly yours,

KLINE P. BARNEY, Jr.,

Executive Vice President.

[Western Union Mailgram]

KLAMATH BASIN WATER USERS PROTECTIVE ASSOCIATION,

Klamath Falls, Oreg., June 8, 1975.

Congressman HAROLD T. JOHNSON,
*Chairman, Subcommittee on Water and Power Resources, Committee on Interior and
 Insular Affairs, Longworth House Office Building, Washington, D.C.*

DEAR CONGRESSMAN: Our organization has been involved with P.L. 984 and, because of our experience we are interested in the program. H.R. 6874 would solve the serious problems related to the sharp escalation of construction cost and we urge that your committee give favorable consideration to H.R. 6874.

Sincerely,

STUART HENZEL, *President.*

UTAH WATER USERS ASSOCIATION,

Bountiful, Utah, June 5, 1975.

Congressman HAROLD T. JOHNSON,
*Chairman, Subcommittee on Water and Power Resources, Committee on Interior
 and Insular Affairs, Longworth House Office Building, Washington, D.C.*

DEAR CHAIRMAN: The Small Reclamation Projects Act for more than 18 years has provided an extremely valuable program for the accomplishment of water resources development and improvements that are urgently needed by small local organizations throughout the West.

Within the State of Utah there are at least 10 Small Project Loans in force. In addition, several other organizations have made application. This program has been most successful and has permitted development in areas which otherwise would have been prohibitive.

The Utah Water Users Association represents water users throughout the State of Utah. The Board of Directors, at its meeting on June 3, 1975, voted unanimously to support H.R. 6874. We urge that your Committee give favorable consideration and work for its early enactment by the Congress.

Sincerely,

D. EARL HARRIS, *President.*

TEXAS WATER DEVELOPMENT BOARD,

Austin, Tex., June 5, 1975.

Congressman HAROLD T. JOHNSON,
*Chairman, Subcommittee on Water and Power Resources, Committee on Interior
 and Insular Affairs, Longworth House Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN: I have been authorized by the members of the Texas Water Development Board to urge support for H.R. 6874 which amends the Small Reclamation Projects Act (P.L. 984).

The Small Reclamation Projects Act has provided an extremely valuable program for the accomplishment of water resources development which has served the State of Texas well in many instances.

H.R. 6874 provides a solution to the serious problems brought about by rapid escalation of construction costs. As a matter of interest, the Legislature of the State of Texas has, this past month, authorized constitutional amendments to increase from \$500 million to \$1 billion the financial capability of the Texas Water Development Board to address its responsibilities in the field of water resources development. The principal reason for the increase is of course the impact of inflation which no doubt has lead to the introduction of H.R. 6874.

We urge favorable consideration of this measure by the appropriate Committees and the Congress that it may become law as soon as possible.

Respectfully submitted,

HARRY P. BURLEIGH.

STATE OF NEBRASKA,

EXECUTIVE OFFICE,

Lincoln, Nebr., June 2, 1975.

Congressman HAROLD T. JOHNSON,
*Chairman, Subcommittee on Water and Power Resources, Committee on Interior
 and Insular Affairs, Longworth House Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN: Utilization of the Small Project Loan Act in Nebraska in recent years has been limited because continued inflation made it almost

impossible for existing irrigation projects to do the work necessary under the Act and stay within the loan limitations.

H.R. 6874 will provide some relief in this area as loan limits will be increased according to construction costs and the loan may be increased administratively due to cost escalations without a two-year wait for a second loan application.

As Governor of the State of Nebraska I wish to support H.R. 6874 and urge that your committee give favorable consideration to this bill and work for its early enactment by Congress.

Rehabilitation of existing irrigation systems in Nebraska will result in saving of water and better use of water by irrigation farmers and in some cases could enhance the water supply for hydroelectric generation.

Sincerely,

J. JAMES EXON,
Governor.

ALBERT A. WEBB ASSOCIATES,
CONSULTING ENGINEERS,
Riverside, Calif., June 6, 1975.

HONORABLE HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and
Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR SIR: It is our understanding that hearings are to be held soon on your bill, H.R. 6874, containing amendments to the Small Reclamation Projects Act (P.L. 984). The Western Municipal Water District of Riverside County, for which district we are consulting engineers, is preparing to file an application for a loan under P.L. 984.

The amendments being considered under H.R. 6874 directly apply to the district's project. This bill is needed to adjust project costs due to inflation, reduce delays in processing, cover cost escalations during planning and construction, and provide for the effective continuation of this loan program.

We strongly urge that your Committee work for the enactment of H.R. 6874.

Yours sincerely,

ALBERT A. WEBB.

LAKE COUNTY FLOOD CONTROL,
AND WATER CONSERVATION DISTRICT,
Lakeport, Calif., May 30, 1975.

CONGRESSMAN HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and
Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Our District intends to file an Application for a loan under Small Reclamation Project Act, PL 984, after several years of investigation on the Kelsey Creek Project.

Sharp escalation of construction costs during the last several years with no end in sight is causing insurmountable problems for my agency and others that are constructing projects with loans under this Act. The amendments proposed under H.R. 6874 would help solve these problems.

We strongly urge that your Committee give favorable consideration to H.R. 6874 and work for its early enactment by the Congress.

Sincerely,

WILLARD D. HANSEN, Manager.

VALLEY CENTER MUNICIPAL WATER DISTRICT,
Valley Center, Calif., June 6, 1975.

CONGRESSMAN HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and
Insular Affairs, Longworth House Office Building, Washington D.C.

DEAR MR. CHAIRMAN: Valley Center Municipal Water District wishes that the following testimony be read and considered at the hearing set for 9:30 a.m., Thursday, June 12, 1975 pursuant to Senate Bill 1974/H.R. 6874.

Valley Center Municipal Water District has a Bureau of Reclamation Small Acts Loan for \$6,500,000.00 which was executed in 1970. Contracts were let immediately and construction began. As early as 1972, the district realized the

loan would no longer be adequate to complete all the projects included in our Feasibility Report. The spiraling inflation experienced during the 1970's was the reason for the District's need of a \$3,500,000.00 augmentation of the original \$6,500,000.00 loan.

An application for the above stated loan augmentation was submitted to the Bureau of Reclamation by the District in September 1973. The Amended Feasibility report has now been processed through four (4) levels of Government, which has taken 2½ years. Aside from preparation of the report numerous presentations have been completed by the District. All of the work related to acquiring the loan augmentation has been time consuming and extremely costly. And, the loan still has not received final approval.

It is this District's opinion that a request for a Bureau Loan Augmentation should not require the same rigorous and redundant processing procedures that were adhered to in the original loan application. The basic concept and specific projects included in the original loan are not altered when seeking an augmentation.

The amendments as prescribed in S-1794 and H.R.-6874 are supported by Valley Center Municipal Water District in the hopes that our cost and time involved as reported above would be minimized for future loan applicants. Valley Center Municipal Water District strongly urges that your Committee give favorable consideration to S-1794/H.R.-6874 and work for its early enactment by Congress.

Very Truly Yours,

HADLEY JOHNSON,
General Manager.

BENJAMIN, KARL & ASSOCIATES,
McCook, Nebr., June 4, 1975.

CONGRESSMAN HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: This firm currently has a Small Project Loan application which has been approved by the Department of Interior and is now filed with OMB. We also intend to file two additional applications for similar projects in the near future.

Sharp escalation of construction costs during the last several years has caused many great problems for agencies constructing projects with loans under the Small Reclamation Projects Act. We feel the amendments proposed under H.R. 6874 would help to solve these problems.

We strongly urge that your committee give favorable consideration to H.R. 6874 and work for its early enactment by the Congress.

Respectfully yours,

LLOYD BENJAMIN,
President, Technical Consultants, Inc.

SOUTH DAKOTA DEPARTMENT OF NATURAL RESOURCE DEVELOPMENT,
OFFICE OF THE SECRETARY,
Pierre, S. Dak., June 4, 1975.

Congressman HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Previous commitments prohibit South Dakota from having a representative at the hearing scheduled on Thursday, June 12, 1975, on H.R. 6874 amending the Small Reclamation Projects Act. However, the views outlined herein are presented for Subcommittee consideration and hopefully can be entered into the hearing record.

The Small Reclamation Projects Act offers an opportunity for federal participation in much needed reclamation projects. Although South Dakota projects have not participated in the program due to a number of reasons, of which one has been the lack of adequate funding, the potential for future use is great. Interest is building for small irrigation projects to divert and utilize Missouri River water for irrigation in counties adjacent to the river. The State of South Dakota has already entered into a state funded loan program for one small project and is looking at means to fund similar projects.

Providing greater flexibility in the Small Reclamation Project Act to compensate for escalation in construction costs would be more beneficial. Other amendments proposed in H.R. 6874 would also enhance the chances to utilize this program to meet local needs. I would strongly urge that your Committee give favorable consideration to H.R. 6874 and work for its early enactment by the Congress.

Very truly yours,

VERN W. BUTLER,
Secretary.

STOCKTON EAST WATER DISTRICT,
Stockton, Calif., June 3, 1975.

HONORABLE HAROLD T. JOHNSON,
*Member, of the House of Representatives, House Office Building,
Washington, D.C.*

Dear SIR: I am writing to you at the request of the Board of Directors of the Stockton-East Water District and pursuant to authorization and direction contained in Resolution No. 74-75-51 of my Board. I enclose a copy of that Resolution.

The Stockton-East Water District has familiarity with the Small Reclamation Projects Act (P.L. 984), and the loan program conducted pursuant to that Act, in that the District was an applicant for a loan under the program for the District's raw water transmission pipeline and water treatment plant project. Because of the fact that our present project is municipal in nature it was concluded that a loan could not be made available, at least within the period in which we felt we must begin construction of our project. Accordingly, we are proceeding with revenue bond financing for our project.

Our District does, however, seek 100,000 acre feet of agricultural water from the Folsom South Canal Project, which we propose to put to use within the substantial agricultural portion of our District. In order to accomplish that we contemplate the construction of one or more agricultural distribution systems over a period of years after Folsom South Canal water is made available to our District. The District anticipates the use of P.L. 984 loans for the construction of those agricultural distribution systems.

As is indicated in the enclosed resolution, this District is only too aware of the drastic effect of sharp inflation, which can occur even during the course of a project. Our present raw water transmission pipeline and treatment plant project is, as I indicated, being financed by revenue bonds. Between the time of the calling of the revenue bond election for our project, approximately a year and a half ago, and the present time, the cost of our project has risen from an estimated \$20,000,000 to an actual cost of \$23,000,000. Because of this rise we were very nearly unable to go forth with our project. Fortunately, by means of certain advance water charges we have found a means to raise the amount of funds required to cover unforeseen inflation. We had already in our estimates allowed for what previously was considered a very generous inflation factor. We know that our own experience is in no way unique; many agencies have faced the same problem. The tying of the maximum loan amounts to an inflation factor and further allowing adjustments because of inflation in the loan amount will provide not only a greater security for projects, but in some instances will allow projects to go forward without reprocessing delays. During the period of reprocessing inflation can, in turn, increase costs. Also, the adjustment of the loan amount and project amount will keep the "size of project" intent of Congress valid. We strongly support H.R. 6874.

Very truly yours,

WILLIAM C. HOSIE, *President.*

RESOLUTION NO. 74-75-51

RESOLUTION OF THE BOARD OF DIRECTORS OF THE STOCKTON-EAST WATER DISTRICT RELATIVE TO SUPPORT OF H.R. 6874

Whereas, this District heretofore has been an applicant for a loan under the Small Reclamation Projects Act (P.L. 984); and

Whereas, it is anticipated that if this District is to put to use the agricultural water which it is seeking from the Folsom South Canal Project that it will be necessary for this District to again seek one or more loans under said Act; and

Whereas, this District is extremely conscious of the continued sharp escalation in construction costs, having experienced such escalation in its own present construction program; and

Whereas, this District has reviewed the proposed amendments to P.L. 984 contained in H.R. 6874, which among other things would make the \$15,000,000 limit on eligible projects and the \$10,000,000 limit on loans, subject to adjustment by the Bureau of Reclamation Composite Construction Cost Index using January of 1971 as a base, and further would make loan amount subject to adjustment by said Index.

Now, Therefore, Be It Resolved That this District strongly endorses H.R. 6874; and be it further resolved that the President of this Board is authorized and directed to communicate with Congressman Harold T. Johnson, Chairman of the Water and Power Resources Subcommittee of the House Committee on Interior and Insular Affairs and Senator Frank Church, Chairman of the Subcommittee on Energy, Research, and Water Resources of the Senate Committee on Interior and Insular Affairs, expressing the strong support of this District for H.R. 6874; and

Be It Further Resolved, that copies of said communication and copies of this Resolution be forwarded in addition to Senator Alan Cranston, Senator John Tunney, Congressman John J. McFall and Gilbert Stamm, Commissioner of Reclamation.

Passed and Adopted:

Ayes—Directors Lyons, Dondero, Hosie, Waidhofer, and Masten.

Noes—None.

Absent—Directors Dorton and DeBenedetti.

William C. Hosie, *President.*

Attest:

Robert C. Sagehorn, *Secretary.*

SECRETARY'S CERTIFICATE

I, Robert C. Sagehorn, Secretary of the Board of Directors of Stockton-East Water District, California, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at an adjourned regular meeting of the Board of Directors of said District duly and regularly and legally held at the regular meeting place thereof on June 3, 1975, of which meeting all of the members of said Board of Directors had due notice and at which a majority thereof were present.

At said meeting said resolution was adopted by the following vote:

Ayes—Directors Lyons, Dondero, Hosie, Waidhofer, and Masten.

Noes—None.

Absent—Directors Dorton and DeBenedetti.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office, and the foregoing is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes.

Said resolution has not been amended, modified, or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: June 3, 1975.

ROBERT C. SAGEHORN,
*Secretary of the Board of Directors
of Stockton-East Water District.*

POMONA VALLEY MUNICIPAL WATER DISTRICT,
Pomona, Calif., June 6, 1975.

Congressman HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Sharp escalation of construction costs during the last several years with no end in sight is causing insurmountable problems for agencies that are constructing projects with loans under the Small Reclamation Projects Act. The amendments proposed under H.R. 6874 would solve these problems.

Our agency has, over the last several years, been working on a master plan for facilities to meet our present and future needs toward maintaining economic viability and stability within our area of service. During these months of work at planning for project needs and related costs, we have faced enumerable first hand setbacks as the costs continue to climb and reduce our ability to meet these needs.

Having made tentative application to the Bureau under the Small Reclamation Projects Act for our project, we are very much aware of this most needed, but yet unfortunately hampered, program for local projects. As one of those many agencies that are in need of your assistance in this matter, we strongly urge that your Committee give favorable consideration to H.R. 6874 and work for its early enactment by the Congress.

Thanking you in advance for your understanding in this matter, we remain,
Sincerely yours,

WILLIAM C. LEECH,
President of the Board.

KERN COUNTY WATER AGENCY,
Bakersfield, Calif., June 5, 1975.

Congressman HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Regarding H.R. 6874 amendments to the Small Reclamation Projects Act (PL 984), a number of water districts receiving water through the Kern County Water Agency have been assisted by PL 984 loans to construct distribution systems.

A recent survey showed that 14 districts taking State Project water through this Agency have plans to spend about \$260 million on water systems. As of December 1974, about \$100 million, primarily from public bond issues but including several PL 984 loans, had been spent on construction of canals, pumps and pipelines. There is a need to invest an additional \$160 million in irrigation systems, not including the effects of future inflation.

Landowners and water managers are becoming more concerned about the need for drainage projects in many areas of Kern County to preserve and protect agricultural productivity. This will add additional financing requirements to Kern County landowners. The proposed amendments offer a much needed source of financing for drainage projects.

The Agency strongly supports the amendments in H.R. 6874. Your efforts to obtain favorable committee action and early enactment by the Congress will be very much appreciated.

Sincerely yours.

STUART T. PYLE,
Engineer-Manager

CITY OF PARAMOUNT,
Paramount, Calif., June 5, 1975.

Congressman HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.:

On June 12, 1975, the Subcommittee on Water and Power Resources is scheduled to hear H.R. 6874, a bill amending the Small Reclamation Projects Act. On behalf of the citizens of the City of Paramount, I urge your support of this very important piece of legislation.

H.R. 6874 is a major step towards helping Paramount provide long overdue improvements in our local water system. Past efforts have been very frustrating because of a lack of federal legislation designed to alleviate our particular problem. H.R. 6874 will provide the legislation we need, and with its passage we will immediately file an application for federal assistance.

I strongly urge that your Committee give favorable consideration to H.R. 6874 and work for its early enactment by the Congress.

TED J. MOSIER, *Mayor.*

NAMPA & MERIDIAN IRRIGATION DISTRICT,
Nampa, Idaho, June 6, 1975.

Hon. HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power,
Longworth House Office Building, Washington, D.C.

DEAR CHAIRMAN JOHNSON: As participating members of both the Idaho Water Users Association and the National Water Resources Association, the officers of this district support passage of H.R. 6874.

Please enter our support at the hearing scheduled for 12 June 1975.

Yours truly,

JOSEPH C. VOIGHT,
Secretary of the Board.

HAIGHT'S CREEK IRRIGATION Co.,
Kaysville, Utah, June 9, 1975.

Congressman HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR CONGRESSMAN: I understand you will soon be holding hearings on your bill, H.R. 6874, amending the Small Reclamation Projects Act. Our agency, Hights Creek Irrigation, has received a loan and our project is completed. The funds for this project were held up by the Government and by the time the funds were released the costs had escalated so high that it cost one and one-half (1½) times the estimated amount. So, therefore, we had to come up with additional revenue to complete the project.

In view of our experience, we are vitally interested in the program H.R. 6874. It would solve the serious problems related to the sharp escalation of construction costs and we urge that your Committee give favorable consideration to that bill.

Very truly yours,

DAVID A. STEWART,
President.

ROY WATER CONSERVANCY SUBDISTRICT,
Roy, Utah, June 10, 1975.

Congressman HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Capitol Hill, Washington, D.C.

DEAR MR. CHAIRMAN: Sharp escalation of construction costs during the last several years with no end in sight is causing insurmountable problems for agencies that are constructing projects with loans under this act. The amendments proposed under H.R. 6874 would solve these problems.

Our agency has a loan in progress and project is under construction. We strongly urge that your committee give favorable consideration to H.R. 6874 and work for its early enactment by Congress.

JOSEPH DAWSON, Chairman.

CH2M HILL,
ENGINEERS, PLANNERS, ECONOMISTS, AND SCIENTISTS,
Redding, Calif., June 9, 1975.

Congressman HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR CONGRESSMAN JOHNSON: Our firm and in particular Mr. Clair A. Hill and I, have personally been involved in the Small Reclamation Projects program since its inception in 1956. One of the first projects approved by Congress was the Stumpy Meadows project for Georegtown Divide Public Utility District for which we provided the engineering services. We have represented numerous water districts who have used the loan program and are currently participating in four different projects at various levels of feasibility and construction. The attached list shows the clients and projects for which we have been the consultants.

Over the years, the Small Reclamation Projects program has served a very useful and important function in allowing the districts to plan their own program

on a relatively small project and yet enjoy the traditional financial assistance under the Reclamation Act. The program was designed to help districts help themselves, and the wisdom of Congress in passing the original Act is well demonstrated by the successful use of it by the great diversity of districts. Most projects have been for new facilities for an already existing and operating district or for rehabilitation and betterment of existing facilities. These projects have enhanced and improved utilization of water and related land resources, including improved irrigation efficiencies.

The loan program has made a significant contribution to the production of food and fiber and continues to improve the agricultural economy of local areas by providing permanent employment and long-term economic benefits. Most of the financing under this program has been in the form of loans which are being repaid and to my knowledge without delinquencies. These loans offer a sound investment for funds since they are revenue producing and, in many instances, contribute to the balance of payments through the export of agricultural products.

We are concerned that during recent years, the program has experienced some delays primarily through administrative procedures relative to the processing of loan applications through the Department and the Office of Management and Budget prior to submittal to Congress. It has been our experience that the Congressional Committees have been responsive to the program, which is much appreciated, and we expect they will again support the subject legislation. Since the program is a highly desirable one from the standpoint of investment and economic benefits, efforts should be directed to accelerating the review process rather than the continued addition of steps which seem to add to the process and result in significant increase in costs. The costs are particularly affected by escalation when delays are encountered.

HR 6874 provides for the basic minimum needs to update the program. The principal concern, of course, is escalation, and the program should be adjusted to enable the districts to plan in accordance with current dollar values as their project progresses, rather than on an arbitrary limit established in the Act for both total project costs and the loan limit. Time and again, projects have experienced delays for one reason or another and because of escalation, their costs have exceeded the limits prior to completion of construction. It is, therefore, logical that the total project costs and loan limits be related to the Bureau of Reclamation composite construction cost index.

We urge the Committee to consider HR 6874 in a favorable light and sincerely appreciate the Congressional Committee's historical response to the continuation of a very viable and significant revenue-producing agricultural program.

We appreciate this opportunity to submit our comments on the proposed amendments and the general value of the program.

Sincerely,

JOSEPH E. PATTEN,
Vice President Water Resources.

SMALL RECLAMATION PROJECTS ¹

Georgetown Divide Public Utility District, Stumpy Meadows Project.
Klamath Basin Irrigation District, Klamath Project Extensions.
Byron Bethany Irrigation District, Improvements to Irrigation System.
Central Oregon Irrigation District, Flume and Siphon Improvement Program.
Yolo County Flood Control and Water Conservation District, Indian Valley Project.
Central Nebraska Public Power and Irrigation District, E65 System Project Improvements.
Glenn-Colusa Irrigation District, Pump Station and Main Canal Improvement Program.

YUBA COUNTY WATER DISTRICT,
Brownsville, Calif., June 9, 1975.

Congressman HAROLD T. JOHNSON:

Our agency has been involved in this program and because of our experience we are interested in the program HR6874 would solve the serious problems related to the sharp escalation of construction costs and we urge that our committee give favorable consideration to HR6874.

J. W. TRESSLER, *President.*

¹ Small Reclamation Projects Act of 1956 as amended (P.L. 984).

CALIFORNIA CHAMBER OF COMMERCE,
Sacramento, Calif., June 6, 1975.

Hon. HAROLD T. JOHNSON,
House of Representatives,
House Office Building, Washington, D.C.

DEAR BIZZ: I do hope you understand that our Chamber's opposition to the veto override of the emergency jobs bill did not indicate any change in our support for necessary water development projects or for the work you are doing toward better management of national forest resources. Doyle Boen thoughtfully provided me with a typed copy of H.R. 6874, with the information that your subcommittee plans to hear the bill on June the 12th. Since it will not be possible to present testimony directly, we would appreciate you listing us as among the supporters of your measure.

Copies of letters to fellow members of the House Interior and Insular Affairs Committee and to Senator Church supporting amendment of the Small Reclamation Projects Act are attached.

Best personal regards.

Cordially,

LARRY KIML,
Director, Environmental Resources Group.

CALIFORNIA CHAMBER OF COMMERCE,
Sacramento, Calif., June 6, 1975.

Hon. WILLIAM M. KETCHEUM,
House of Representatives,
House Office Building, Washington, D.C.

DEAR BILL: We understand that the Subcommittee on Water and Power Resources of the House Interior Committee will hold hearings next week on H.R. 6874. The bill, introduced by Congressman "Bizz" Johnson, proposes amendments to the Small Reclamation Projects Act (P.L. 984) that in our view are reasonable and badly needed. Without these amendments a number of projects currently under construction may not be completed.

This program, which the California Chamber of Commerce has supported for a number of years, has greatly benefited the economy of our state. We believe the automatic adjustment of maximum loan limits to reflect changes in the U.S. Bureau of Reclamation's construction cost index will avoid future crisis in local project planning and development. The proposed increase in funds authorized for the program is essential, and we hope you will support the measure.

Sincerely,

JOHN T. HAY,
Executive Vice President.

CALIFORNIA CHAMBER OF COMMERCE,
Sacramento, Calif., June 6, 1975.

Hon. FRANK CHURCH,
U.S. Senate, Senate Office Building,
Washington, D.C.

DEAR SENATOR CHURCH: It is our understanding that no hearings have been scheduled to date on S. 1794, which you have introduced to amend the Small Reclamation Projects Act. The California Chamber of Commerce is in full support of the companion bill, H.R. 6874, introduced by our Congressman Bizz Johnson.

We deeply appreciate your understanding of the urgent need to change the loan limit and to establish a realistic formula which will provide for changes in the loan limit as construction costs fluctuate. We have a number of projects under construction in California that are experiencing problems that can be resolved by early enactment of your measure. For those reasons we deeply appreciate your introduction of S. 1794, and hope that you can expedite movement of the bill.

The Small Reclamation Projects program has provided substantial economic benefits at reasonable costs to our state, as I am sure it has yours. Please let us know what we can do to help, and when hearings are held on your measure please add our support to the hearing record.

Sincerely,

JOHN T. HAY,
Executive Vice President.

CALIFORNIA CHAMBER OF COMMERCE,
Sacramento, Calif., June 6, 1975.

HON. ROBERT LAGOMARSINO,
House of Representatives, House Office Building,
Washington, D.C.

DEAR BOB: Doyle Boen, a member of our Statewide Water Resources Committee, has advised us that hearings will be held by the Power and Energy Subcommittee of your House Interior Committee next week on H.R. 6874. Amendments to the Small Reclamation Projects Act proposed by Congressman Bizz Johnson are fully supported by our Chamber. California has been the primary beneficiary of this program, and a number of projects under construction are in trouble because of escalated costs and the fixed loan limit. The formula which would tie a limit to the Bureau of Reclamation's construction index is realistic and will avoid future crisis in the planning and development of these local projects.

Your vote supporting the President in the veto override attempt of the emergency jobs bill was appreciated. We believe that resource management funding should be considered on its own merits, and that H.R. 6874 is a case in point.

I see Shirley and Marilyn at the Capitol almost every week. I think they miss you as much as we do.

The California Coastal Plan, as you know, goes to our Legislature in January. The controversy it has stimulated thus far makes the debate you had in the Senate over the enabling legislation in 1972 look like a disagreement over the proper Sunday to celebrate Mothers' Day!

Best personal regards.

Cordially,

LARRY KIML,
Director, Environmental Resources Group.

STATEMENT OF KENNETH MITCHELL, PRESIDENT, BOARD OF DIRECTORS OF
CALAVERAS COUNTY WATER DISTRICT, SAN ANDREAS, CALIFORNIA

Mr. Chairman and Members of the Committee:

I am Kenneth Mitchell, President of the Board of Calaveras County Water District, San Andreas, California. The District's P.L. 984 application is currently under consideration by the Department of the Interior and we are hopeful that this review will soon be favorably concluded.

We support the amendments to the Act as proposed in H.R. 6874.

Sharp escalation of construction costs during the last several years with no end in sight is causing insurmountable problems for agencies constructing or seeking to construct projects with loans under this Act.

The amount of loan originally requested for the District's Jenny Lind Project based upon planned construction of the project in 1972 and full operation of the project in 1973 was \$1,375,000. Because of increases in construction costs the District now needs \$2,155,000 in loan funds.

Under one of the amendments proposed in H.R. 6874, the Secretary of Interior would be authorized to increase the amount of loan to compensate for increases in construction costs due to price escalations. We are hopeful that this provision will provide flexibility to the processing of loan applications by the Bureau and will eliminate the delays experienced in the past due to the need to amend applications because of price escalations.

We thank the Bureau of Reclamation for its cooperation and this Committee for the time and attention it has given to periodic amendments to P.L. 984 so as to meet the current needs of water user organizations such as Calaveras.

We request that you give favorable consideration to the amendments proposed in H.R. 6874.

GRAHAM CANAL Co.,
Thatcher, Ariz., June 4, 1975.

Congressman HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Sharp escalation of construction costs during the last several years with no end in sight is causing insurmountable problems for agencies that are constructing projects with loans under the Small Reclamation Projects Act. The amendments proposed under H.R. 6874 would solve these problems.

Our agency has received a loan, our project is about 30% completed and, in view of our experience, we are vitally interested in the program.

We strongly urge that your Committee give favorable consideration to H.R. 6874 and work for its enactment by the Congress.

Sincerely,

VERDELL HOWARD, *President.*

RESOURCE ENGINEERING,
Glendive, Mont., June 12, 1975.

Hon. HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR CONGRESSMAN; We encourage passage of bill H.R. 6874 to help the rancher out of his economic plight as well as assisting the farmer to get stability of price via stability of crop by project improvement.

The amendments P.L. 984 are also very needed.

We urge passage.

Sincerely yours,

FRAN MERTES.

DIVISION OF WATER RESOURCES,
Salt Lake City, Utah, June 4, 1975.

Hon. HAROLD T. JOHNSON,
Congressman, Longworth Building, Washington, D.C.

DEAR CONGRESSMAN: We are grateful that you have for many years been in a position of leadership in the committees of Congress. Your genuine understanding of the needs and problems of the West and your untiring efforts in the accomplishment of water conservation is appreciated.

The Small Reclamation Projects Act of 1966 was definitely a good bill. It permits construction of small projects by local people without the overhead of the Bureau of Reclamation's massive administrative structure. In Utah the Board of Water Resources has officially reviewed every loan application and responded in behalf of the Governor and the State as to the feasibility of the loans. Many projects have been built under this program in our state.

The amendment to the Act as proposed by H.R. 6874 is a good bill. It provides for adjustment to the escalation of construction costs and will greatly facilitate the administrative process in getting worthy projects built.

The Utah Board of Water Resources on June 6, 1975, passed a resolution urging your continuous efforts to enact H.R. 6874; and if you feel there is any specific thing which we can do, will you please let us know.

Sincerely,

MARION O. OLSEN, *Chairman.*
DANIEL F. LAWRENCE, *Director.*

FARMINGTON PRESSURIZED IRRIGATION DISTRICT,
Farmington, Utah, June 10, 1975.

CONGRESSMAN HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR CHAIRMAN JOHNSON: Our district has had a loan application in the process of being reviewed by various offices of the Bureau of Reclamation and Department of Interior for over five years. In that time we have been required to re-evaluate costs and financial aspects of the application on several occasions and update these features not due to any changes or alterations of the basic plan of the project but due to inflation and spiraling construction costs. As a result of the long delays in approval and funding of our application our citizens are in a severe crises situation with respect to irrigation needs, water conservation, property, environmental, and personal hazard, and economic well-being of irrigation organizations and users.

H.R. 6874 upon enactment will go far in reducing and or eliminating problems that presently hamper applicants such as ourselves in meeting the needs and requirements of our users.

We urge that your committee give favorable consideration to this bill.

Respectfully,

AARON F. RICHARDS,
Farmington Area Pressurized Irrigation District.

STATE OF IDAHO,
DEPARTMENT OF WATER RESOURCES,
Boise, Idaho, June 6, 1975.

Congressman HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: The Small Reclamation Projects Act has provided important benefits to Idaho, and we look towards continued usage of the Small Projects Program in this state. We strongly urge that your Committee give favorable consideration to HR-6874 so the program can continue to serve as a viable alternative for the development and improvement of their water resources to the small, local organizations throughout the West. When considering the continued rapid escalation of construction costs, there can be no doubt that HR-6874 is needed.

Sincerely yours,

R. KEITH HIGGINSON,
Director.

CONCORD, CALIF., *June 11, 1975.*

Congressman HAROLD T. JOHNSON,
Chairman, Committee on Water and Power Resources, Washington, D.C.

On behalf of 250,000 district residents, as well as millions of residents similarly situated in the reclamation States, Contra Costa County Water District supports and urges passage of H.R. 6874.

JOHN E. DE VITO, *General Manager*

WALKER RIVER IRRIGATION DISTRICT
Yerington, Nev., June 9, 1975.

Congressman HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Sharp escalation of construction costs during the last several years with no end in sight is causing insurmountable problems for agencies that are constructing projects with loans under the Small Reclamation Projects Act. The amendments proposed under H.R. 6874 would solve these problems.

Our agency intends to file an application for a Small Project Loan.

We strongly urge that your Committee give favorable consideration to H.R. 6874 and work for its early enactment by the Congress.

Sincerely,

H. E. ROWNTREE,
Manager.

STATE OF CALIFORNIA—RESOURCES AGENCY,
DEPARTMENT OF WATER RESOURCES,
Sacramento, Calif., June 9, 1975.

HON. HAROLD T. "BIZZ" JOHNSON
Chairman, Subcommittee on Water and Power Resources, House Committee on Interior and Insular Affairs, Rayburn House Office Building, Washington, D.C.

DEAR MR. JOHNSON: H.R. 6874, your bill to amend the Small Reclamation Projects Act of 1956, as amended, has recently come to my attention.

Because of the great benefit of this Act to the responsible development of water resources in California, I wish to express my strong support for this bill.

I believe the amendments which you have proposed offer a reasonable solution to the problem of continual amendments to counter the effects of rapid inflation as it relates to the costs associated with reclamation projects. Therefore, I urge the passage of H.R. 6874.

Sincerely,

RONALD B. ROBIE,
Director.

THE CITY OF SANTA CLARA, CALIF.,
June 13, 1975.

HON. HAROLD T. JOHNSON,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN JOHNSON: The City of Santa Clara wishes to go on record in support of HR 6874 which currently is being heard before the Committee on Interior and Insular Affairs. The bill is to amend the Small Reclamation Projects Act of 1956 by providing for increases in loans/grants because of increases in the construction cost index and by increasing funding authorization from \$300 million to \$400 million, among other things.

In view of the inflationary impact on the utility of the scope of funds authorized under this legislation, the amending bill does attempt to bring such legislation up to present day standards of cost and need. Furthermore, it recognizes the continuing need for small reclamation projects which attempt to assist local communities in reclaiming and improving land for agricultural purposes.

Your support of this bill when it comes to the floor will be appreciated.

Very truly yours,

DONALD R. VON RAESFELD,
City Manager.
GARY G. GILLMOR,
Mayor.

IDAHO WATER USERS ASSOCIATION, INC.,
June 12, 1975.

Congressman HAROLD T. JOHNSON,
Chairman, Subcommittee on Water and Power Resources, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR CONGRESSMAN JOHNSON: The Idaho Water Users Association, representing 2,800,000 acres of irrigated agricultural land and more than 2,200 owners or operators of those lands wishes to make a formal statement to be included in the record of your hearing on HR-6874.

The Small Reclamation Projects Act has for more than 18 years provided a valuable program for the accomplishment of the water resource development and improvements urgently needed by the small local organizations throughout the western states. The legislation being considered by your committee will provide a solution to serious problems that are being caused by the tremendous rate of inflation in construction and construction materials costs.

As a representative of the irrigation agricultural community, I have had the opportunity to become closely familiar with many of the important benefits that the small projects program is providing for urgently needed projects in my State. Applications under the act now pending in Idaho include the Lewiston Orchards Irrigation District, the Nampa-Meridian Irrigation District, the Crane Falls Project, the Crawford Nook Irrigation District and the Cassia Creek Reservoir Company. Resolution of these applications is urgently needed and, of course, contingent upon the availability of funds. I would strongly urge that your committee give favorable consideration to the legislation before you and work for its early enactment in Congress.

Sincerely,

SHERL L. CHAPMAN,
Executive Director.

MIRAGE FLATS IRRIGATION DISTRICT,
Hay Springs, Nebr., June 11, 1975.

Congressman HAROLD T. JOHNSON,
*Chairman, Subcommittee on Water and Power Resources, Committee on Interior and
Insular Affairs, Longworth House Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in reference to our last letter to you supporting bill H.R. 6874.

We wish to support this bill, but do not plan to apply for a small projects loan ourselves. We are sorry if we gave that impression.

Hope this clarifies our position on this matter.

Sincerely,

ELVIN J. TERRELL, *President.*

FORT MOJAVE INDIAN TRIBE,
Needles, Calif., June 19, 1975.

Hon. HAROLD T. (BIZZ) JOHNSON,
*Chairman, Subcommittee on Water and Power Resources, Committee on Interior
and Insular Affairs, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in regard to your allowing us to enter written testimony subsequent to our oral presentation to your Subcommittee's hearings of June 13, 1975, of the above subject.

Mr. Norvan McCord and the undersigned wish to express our appreciation on behalf of the Fort Mojave Indian Tribe for the opportunity accorded to us to present our oral views on H.R. 6874, a Bill to amend the Small Reclamations Projects Act of 1966 as amended.

The Fort Mojave Indian Tribe had submitted an application for consideration by the Department of the Interior under the Small Reclamations Projects Act of 1966 as amended. Upon review of the proposed H.R. 6874, we strongly urge that your Committee give favorable consideration to this Bill. It is felt that this is a necessary step toward bringing projects such as ours to fruition as intended by Congress under the Small Reclamations Projects Act of 1966 as amended.

The Fort Mojave project can be used as an excellent example to illustrate why this Bill should be considered. In 1972, the Fort Mojave Indian Tribe, in a desire to become a self-supporting nation, determined that they were eligible applicants for a Small Reclamations Project loan which could allow them to utilize their natural resources of land and water rights. They applied to the Four Corners Commission [Arizona, Utah, Colorado and New Mexico], and obtained a \$30,000 grant, which was estimated to be sufficient to complete their application. Upon receipt of this grant, the Tribe retained the engineering firm of Trico International of Scottsdale, Arizona, to prepare this application. The estimated project cost, upon completion of the first draft of this application, came to an aggregate amount of approximately \$8.3 million; however, as time passed, and this application had to be re-drafted on several occasions, the most recent draft and final application report to the Bureau of Reclamations dated October 1974, reflected an estimated project cost of \$9,950,332. It was recognized at the time of submission that any further delays in processing this application would increase the estimated project cost to an amount of in excess of \$10 million which, by definition, would make their worthwhile project unqualified under the Act as it stands today. The passage of H.R. 6874, which increases the size of a project to \$15 million, could allow the Tribe to continue to pursue this project, if other extenuating circumstances were not present.

Although the Fort Mojave Indian Tribe is no longer in a position to pursue their project as outlined in our application of October 1974, due to the fact that their grant has been totally expended, they appreciated the opportunity to share their thoughts on this subject during the Subcommittee's hearings of June 13, 1975, with the hope that these could be of benefit to future applicants, including other qualified Indian tribes.

The Fort Mojave Indian Tribe feels that H.R. 6874 is only one step necessary to implement the intent of the Small Reclamations Projects Act of 1966 as amended. In this light, they recommend that your Subcommittee take additional measures to identify the underlying problems which create the extensive delays in processing such applications, thereby compounding the inflationary factor which requires bills such as H.R. 6874 to be a necessity.

In accordance with your instructions we are providing Mr. Jim T. Casey, Consultant to the Subcommittee, with additional pertinent data to assist you in pursuing this thought, if the Subcommittee so desires.

Mr. Chairman, we again wish to thank you, Mrs. S. Pettis, and the other members of your Subcommittee, for your continued interest and support of our activities. We also wish to call attention to and thank Mr. Casey for his constructive direction and assistance while we were working on the aforementioned application.

If we can provide any further assistance to your Subcommittee, please do not hesitate to contact us.

Sincerely yours,

STUART G. SALL,

Member, Fort Mojave Farm Board.

Mr. JOHNSON. Is there anyone else here who is not on the list who has a statement for the record or would like to be recognized?

Come forward and give us your name and we will take your statement for the record.

STATEMENT OF CHRIS WILLIAMS, SPECIAL COUNSEL FOR SEMI-TROPIC WATER STORAGE DISTRICT, CALIF.

Mr. WILLIAMS. My name is Chris Williams, special counsel for the Semitropic Water Storage District.

I understood that a statement from Congressman Ketchum on behalf of the district would be over this morning. I have not received it yet, but would request that it be incorporated into the record as read.

Mr. JOHNSON; Yes, he had that right. We gave general leave for all members of the committee to submit their statements and it will be made a part of the record.

Thank you for coming and your statement will be made a part of the record.

[Whereupon, at 12:20 p.m., the subcommittee hearing was adjourned.]

the following is a copy of the letter from the Hon. Mr. Justice
Gibson to the Hon. Mr. Justice Gwynne, dated the 1st of
January, 1900, in which the Hon. Mr. Justice Gwynne is
informed that the Hon. Mr. Justice Gibson has been
appointed to the position of Chief Justice of the
Court of Appeal for Ontario, and that the Hon. Mr. Justice
Gibson will be succeeded in the position of Chief Justice
of the Court of Appeal for Ontario by the Hon. Mr. Justice
Gwynne.

The Hon. Mr. Justice Gwynne has been appointed to the
position of Chief Justice of the Court of Appeal for Ontario,
and the Hon. Mr. Justice Gibson has been appointed to the
position of Chief Justice of the Court of Appeal for Ontario.

STATEMENT OF CHIEF JUSTICE WILLIAM STORIE
DISTRICT COURT

The following is a copy of the statement of Chief Justice
William Storie, dated the 1st of January, 1900, in which
he states that the Hon. Mr. Justice Gibson has been
appointed to the position of Chief Justice of the Court of
Appeal for Ontario, and that the Hon. Mr. Justice Gibson
will be succeeded in the position of Chief Justice of the
Court of Appeal for Ontario by the Hon. Mr. Justice Gwynne.
The Hon. Mr. Justice Gwynne has been appointed to the
position of Chief Justice of the Court of Appeal for Ontario,
and the Hon. Mr. Justice Gibson has been appointed to the
position of Chief Justice of the Court of Appeal for Ontario.

