AUTHORIZATION - THEN WHAT?

Statement by Acting Assistant Commissioner Gilbert G. Stamm at a meeting of the Garrison Diversion Conservancy District Board of Directors, Carrington, North Dakota, July 16, 1964

Introduction

I greatly appreciate your invitation and the high privilege of meeting with you today as we find the great Garrison project on the threshold of authorization. This accomplishment is due largely to your persistent, cooperative, and dedicated efforts throughout the many years of planning and seeking authorization.

I congratulate you as a Board and express our sincere appreciation for the very vital role each of you and your predecessors have played in this regard. At the same time, I wish to remind you that this is only the beginning. A very great task and many difficult problems lie ahead in the stages of project construction and operation and maintenance.

Authorization legislation has been passed by the Senate and has been reported favorably to the House by the House Committee on Interior and Insular Affairs. The possibilities for enactment in this session of the Congress appear very good. However, a few differences between the House and the Senate versions of the bill will need to be reconciled by conference committee action, and, thus, may prove to be difficult.

Authorization - then what? I know this is a question of foremost interest to all of you. Therefore, I have chosen three areas, phases, or aspects of project development that I would like to discuss briefly with you today. First, you may wish to consider some of the precon-
struction activities in which you will be concerned directly; second, the preconstruction and construction schedule that might evolve; and third, what this will all mean when the construction engineer puts up this shovel and declares the job completed.

Preconstruction Activities

Let us look first at some of the preconstruction activities to follow authorization. In the usual situation the activities include a variety of studies and surveys intended to advance planning studies and collection of detailed data. During this period we seek to eliminate all uncertainties from the physical plan. Land classification is correlated with capacities, location, and design of canal and lateral systems in the interest of determining the acres to be served. All of this is done with considerable precision and, as you might expect, is time-consuming.

You are particularly fortunate in the case of the Garrison Diversion Unit in that much of this work has already been done. Inasmuch as the Unit had been authorized previously, the legislative requirement was to modify and confirm the original authorization. Under those conditions appropriations have been made for advance planning during the period that the legislation has been under consideration by the Congress.

This has enabled us to refine our studies to definite plan report level for much of the 250,000 acre development. The results of this work have been reflected in the Supplemental Report accompanying our last legislative report on the pending legislation.
In recognition of the quality of the studies which have been completed and the extent of their coverage, the Commissioner has determined that the revised supplemental report is adequate, with minor reservations, to serve the purposes of the definite plan report. Before commenting on these reservations, it might be helpful if I explain briefly the philosophy of the definite plan report process.

The definite plan report procedure was devised by the Bureau of Reclamation as an administrative tool to determine that authorized projects or units of projects, indeed, merit the support of the Commissioner of Reclamation as proposed new construction starts. The need for such a procedure was a direct outgrowth of the omnibus-type authorization for the many units of the Missouri River Basin. I am sure each of you can appreciate the great changes that have taken place in costs, benefit evaluations, and hydrologic conditions since the early 1940's and can thus readily see that there was a need to confirm the desirability of many of the originally identified units and divisions of the plan. The definite plan report has functioned admirably for this purpose and has served as a record of the final plan of development.

The 250,000-acre Garrison Diversion Unit will require many years to complete. Construction and circumstances could arise in later years which will justifiably question and updating of the plan. When you will want to review the details of the unit at the time of reauthorization. For this reason we have conditioned our approval of the revised supplemental report on the compilation of supporting appendices.
to which our successors and yours can refer for advice as to the detailed intent of Congress in enacting the current legislation.

This work is substantially completed. The only outstanding exception is the requirement to revise the financial and economic analysis to conform to the provisions of the final Act. In this connection, you will recall that the Department recommended certain amendments to the bills, primarily in the area of cost sharing and repayment for recreation and fish and wildlife.

It would be presumptuous to attempt to forecast which of these amendments might, indeed, be enacted into law. However, time required to conform the economic and financial analysis to the conditions of the law should not require more than a few weeks at the most. We have held firmly to the concept that our repayment arrangements be as current and consistent with authorized project financial criteria and relationships as possible. Accordingly, we propose to be deliberate in our development of allocations and repayment information, albeit we will move with the greatest dispatch consistent with accuracy and integrity. It is important to realize that this is a prerequisite to the submission of water service and repayment contracts to the Secretary for approval as to form and final execution.

The July 1961 draft of master contract between the United States and the Garrison Diversion Conservancy District and the contract among the United States, the Conservancy District, and the Dickey-Sargent Irrigation District have not been processed for departmental approval as to form
because of the pending status of the authorizing legislation. We do, however, intend to process these contracts for departmental approval soon after congressional authorization.

In anticipation that Congressional action may come shortly, we have completed a current review of both contracts. We find them adequate for submission to the Department with only minor updating of certain provisions such as one relating to equal employment opportunities as required by Executive Order of June 22, 1963. Any legislative amendments the Congress may make in the area of cost sharing and repayment for recreation and fish and wildlife, which I have referred to previously, should not affect the repayment contracts as such but will require appropriate coverage in the Commissioner’s memorandum to the Secretary which describes the contracts, outlines the overall repayment arrangements, and recommends Secretarial approval of the contracts as to form.

Although the Conservancy District Board of Directors, by resolution of July 6, 1961, approved the draft of contract, we suggest that you provide a current resolution of approval covering the updated contracts. Likewise, a current resolution should be furnished by the Dickey-Sargent Irrigation District Board. This would facilitate prompt departmental action by signifying your current and continued support for execution of the contracts.

Equally important to departmental and Board approval of the contracts is an adequate educational program prior to holding elections for approval of the contracts by the local landowners. Much of your success in obtaining local approval
will depend upon the intensity and thoroughness with which you conduct such a program. You should give high priority to this effort. In the occasional case where the electorate votes down a proposed repayment contract, the cause is failure to conduct an adequate informational program in advance of the election. Again let me emphasize the importance of this particular activity.

Before the Bureau of Reclamation will start construction of the project, it will be necessary to have executed repayment contracts covering a sufficient acreage of irrigable land to justify construction and operation of the project facilities involved. The Dickey-Sargent Irrigation District, for which a repayment contract has been drafted, relates to only about 46,000 acres. This means that contracts must be executed with other irrigation districts, in order to get under contract the approximately 100,000 acres necessary to justify proceeding with construction. Although the Dickey-Sargent contract, when approved, will serve as a model for other districts, additional contracts with other districts must be executed before actual construction can proceed. I point this out only as a reminder that considerable work remains to be done and we must not tarry once authorization is obtained.

Preconstruction Schedule

Now, let us turn to the preconstruction schedule as we see it at the present time. If legislation is enacted soon after Congress returns from its present recess, or by the end of August, it is conceivable that all contract prerequisites could be completed and the Conservancy District's
master contract and the Dickey-Sargent Irrigation District's three-way contract submitted to the Department for approval as to form in October. This should permit execution of the master contract with the Conservancy District by the end of this calendar year and court confirmation in January or February of 1965.

Final contract negotiations with the other irrigation districts should begin immediately following project authorization and proceed concurrently with the review and approval of the Dickey-Sargent Irrigation District's three-way contract. If all of the gears are to mesh contract negotiations with the other districts should be completed by January 4, 1965. This would permit holding local elections and execution of contracts in the early months of 1965 and court confirmation by June 30, the end of this fiscal year.

I am sure you realize that this suggested schedule is predicated entirely upon prompt passage of favorable legislation by the Congress. Such a schedule would permit completion of all repayment contract prerequisites for initiation of construction and would place us in a favorable position to request funds for designs, etc., for fiscal year 1966. I urge you to work diligently towards this objective, as I am sure you are well aware that executed and validated repayment contracts in hand will be our best assurance for construction funds to be forthcoming through action of the Bureau of the Budget and the congressional appropriation committees. We in the Bureau are geared to proceed with final designs and specifications on the initial features of the project.
so that the first construction contract could be awarded about one year after construction funds become available.

Project Benefits

Finally, what will this project really mean? What will happen to the economy of the Garrison Diversion Unit area, the States of North and South Dakota, the Great Plains region, and the Nation as a whole when the impact of this tremendous resource development is felt. I am sure the impact of the full million acre ultimate plan development is beyond the comprehension of any one of us here today. Let us just look briefly at what the initial development for irrigation of 250,000 acres and other associated functions might represent. Full development of the project would provide results some four times greater.

Project costs for all functions of the initial 250,000 acre development are estimated at $212 million -- nearly a quarter of a billion dollars. This is big business and I am confident it will represent one of the largest capital investments ever to be made for a single undertaking in the State of North Dakota.

Construction of this initial phase should proceed at an economical rate, once work is started. The rate of development could provide for the irrigation of as much as 50,000 acres per year. Many factors, including the availability of funds, likely will influence the rate of construction. Annual construction expenditures could vary from about $2 million to as much as about $44 million. Judging from experiences gained on other large scale water resource projects, about one-half of the construc-
tion cost will go for salaries and wages of construction workers and other on-site payroll expenses, and the remainder will be spent largely for materials, supplies and equipment. Annual construction employment in the area could vary from about 300 to 2,100 workers, providing a livelihood for about 1,000 to 8,000 persons.

Innumerable direct benefits will accrue to thousands of firms and their employees throughout the Nation from construction of the project. Most of the equipment and materials will be secured from the East, North Central, and Middle Atlantic States. In all, the man-years of off-site employment created by reason of the purchase of project materials and equipment is at least equal to the man-years of employment necessary at the site of construction.

Once the project begins operation there will be a significant annual expenditure for operating, maintenance, and replacement of project works. Labor requirements and total annual operating expenditures will increase as additional facilities are placed in operational status. Upon completion of the initial phase construction, some 140 or more people will be employed locally to operate the project. This will provide an annual payroll of about $1 million and additionally some $600 thousand or more will be spent annually for supplies, materials, and replacement parts. Manufacturers in many states and local wholesale and retail establishments will share in supplying the goods and services needed for annual operation and maintenance.
Federal taxes will result directly and indirectly from the 250,000-acre irrigation development. Additional collections in the State of North Dakota are expected to total over $3 million annually, or about $12 per irrigable acre. Also, state and local taxes probably will increase.

The major real and tangible benefits for the North Dakota economy, following completion of construction, will come from irrigation. Most of the benefits from low-cost power and flood control will accrue to areas, states, and industries that are south and east of North Dakota.

Laurel D. Loftsgard, Professor of Agricultural Economics at North Dakota State University, has stated that net farm returns can be expected to increase 50 percent to 100 percent with the addition of irrigation. The exact increase depends, of course, on the amount of land irrigated, the particular crops grown, and the type of livestock enterprise.

Along with higher net farm incomes, the stability of income also will be greatly enhanced. Research studies at North Dakota State University indicate that irrigation, as compared to dryland farming, increased the stability of crop yields by 44 percent, increased the stability of net farm income by 18 percent, and increased farm returns per $100 of production costs by 24 percent.

Based upon our experience on Reclamation projects throughout the West, we agree with Professor Loftsgard when he says these figures point up some real significant influences of irrigation. The implications are fairly obvious; the overall risks and uncertainties are reduced, the chances for business survival and economic well-being are improved, and a higher and more stable average return is realized.
Development of irrigation, in addition to stabilizing and increasing agricultural production, should bring parallel development and progress in commerce and industry throughout the area. New businesses will arise and existing retail and service establishments will increase their volume of business substantially. New industries, mainly in the form of agricultural processing plants, can be expected to develop. The new and improved business activity will create additional local job opportunities. Thus, more than 50 percent of the future foreseeable growth of the area will be directly related to the development of the Garrison Diversion Unit.

Summary

We have discussed some of the preconstruction activities that will be of direct concern to you, have reviewed the preconstruction schedule based on the present outlook, and have touched on a few of the dividends that might be realized from the development of this great resource. In conclusion, I want to emphasize again, that obtaining favorable legislation is not the end of your efforts but in a sense the beginning. I would caution you not to underestimate the need for a sound, intensive educational program among the electors of the various irrigation districts. We should work toward the target of having all necessary repayment contracts executed and validated early in 1965 in order to be in a strong position to obtain construction funds for fiscal year 1966.

Our construction schedule, under present thinking, could make the first delivery of water possible in the 6th year following the availability of construction funds. If funds should become available in 1966, the first
delivery of water could probably be made in the spring of 1971. Any delays in preconstruction activities will only postpone that anxiously awaited day when water become available.

We in the Bureau, and particularly Regional Director Harold Aldrich and his staff at Billings, stand ready to work with you and to assist you in any way possible. It has always been a pleasure to work with this Board in particular, and with the people of North Dakota in general. Construction and development of the Garrison Diversion Unit will be most interesting and challenging to us all. We trust the fine cooperative spirit of the past will continue throughout our long prospective relationship during construction, and operating and maintaining the Garrison Diversion Unit.
GARRISON DIVERSION UNIT, MISSOURI RIVER BASIN PROJECT

FEBRUARY 7, 1934.—Ordered to be printed

Mr. BURDICK, from the Committee on Interior and Insular Affairs, submitted the following

REPORT

[To accompany S. 178]

The Committee on Interior and Insular Affairs, to whom was referred the bill (S. 178) to make certain provisions in connection with the construction of the Garrison diversion unit, Missouri River Basin project, by the Secretary of the Interior, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

AMENDMENTS

On page 2, line 1, after the word "acres", insert the following:

municipal and industrial water, fish and wildlife conservation and development, recreation, flood control,

On page 2, line 5, after the figure "1962", insert "(Revised May 1963)".

On pages 2 and 3 strike out all of section 2 and insert in lieu thereof the following:

SEC. 2. The Secretary is authorized, as a part of the Garrison diversion unit, to construct, operate, and maintain public recreation facilities, including access roads, to acquire or withdraw from entry or other disposition under the public land laws such adjacent lands or interests therein as are necessary for present and future public recreation use, and to provide for public use and enjoyment of the same and of the water areas of the unit; these undertakings shall be coordinated with the other unit purposes. The Secretary is authorized to enter into agreements with State or local public agencies, or other public entities for the operation, maintenance, or additional development of project lands or
facilities or to dispose of project lands or facilities to State or local agencies or other public entities by lease, transfer, exchange, or conveyance, upon such terms and conditions as will best promote their development and operation in the public interest for recreation purposes. The costs of the undertaking described in this paragraph, including the costs of investigation, planning, operation, and maintenance and an appropriate share of the joint cost of the Garrison diversion unit shall be nonreimbursable.

On pages 3 and 4 strike out all of section 3. Renumber sections 4, 5, and 6 to sections 3, 4, and 5 respectively.
On page 4, line 15 strike out the word "project" and insert in lieu thereof the word "unit".

EXPLANATION OF AMENDMENTS

The first two amendments were recommended by the Department of the Interior and are for the purpose of clarification. This new language for section 2 offered by the Department of the Interior eliminates an unnecessary reference to the Fish and Wildlife Coordination Act which is applicable to the project without further legislation. Also eliminated is the provision that would have permitted the local conservancy districts to veto the land acquisition plans of the Department. The committee agrees with the Department's position that the concept of multiple-purpose project development would be defeated if local organizations had the power to defeat the plan for fish and wildlife conservation, which is an integral part of the overall plan.

Provisions of section 3, which has been deleted, covered proposed general legislation now pending before the committee. It is anticipated that early hearings will be held on the matter of determining whether or not the Government should repeal the provision in the Public Lands Act of August 30, 1890, that reserves to the U.S. Government the rights-of-way for ditches or canals constructed by the authority of the United States.

PURPOSE

Enactment of S. 178 would provide for necessary modifications in the Missouri River Basin project authorizations to accommodate the special conditions of the Garrison diversion unit. The principal revision would be to reduce the irrigated acreage from the original proposed 1,007,000 acres to 250,000 acres, with the corresponding decrease in costs.

NEED

This project will be of increasing importance to the future growth, economy, and well-being, not only of the area directly affected, but of the entire State of North Dakota. The economy of the State was adversely affected when it lost 548,000 acres, mostly farmland, flooded by the Missouri River Basin reservoirs. The irrigation of the 250,000 acres proposed under the Garrison unit will go a long way in offsetting the loss of land that has been flooded.
North Dakota, like the other Great Plains States, is on the borderline between the humid and the arid areas of the Nation. Some years there is plenty of rainfall for a large portion of the State, but in a good many years the precipitation is entirely inadequate. During those dry years or years of short supply the farmers who are dependent solely upon rainfall for the moisture requirements of their crops suffer serious and extreme losses. The proposed irrigation would supplement the rainfall and would give assurance of a full crop year in and year out.

The development of the project would actually result in a reduction of agricultural surpluses. Most of the land to be irrigated is now growing wheat, but when irrigation water is provided the rules of irrigation economics will dictate that wheat acres be displaced by feed-crop acres on the farms of the unit.

About 75 percent of the irrigated acreage should be used for forage crops and feed for livestock production—items which are not in surplus, and for which demand is increasing faster than for other agricultural products.

Because of today's surpluses of wheat and corn grain, on the one hand, and the rising population growth rate, on the other, the proposed time schedule for development of irrigation on these lands was carefully considered. The testified schedule of irrigation development for the Garrison diversion unit provides for only 20 percent of ultimate development by 1980.

PLAN OF DEVELOPMENT

The plan of development for the initial stage provides for irrigation of 250,000 acres, a municipal and industrial water supply for 15 towns and cities, 24 areas for fish and wildlife conservation, and recreation development at 7 major water impoundments. Flood control and incidental drainage of nonirrigable lands are other benefits.

Six areas make up the 250,000 acres. They constitute a feasible development, but other areas could also be used in the event any should drop out of the initial development. The system includes 1,932 miles of canals and laterals, 4 regulating reservoirs, 156 pumping plants, and about 2,265 miles of drains to control ground and surface water. Pumping power will be supplied by either existing or proposed federally constructed facilities, or by wheeling over electric cooperative or utility lines.

The facilities to serve the modified plan will be constructed during a period of about 11 years to full initial size, with first delivery water for irrigation during the fifth year of construction. Construction of deferred drains is expected to continue for another 20 years.

PROJECT LANDS

About 30 percent of the gross area surveyed and classified is irrigable. Almost without exception the topsoil of the irrigable land is a dark-colored, open, permeable material that is high in organic material and free from harmful accumulations of salt or alkali. All irrigable land is of good quality, capable of producing a variety of irrigated crops over a long period of time. Nearly 50 percent of the irrigable land included in the 250,000-acre development has been
fully investigated and delineated by a detailed land classification survey.

WATER SUPPLY

Water supply for the unit will be diverted from Garrison Reservoir, constructed by the Corps of Engineers on the Missouri River. Estimated annual diversion from Garrison Reservoir for the 250,000 acres is about 805,000 acre-feet.

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Note.—Benefit-cost ratio, 2.5 to 1.

JUNE 21 STATEMENT OF PRESIDENT KENNEDY

[For immediate release, June 21, 1961. Office of the White House Press Secretary]

President John F. Kennedy today announced his support of the Garrison diversion irrigation development in the upper Missouri River Basin. Administration approval of the project was transmitted to the Congress by the Department of the Interior in the form of a report from Secretary Stewart Udall and by testimony before a Senate subcommittee by Assistant Secretary for Water and Power Kenneth Holm.

The irrigation project, located principally in North Dakota, will, when completed, enable the farmers of the area to diversify their crops and as a consequence stabilize the economy of the region. Completion of the project, to serve 250,000 acres initially, will not bring additional land into crop production, but will make it possible for the area's farmers to change from dry farming of wheat which is in surplus to varied crops including those which will support cattle raising and yield higher incomes.

The Garrison diversion for irrigation was authorized nearly 17 years ago. Since then most of the flood control, navigation, and power features of the project have been constructed with a loss of valuable fertile farmland in North Dakota and South Dakota. Action on the irrigation project would fulfill a long-standing obligation to the people of these States. More land, now dry farmed, would be irrigated to replace the
fertile lands that have been submerged. The project will also provide the area with valuable fish and wildlife and other recreational benefits.

In commenting on the project, the President made the following statement, "As indicated in my message to the Congress on natural resources, 'Wise investment in a resource program today will return vast dividends tomorrow, and failures to act now may be opportunities lost forever.' The Garrison diversion project is an excellent illustration of the principle. The investment to be made now in the upper Missouri River Basin will in the future bring to the people of the Dakotas and the Nation at large great benefits in the form of a sound agricultural economy, improved recreational facilities, and perhaps most important of all, the region will be able to retain and support its greatest resource, the young people who have in recent years been forced to leave farms in the areas in alarming numbers."

DEPARTMENTAL REPORTS

DEPARTMENT OF THE INTERIOR,
Office of the Secretary,

HON. HENRY M. JACKSON,
Chairman, Committee on Interior and Insular Affairs,
U.S. Senate, Washington, D.C.

Dear Senator Jackson: This responds to the request of your committee for the report of this Department on S. 178, a bill to make certain provisions in connection with the construction of the Garrison diversion unit, Missouri River Basin project, by the Secretary of the Interior.

The Department recommends enactment of the bill if amended as suggested hereafter.

The primary effect of this bill is to modify the Missouri River Basin project authorizations to accommodate the special conditions of the Garrison diversion unit. The bill is consistent with the findings and recommendations for a plan of irrigation development set forth in the Department's report on this unit which was transmitted to the Congress on February 3, 1960, and printed as House Document No. 325, 86th Congress. Enclosed, as a part of this report, is the Department's "Supplemental Report on the Garrison Diversion Unit (Initial Stage—250,000 Acres)" dated November 1962, and revised May 1963; incorporated in that report as an appendix is a report of the Bureau of Sport Fisheries and Wildlife, "Fish and Wildlife Resources in Relation to the Garrison Diversion Unit (Initial Stage—250,000 Acres)" dated November 14, 1962. This supplemental report brings up to date the costs, benefits, and economic and financial analyses; it supersedes the Department's supplemental report dated January 1961, which was submitted to the Congress on June 20, 1961.

The specific tracts of land to be irrigated under the 250,000-acre plan are portions of the 1,007,000 acres originally contemplated as the ultimate development of the project. The physical plan of service to the lesser area will be similar to the original proposal for ultimate development, except that some of the principal supply works will be
built to smaller capacity, and only those distribution works required to serve the tracts of land selected for development will be built. Selection of the lands to be served under the unit will be made on the basis of continuing detailed studies of the various tracts of irrigable land, and the desires of the States of North and South Dakota and the prospective water users as evidenced by the formation of irrigation districts and negotiation of repayment contracts.

Before construction is initiated the Department will require that contracts be executed among the United States, the Garrison Diversion Conservancy District, and the irrigation districts to insure the sufficiency of annual water revenues, combined with the revenues available to the conservancy district, to pay the operation, maintenance, and replacement costs of the principal supply works and the distribution, lateral, and drainage systems of the area for which service is proposed. This requirement would be met when contracts to serve about one-half of the 250,000-acre development have been executed. Thereafter, as additional tracts are brought into production, an increasing portion of the annual payments will be available for repayment of construction costs allocated to irrigation.

The estimated total construction cost of the project has increased from the previously reported $183 million to $212,383,000. This increase is the result of variations in the construction cost index, improved quality of data deriving from more detailed investigations, and evolvement of design concepts which have been adopted by the Bureau of Reclamation.

"Policies and Procedures in the Formulation, Evaluation, and Review of Plans for the Use and Development of Water and Related Land Resources," a statement approved by the President on May 15, 1962, and printed as Senate Document 97, 87th Congress, provides, among other things, for the allocation of joint project costs to recreation and for computation of the interest rate to be used in economic analyses in accordance with a prescribed formula. These precepts were incorporated into the recently completed economic analyses and are reflected in the attached supplemental report (along with the increased cost estimate).

The Department suggests that the following amendments be made to the bill:

(a) Insert "municipal and industrial water, fish and wildlife conservation and development, recreation, flood control," after the word "acres" on page 2, line 1.

(b) Insert "(Revised May 1963)" after the figures "1962" on line 5, page 2. This change will conform the reference in the bill to the title of the supplemental report as revised in May 1963.

(c) Strike section 2, and substitute therefor the following:

"Sec. 2. The Secretary is authorized, as a part of the Garrison diversion unit, to construct, operate, and maintain public recreation facilities, including access roads, to acquire or withdraw from entry or other disposition under the public land laws such adjacent lands or interests therein as are necessary for present and future public recreation use, and to provide for public use and enjoyment of the same and of the water areas of the unit; these undertakings shall be coordinated with the other unit purposes. The Secretary is authorized to enter into agreements with State or local public agencies or other public entities for the operation, maintenance, or additional development of
project lands or facilities or to dispose of project lands or facilities to State or local agencies or other public entities by lease, transfer, exchange, or conveyance, upon such terms and conditions as will best promote their development and operation in the public interest for recreation purposes. The costs of the undertaking described in this paragraph, including the costs of investigation, planning, operation, and maintenance and an appropriate share of the joint cost of the Garrison diversion unit shall be nonreimbursable."

This suggested amendment eliminates an unnecessary reference to the Fish and Wildlife Coordination Act (16 U.S.C. 661) which is applicable to the project without further legislation. Also eliminated is the veto over land acquisition which the bill would give to the Garrison Diversion Conservancy District and the Oahe Conservancy Subdistrict. The Department believes that the concept of multiple-purpose project development would be defeated if local organizations were possessed of the power effectively to defeat the plan for fish and wildlife conservation and development which is an integral part of the overall unit plan. Moreover, allocation of costs and benefits and calculations of economic feasibility are predicated upon realization of all purposes of the unit through completion of planned development; removing from the Secretary of the Interior the power to place the entire unit plan into effect would adversely affect the economic justification of the unit.

(d) For purposes of clarification:

(1) Delete the words "the Secretary is authorized to pay" from lines 24 and 25 on page 3;
(2) Delete the words "to the owners of private lands" from line 25 on page 3, and line 1 on page 4, and substitute therefor the words "shall be paid for all lands or interest in lands";
(3) Delete the words "for all lands or interest in lands required for right-of-way purposes" from lines 1, 2, and 3 on page 4, and substitute therefor the words "required for ditches and canals".

Section 3 will then read as follows:

"Sec. 3. Notwithstanding the existence of any reservation of right-of-way for canals under the Act of August 30, 1890 (26 Stat. 371, 391; 43 U.S.C. 945), just compensation shall be paid for all lands or interest in lands west of the one hundredth meridian required for ditches and canals for the Garrison diversion unit."

Fish and wildlife measures in the Department plan for the unit include acquisition of land, construction of dams, levees, dikes, ditches, and related structures on these lands, and provision for supplying and transporting necessary water to the fish and wildlife areas. These measures will mitigate waterfowl losses and provide benefits to fish and wildlife. The costs for these measures are included in the total costs of the Garrison diversion unit. Since all of the measures for fish and wildlife will be for the prevention of loss and damage to, or development and improvement of, these resources, and since the benefits will accrue to the public at large and will not be readily identifiable with any particular group or groups of beneficiaries, I find, in accordance with the Fish and Wildlife Coordination Act, that the following costs allocated to fish and wildlife are nonreimbursable: (1) costs of land acquisition; (2) costs of construction of dams, levees, dikes, ditches, and related water-control structures on acquired lands;
(3) costs of supplying and transporting necessary water to fish and wildlife areas; and (4) joint project costs.

The costs of further improvements to the fish and wildlife areas, including necessary roads, fencing, planting, and buildings and their operation and maintenance will be borne by the Fish and Wildlife Service or by the State fish and game agency having responsibility for administration of the area, and not from appropriations for the construction and operation of the Garrison diversion unit.

It must be emphasized that some fundamental repayment questions concerning the Missouri River Basin project are under study by this Department, and, since that study is not yet completed, its results were not considered in making this report. The “Supplemental Report on Garrison Diversion Unit (Initial Stage—250,000 Acres)” represents only the latest revision of the costs, benefits, and economic and financial analyses.

A statement of personnel and other requirements that enactment of this bill would entail is enclosed in accordance with the provisions of Public Law 801, 84th Congress.

The Bureau of the Budget had advised us that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

STEWART L. UDALL,
Secretary of the Interior.

GARRISON DIVERSION UNIT, MISSOURI RIVER BASIN PROJECT

Estimated additional man-years of civilian employment and expenditures for the 1st 5 years of proposed new or expanded programs

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<td>Estimated additional expenditures:</td>
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<td>Personal services</td>
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<td>644,000</td>
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<td>1,950,000</td>
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<tr>
<td>All other</td>
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<td>Total, estimated additional expenditures</td>
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<td>10,000,000</td>
<td>20,000,000</td>
<td>25,000,000</td>
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GARRISON DIVERSION UNIT

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,

HON. HENRY M. JACKSON,
Chairman, Committee on Interior and Insular Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to the committee's request for the views of the Bureau of the Budget on S. 178, a bill to make certain provisions in connection with the construction of the Garrison diversion unit, Missouri River Basin project, by the Secretary of the Interior.

The purpose of this bill is to authorize construction of the Garrison diversion unit as a part of the Missouri River Basin development of the Bureau of Reclamation.

The President, on June 21, 1961, announced his support of the Garrison diversion irrigation development in the upper Missouri River Basin. Legislation to authorize the Garrison project was considered by the 87th Congress but was not enacted. We, accordingly, favor the enactment of appropriate legislation to authorize the development, but have certain concerns with this project proposal.

The Department of the Interior has prepared a revised supplemental report on the Garrison diversion unit which is being submitted to your committee as an enclosure to the Department's report on S. 178. The revised supplemental report was submitted to the Bureau of the Budget for review on May 31, 1963. The closeness of this date to the committee's scheduled hearing on the legislation on June 7, has precluded a full review of the revised report. The following views should therefore be regarded as not necessarily final.

The revised report differs in many significant respects from the supplemental report furnished to this Bureau when authorizing legislation was under consideration in the previous Congress. In particular, the report proposes a nonreimbursable cost allocation to recreation estimated at $12,122,000, including joint costs allocated to this purpose.

Pursuant to Presidential instructions, the concerned executive branch agencies have been studying cost allocation, cost sharing, and reimbursement policies for water resources programs, including interest rates and cost sharing for recreation and fish and wildlife associated with Federal water resources developments. These studies are nearing completion and it is expected that the agencies will make their recommendations to the President in the near future.

It is also noted that the project report proposes the acquisition of land and water areas for waterfowl habitat, which raises a further matter under review in the executive branch on which there may be subsequent recommendations differing from those presented in the current proposal. Under present arrangements, acquisition of lands needed for the migratory waterfowl program is accomplished from a fund specifically designated for this purpose, financed by the purchase of duck stamps, and recently augmented by advance appropriations from the Treasury under the provisions of the "wetlands" legislation of October 4, 1961 (Public Law 87-383). Development and management of these lands is supported by appropriation of general revenues. We have asked the Department of the Interior to review its future plans for the migratory waterfowl program indicating an appraisal
of the role that refuge lands at water resource projects would play in the total program. We have also asked the Department to review ways of planning and financing land acquisition for migratory waterfowl within a single source of funds. We are hopeful of an early conclusion of these discussions.

At the request of the House Interior Committee, the Department of the Interior is also currently engaged in a study of repayment questions concerning the Missouri basin project. This study should provide a basis for determining the adequacy of Missouri basin power revenues to repay the Federal irrigation costs in the basin, including the Garrison diversion unit.

Section 3 of the bill would provide authority to pay just compensation for lands required for irrigation canals notwithstanding reservations of rights-of-way in the act of August 30, 1890. The desirability of general legislation to accomplish this purpose is presently under consideration in the executive branch. However, we would not object to the ad hoc authorization proposed in S. 178 pending completion of executive branch consideration of this matter.

The Department of the Interior in its report on S. 178 recommends against provisions in the bill that would give local interests a veto power over Federal land acquisitions for fish and wildlife. The Bureau of the Budget concurs in the views of the Department in this regard.

Sincerely yours,

PHILLIP S. HUGHES,
Assistant Director for Legislative Reference.

DEPARTMENT OF AGRICULTURE,

Hon. Henry M. Jackson,
Chairman, Committee on Interior and Insular Affairs,
U.S. Senate.

DEAR MR. CHAIRMAN: This is in reply to the request from your committee, dated February 4, 1963, for the views of this Department on S. 178, a bill to make certain provisions in connection with the construction of the Garrison diversion unit, Missouri River Basin project, by the Secretary of the Interior.

This Department would have no objection to enactment of the bill.

This Department commented in November 1957 on the plan for development of the Garrison diversion unit contained in House Document No. 325, 86th Congress, 2d session. Those comments, together with a reply from the Secretary of the Interior, are included in that document.

We note that S. 178 refers to the Missouri-Souris unit of the Missouri basin project authorized by the Flood Control Act of 1944 and modified by the report of the Secretary of the Interior contained in House Document 325, 86th Congress, 2d session. From the supplemental report of the Bureau of Reclamation dated January 1961, we also note that the Bureau proposes a further modification of the Garrison diversion unit with initial development limited to 250,000 acres. We understand that this report was prepared in answer to requests for additional information when the project was considered in 1957 and 1959. The supplemental report sets forth a plan of development providing for irrigation of 250,000 areas, municipal and
industrial water supply for 15 towns and cities, 24 acres for fish and wildlife conservation, recreation development at 7 major water impoundments, flood control and incidental drainage of nonirrigable lands, and other benefits. Water for irrigation and the other planned uses will be diverted by pumping from Garrison Reservoir. The diversion system extends from Garrison Reservoir to, and including, Lonetree Reservoir, a regulating impoundment in the headwaters of the Sheyenne River.

This Department is in general accord with the principle of multipurpose of water resources. The Garrison diversion unit project is designed to initiate the use for irrigation of water stored in the Garrison Reservoir as was anticipated when the Garrison Reservoir project was originally authorized by the Flood Control Act of 1944 and to supply some water for recreation, municipal, industrial, and fish and wildlife purposes. Present facilities limit the use of the reservoir primarily to flood control, power generation, and navigation.

The authorized Missouri basin project contemplated extensive irrigation development in North Dakota and other upper basin States to compensate for loss of productive lands inundated by main-stem reservoirs. This part of the irrigation phase of the Missouri River Basin project appears to be in accord with plans for utilization of the water and land resources of the basin and equity to the upper basin States.

Most of the land to be irrigated by the proposed project is now farmed without irrigation. Crop production varies greatly by years. The principal crop is wheat and the area depends upon a one-crop economy. If a sound irrigation economy is developed, the acreage of wheat may be expected to be reduced as livestock and livestock products and more profitable cash crops are grown. Experience has shown that very little wheat is grown on a fully developed irrigation project. This gradual transition should be accomplished over a period of years without disruption of the local economy.

It would appear to be desirable to develop the potential irrigable lands by increments such as the proposed 250,000 acres initial development. Additional irrigable acres could be evaluated separately to determine what additional development, if any, would later be justified.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

Orville L. Freeman,
Secretary.

Department of the Interior,
Office of the Secretary,

Hon. Henry M. Jackson,
Chairman, Committee on Interior and Insular Affairs,
U.S. Senate, Washington, D.C.

Dear Senator Jackson: On December 17, 1963, the Department of the Interior reported to the Chairman of the House and Senate Committees on Interior and Insular Affairs on the financial position of the Missouri River Basin project. As a result of this comprehensive study it was possible to demonstrate financial feasibility of the project...
on the basis of study criteria. One of these criteria was that the interest rate on the unamortized balance of the investment allocated to commercial power in project facilities constructed by the Corps of Engineers and the transmission and marketing facilities associated therewith would be adjusted effective July 1, 1964, to the generally prevailing rate for existing corps projects, 2½ percent per year. This would require legislation, because the unamortized balance of the commercial power allocation of the entire Missouri River Basin project must now bear interest at the rate of 3 percent per year under reclamation law.

Language to accomplish the change in interest rate is as follows:

“From and after July 1, 1964, the interest rate on the unamortized balance of the investment allocated to commercial power in facilities constructed or under construction on June 30, 1964, by the Department of the Army pursuant to section 9 of the Flood Control Act of 1944, and in the transmission and marketing facilities associated therewith, shall be 2½ percent per annum.”

We recommend that this language be substituted for section 5 of S. 178, a bill to authorize the Garrison diversion unit, Missouri River Basin project, which is now pending before your committee.

The Bureau of the Budget has advised that there is no objection to the presentation of this report from the standpoint of the administration’s program.

Sincerely yours,

KENNETH HOLUM,
Secretary of the Interior.

JULY 26, 1963.

HON. HENRY M. JACKSON,
Chairman, Committee on Interior and Insular Affairs,
U.S. Senate.

Dear Mr. Chairman: Reference is made to your request for the views of the Department of the Army with respect to S. 178, 88th Congress, a bill to make certain provisions in connection with the construction of the Garrison diversion unit, Missouri River Basin project, by the Secretary of the Interior.

This bill would confirm and approve under the designation "Garrison diversion unit" the general plan for the Missouri-Souris unit, Missouri River Basin project, authorized in section 9 of the Flood Control Act of December 22, 1944 (58 Stat. 887), as modified by the report of the Secretary of the Interior in House Document 325, 86th Congress, and the construction of a development providing for the irrigation of 250,000 acres of land substantially in accordance with the plans set out in the Bureau of Reclamation report dated November 1962.

Section 2 of the bill would authorize the Secretary of the Interior to make provision for the conservation and propagation of the fish and wildlife resources of the area, provided, that no lands for this purpose may be acquired unless approved by the Garrison Diversion Conservancy District, or the Oahe Conservancy Subdistrict in their respective States. The Secretary would be authorized to construct recreation facilities. The Secretary would further be authorized to withdraw or acquire additional lands for recreational purposes if the
State of North Dakota or a political subdivision thereof, or a public entity agrees to operate and maintain recreational facilities for a period of at least 20 years following which such facilities and land may be conveyed to the State or public body for continued recreational and conservation uses. Except for those works and areas to be administered by the Department of the Interior, provision of specific facilities for these purposes would not be undertaken by the Secretary until suitable agreements have been made with State and local agencies respecting, among other things, administration and the bearing and sharing of operation and maintenance costs. Appropriate shares of the Federal costs of constructing and maintaining the Garrison diversion unit would be allocated to the purposes specified in section 2 and would be nonreimbursable and nonreturnable under the Federal reclamation laws.

Section 4 of the proposed bill provides that the Garrison diversion unit would be integrated physically and financially with the other Federal works constructed or authorized to be constructed under the comprehensive plan approved by section 9 of the Flood Control Act of 1944. The Secretary is also required to give consideration to returning to the Missouri River, to the fullest extent practicable, such of the return flows as are not required for beneficial purposes.

The general comprehensive plans for the Missouri River Basin were approved by the act of December 22, 1944 (58 Stat. 887, 891), in accordance with the provisions set forth in House Document 475 and Senate Document 191, 78th Congress, as revised and coordinated by Senate Document 247, 78th Congress. The Missouri-Souris unit as presented in House Document 191, 78th Congress, consisted of a plan to utilize, for the irrigation of 1,403,400 acres, water of the Missouri River stored in and regulated by the Fort Peck Reservoir. In a letter dated April 19, 1957, to the Secretary of the Interior, the Commissioner of Reclamation presented a report on the Garrison diversion unit which would serve tracts of irrigable land totaling 1,007,000 acres. The principal supply works would bring water from the Missouri River at Garrison Reservoir to the service area.

The Missouri River main stem reservoirs under the jurisdiction of this Department, which would be integrated physically and financially with the Garrison diversion unit, consist of the Fort Peck Reservoir in Montana, the Garrison Reservoir in North Dakota, the Oahe, Big Bend, and Fort Randall Reservoirs in South Dakota, and the Gavins Point Reservoir on the border of South Dakota and Nebraska. The reservoirs have a gross storage capacity of about 76 million acre-feet and a total installed hydroelectric power generating capacity of about 2 million kilowatts of which about 1,500,000 kilowatts are currently installed and in operation. These large storage projects provide benefits in the Missouri River Basin and downstream areas for flood control, irrigation, navigation, hydroelectric power, water supply, pollution abatement and recreation, and fish and wildlife. Surplus power generated at the project is turned over to the Bureau of Reclamation, the agency designated by the Department of the Interior as its power marketing agency in this area.

Diversion of water from the Garrison Reservoir would reduce the water available for downstream uses in the Missouri River Basin, and therefore return flows from the Garrison diversion unit are important to the lower Missouri River Basin, particularly during drought
periods. However, section 4 of the bill would require the Secretary of the Interior to give consideration to returning to the Missouri River to the fullest extent practicable such of the return flows as are not required for beneficial purposes.

Since this is an irrigation project under the jurisdiction of the Department of the Interior, this Department offers no comments with respect to the general policy matters involved in the authorization as proposed in S. 178.

The Bureau of the Budget advises that, from the standpoint of the administration's program, there is no objection to the presentation of this report for the consideration of the committee.

Sincerely yours,

Cyrus R. Vance,
Secretary of the Army.