OPENING REMARKS BY GILBERT G. STAMM
COMMISSIONER OF RECLAMATION
U.S. DEPARTMENT OF THE INTERIOR
AT THE ANNUAL PROGRAM CONFERENCE
SALT LAKE CITY, UTAH
AUGUST 13, 1973

LOOKING AHEAD IN RECLAMATION

This is the first time in a long while that we have come to the conference with an appropriation bill so close to signature. The Congress was particularly generous in adding funds to the Administration's request. The bill provides $420,293,000 for fiscal year 1974 which is a decrease of about $100 million below the amount for fiscal year 1973. We must now wait to see what position the Administration will take toward the Congressional write-ins. We apparently will not have any indication until our apportionments are returned from the Office of Management and Budget in September. It is possible, of course, that final determinations may not be known until the 1975 budget is released in January 1974.

The Congress agreed with the Administration's request for three new starts on loan projects: Graham-Curtis project, Arizona; Roy Water Conservancy Subdistrict, Utah; San Luis Water District, California. Further the Congress provided write-ins for three new investigations not in the President's program: Sublette, Wyoming; Uncompahgre Project Improvement, Colorado; and Ventura County Water Management, California. Three advance planning starts were added by the Congress: Brantley Dam, New Mexico, and the North Loup and O'Neill Units in Nebraska on the Pick-Sloan Missouri Basin Program. Over $29,000,000 was provided as add-ons for construction
projects underway and there were increases for Atmospheric Water Management and the Geothermal investigations, as well as for several ongoing investigations. We will need to have you tell this week the impact these write-ins will have on the 1975 program.

Each year when we meet at this conference it seems that we work over much of the same old ground, and the problems are seldom new, only variations of earlier issues. This is true again this year.

Two problems, however, have polarized to the extent that they become, and still are, the main issues of the 1975 budget deliberations. One is the construction backlog of uncompleted work on authorized projects, and the second involves the future direction of our planning activities. Both of these issues should be given considerable amounts of your time and attention this week.

You are all familiar with the backlog. As of the end of fiscal year 1973 the balance of authorized but uncompleted Reclamation construction totaled an estimated $6.25 billion in cost. To get this in perspective you should realize that escalation alone of construction costs will increase the backlog by about $420 million annually due just to rising prices.

On the other hand, annual construction expenditures by Reclamation for the past 3 years have averaged $280 million. Under these circumstances the cost of the Reclamation construction backlog is increasing, by a net of about $140 million annually, due to the effect of inflation alone.

To bring the Reclamation construction backlog to within manageable proportions obviously will require either (1) an increase in the annual construction funding, or (2) decisions to eliminate, defer, reformulate, or otherwise fund some of the projects constituting the backlog, or more logically, a combination of the two.
The backlog study will get high level consideration. It has been picked as one of 13 Departmental objectives to merit consideration by the President and it will be watched closely. Incidentally, the problem is not limited to authorized work only. I think it is entirely likely that we will see new authorizations in future years on high priority items. These will add to the backlog and the ultimate conclusions on funding levels will need to take this into consideration.

This leads to the second of our major issues which has to do with the future direction of the planning program. Recent trends in Reclamation's planning program in consonance with budgetary constraints and national priorities have directed activities away from new irrigation development and toward greater emphasis upon critically needed municipal and industrial water supply, solving energy problems, and water-related environmental improvements. Major reasons for this current trend include the national shift from a rural to an urban society, evolving energy problems, growing environmental concerns, extensive new legislation and programs aimed at improving the nation's water quality, increased discount rates for project justifications, and the $6.25 billion backlog. The current world food shortage may have an influence on future national policies in the water field.

To implement changing objectives in planning, a major new direction involves initiation of total water management studies with the aim of improving historic patterns of water operation and management to obtain greater efficiencies and in water utilization from existing facilities and systems.

Perhaps one of the most important perspectives to consider in developing a valid Federal-Reclamation role in water resource planning, during this
period of change, is to recognize the dynamic nature of the planning process and the need it fulfills. The effective and proper execution of Reclamation's future responsibilities in this phase of developing and utilizing available water resources of the West will assure that all water resource development options remain open, that plans are adaptable and provide solutions to evolving problems, and that emerging needs are satisfied.

There is not much else we can tell you about the 1975 budget that you do not already know. The Secretary will make decisions this week on his recommended dollar figures and these should reach us early next week. We will have an opportunity to appeal these figures and we expect final determinations by the end of August. This will allow only one short month to put the Bureau's budget together before it goes to OMB. Approved budget requests will not, of course, be made public until President Nixon submits his program to the Congress next year.

I know you are all concerned about personnel totals for fiscal year 1974. As yet we have not received a ceiling although I am certain one will be forthcoming. We are currently in good shape in this regard. The 1974 budget allowed a total of about 8,600 positions and the Department's ceiling will relate to this figure. On July 31 our on-board strength was down to about 8,200, due largely to over 400 June retirements. This will allow us a good deal of flexibility in setting staff levels.

We intend to set internal ceilings on travel and you have furnished to us the preliminary data for this purpose. Once the ceiling total for each office is set, we intend to make certain we do not exceed them. There is no question but that the very limited ceiling of 1973 resulted from the concern of the appropriation committees on travel expenditures. We will avoid future stringent limitations if we manage our travel prudently.
Incidentally you are all to be congratulated on the handling of the 1973 ceiling. Although it represented a 25% cut from 1972 travel expenditures we came within $58,000 of living within the assigned total.

The problem of working with many of our leaders in an "Acting" capacity is one I hope to resolve at the earliest possible time. We have papers in the department on several of these positions and others will follow. Rest assured we are giving this problem top priority. Even that does not assume expenditures and final approval.

One other item of interest involves payment for space. In accord with PL 92-313 passed on June 12, 1972, we will now pay GSA cash for rental of our buildings and we will need to get appropriations for this purpose. This will start in fiscal year 1975 and will apply Bureau-wide, the total bill will run over $8.5 million per year. This will have a significant impact on project costs since the appropriate share of rental payments will necessarily end up as reimbursable project costs. The major effect will occur in charges from the Denver Engineering and Research Center where a significantly high payment will be required.

During the week we hope to have a free exchange of ideas with full participation. Let's not avoid issues simply because the Washington Office Staff may fail to ask a question. Make certain everything is out on the table. We must leave this meeting well prepared on program details for fiscal year 1975. I know from past experience that your cooperation and dedication will accomplish this aim.
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were added: Brantley Dam, New Mexico, and the North Loup and O'Neill Units in Nebraska on the Pick-Sloan Missouri Basin Program. Over $29,000,000 was provided as add-ons for construction projects underway and there were increases for Atmospheric Water Management and the Geothermal investigations, as well as for several ongoing investigations. We will need to have you tell this week the impact these write-ins will have on the 1975 program.

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construction funding, or (2) decision to eliminate, defer, reformulate, or otherwise fund some of the projects constituting the backlog.

The backlog study will get high level consideration. It has been picked as one of 13 Departmental objectives to merit consideration by the President and it will be watched closely. Incidentally, the problem is not limited to authorized work only. I think it is entirely likely that we will see new authorizations in future years on high priority items for electric power generation or municipal and industrial water developments. These will add to the backlog and the ultimate conclusions on funding levels will need to take this possibility into consideration.

This leads to the second of our major issues which has to do with the future direction of the planning program. Recent trends in Reclamation's planning program in consonance with desires of the Executive Branch have directed activities away from irrigation development toward greater emphasis upon critically needed municipal and industrial water supply potentials, solving energy problems, and water-related environmental improvements. Major reasons for this current trend include the national shift from a rural to an urban society, evolving energy problems, growing environmental concerns, extensive new legislation and programs aimed at improving the nation's water quality, increased discount rates for project justifications, and the $6.25 billion backlog.

To implement changing objectives in planning, a major new direction involves initiation of total water management studies with the aim of improving historic patterns of water operation and use to obtain greater efficiencies and to improve water utilization from existing facilities and systems. New appraisal and feasibility studies emphasize shorter time frames for completing
reports with less attention to detailed analyses and greater emphasis upon providing a wider range of development alternatives. Thus, by comparison with past procedure, more detailed planning would be accomplished following authorization during the preconstruction phase of development. We have also emphasized the articulation and refinement of new multiple-objective planning procedures and standards. However, recently proposed principles and standards of the Water Resources Council contain dual objective guidelines. Remedial work has been initiated to assess the effect of this criterion on our planning program.

Perhaps one of the most important perspectives to consider in developing a valid Federal-Reclamation role in water resource planning, during this period of change, is to recognize the dynamic nature of the planning process and the need it fulfills. The effective and proper execution of Reclamation's future responsibilities in this phase of developing and utilizing available water resources of the West will assure that all water resource development options remain open, that plans are adaptable and provide solutions to evolving problems, and that emerging needs are satisfied.

There is not a great deal else we can tell you about the 1975 budget that you do not already know. The Secretary will make final decisions this week on the dollar figures and these should reach us early next week. We will have an opportunity to appeal these figures and we expect final determinations by the end of August. This will allow only one short month to put the Bureau's budget together before it goes to OMB. Approved budget requests will not, of course, be made public until President Nixon submits his program to the Congress next year.

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Denver Engineering and Research Center where we have significantly high space holdings.

During the week we hope to have a free exchange of ideas with full participation. Let's not avoid issues simply because the boss didn't ask a question. Make certain everything is out on the table. We must leave this meeting well prepared on the fiscal year 1975. I know from past experience that your cooperation and dedication will accomplish this aim.

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