Public Law 89-72
Legislative History

Attachment C

Attachment C
Part 1

Senate Report No. 89-149
April 7, 1965
Federal Water Project Recreation Act

Calendar No. 138

89TH CONGRESS, 1st Session | SENATE | REPORT No. 149

FEDERAL WATER PROJECT RECREATION ACT

APRIL 7, 1965.—Ordered to be printed

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

REPORT

[To accompany S. 1229]

The Committee on Interior and Insular Affairs, to whom was referred the bill (S. 1229) to provide uniform policies with respect to recreation and fish and wildlife benefits and cost of Federal multiple-purpose water resource projects, and to provide the Secretary of the Interior with authority for recreation development of projects under his control, having considered the same, report favorably thereon with amendments and recommend that the bill, as amended, do pass.

BACKGROUND OF MEASURE

The Congress, the Bureau of the Budget, the Department of the Army, and the Department of the Interior have for some time been giving formal study to the subject of uniform cost allocations on water resource projects.

At the request of the Bureau of the Budget, Senator Jackson introduced S. 1229 dealing with recreation and fish and wildlife policies on reclamation projects.

PURPOSE OF MEASURE

The principal purpose of S. 1229, as reported, is to establish prospective standard guidelines on the allocation of and the reimbursability of recreation and fish and wildlife costs on Federal multiple-purpose water-resource projects.

The bill also gives the Secretary of the Interior certain limited authority for recreation development on existing projects under his control.

The committee wishes to encourage, through its action on S. 1229, non-Federal development and operation of recreation and fish and wildlife enhancement features of Federal water resources projects except where such features meet the criteria for Federal administration.

35-010—65——1

The committee finds the cost-sharing provisions proposed by the Bureau of the Budget to be reasonable. The committee recognizes that in a few instances, unusual circumstances may compel the Federal water resource agencies to recommend to the Congress exceptions to the general cost-sharing and reimbursement policy enunciated in this bill.

These cost-sharing provisions contemplate the Federal Government bearing all joint project costs allocated to recreation and fish and wildlife enhancement. The Federal Government, under the bill, could also bear up to one-half of the separable project costs allocated to these functions. The States, or local public bodies thereof, would reimburse the Federal Government for the remaining separable costs.

Joint costs, for example, include the cost of a dam to the extent it is common to all project purposes. Illustrations of separable costs are the costs of picnic tables, boat-launching ramps, lands, roads, or such project modifications as increasing the height of a dam or providing a subimpoundment specifically for recreation or fish and wildlife enhancement.

States, or local public bodies thereof, may pay or repay their share of the separable costs either through (1) payment in cost or by provision of lands or facilities needed for the project or through (2) repayment, within 50 years and with interest, from entrance and user fees collected at the projects by these entities.

The committee, not only in its examination of the more novel functions of Federal water projects such as recreation, but also in its review of such traditional project functions as power and irrigation, believes that the Congress can better meet its responsibilities by requiring the specific approval by law or by direction of one of its Interior and Insular Affairs Committees before any major Department of the Interior water-project feasibility investigation may be undertaken.

The committee believes that the active participation of these committees in the Department of the Interior's project investigations process will substantially strengthen the Department's water-resource program and be to the mutual benefit of both that agency and the Congress.

Committee Amendments

The principal changes made in S. 1229, as introduced (apart from the essentially technical or clarifying recommendations explained in the communication included herein from the Department of the Interior) are as follows:

Section 3(b)(2).—The committee's language contemplates an equitable and orderly disposal procedure for lands provided pursuant to subsection 3(b) in the event no agreement is reached with non-Federal entities with respect to cost sharing and assumption of administration. If no such agreement is reached, then the owner of record of the lands at the time of taking shall have the right to reacquire them at their current value. In the event the former owner does not wish to exercise this right, then the properties shall be disposed of in accordance with the Federal Property and Administrative Procedures Act of 1949, as amended. That is, until the purpose for which the land was taken is fulfilled, the committee believes the transaction should be regarded as incomplete, with residual rights remaining in the prior owner.

This provision giving the former owner the right of reacquisition of his land is a matter of equity. Inevitably, in a number of instances lands are taken from private persons, at a price based on the then value of the lands, for a public purpose, but for one reason or another that purpose is not or cannot be fulfilled. The lands are then transferred to another Federal agency for possibly a wholly different purpose, or are disposed of under the Federal surplus property laws to non-Federal agencies or individuals who may get an unfair advantage from the original owner's loss.

The committee's amendment would correct, to an extent at least, this situation with respect to private lands taken by the Federal Government for a joint recreation project if the non-Federal entity cannot or will not enter into the required cost-sharing and administration agreement.

The committee wishes to point out that, under its amendment, the right of reacquisition is personal to the former owner. Such an inchoate right may not be devised, sold, nor otherwise disposed of to a third person.

Section 6(c).—The committee sees no need for section 6(c), in the bill as introduced. It is expected that requests from project construction agencies for authority to acquire lands or interest in lands for the establishment of migratory waterfowl refuges recommended by the Secretary of the Interior at Federal water resource projects, when such lands or interest in lands would not have been acquired but for the establishment of a migratory waterfowl refuge at the project, should be proposed as a Federal cost in feasibility reports by such construction agencies and reviewed by the Congress on a project-by-project basis. The committee does not wish to agree prematurely to any particular fixed sum as a national goal for such expenditures.

Section 7.—The committee strongly believes that the Department of the Interior's recreation program will be significantly aided by careful congressional review of (1) all recreation programs proposed for inclusion in future water-resource projects and (2) all major recreation programs proposed for inclusion in existing water-resource projects.

The committee intends that in no event may the Secretary of the Interior acquire any land for recreation purposes without specific authorization by the Congress.

Section 9.—The committee intends that this section apply after January 1, 1966, to water-resource-project-feasibility reports, whether such reports are then in preparation or are simply in the proposal stage. The Corps of Engineers has operated under such planning provisions for many years.

This provision will provide the Secretary of the Interior and those under his authority with frequent occasion to review with the Interior and Insular Affairs Committees of the Congress the proper allocation of the Department's water-project planning resources.

Section 10(e).—The committee expects that the Secretary of the Interior and those under his authority will exercise great prudence in defining the scope of those investigations that may be carried on under the general authority remaining with the Secretary for reconnaissance or other surveys of a lesser magnitude than of a "feasibility report" as defined in this subsection.

The committee unanimously approves S. 1229, as amended.

Departmental Reports

The executive communication from the Bureau of the Budget submitting and recommending S. 1229 and the favorable report from the Department of the Interior are set forth in full below:

Executive Office of the President,
Bureau of the Budget,
Washington, D.C., February 9, 1965.

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

Dear Mr. Chairman: In the 88th Congress, your committee had before it for consideration a bill, S. 2733, to provide uniform policies with respect to recreation and fish and wildlife benefits and costs of Federal multiple-purpose water resource projects, and to provide the Secretary of the Interior with authority for recreation development of projects under his control. A similar bill, H.R. 52, has been introduced in this Congress in the House of Representatives.

Enclosed herewith for your information is a copy of our letter responding to a request for views on H.R. 52 from the House Committee on Interior and Insular Affairs. The enclosed letter and recommended substitute bill set forth the administration's position on uniform policies regarding recreation and fish and wildlife enhancement at water resource projects. I will be glad to furnish you with any additional information you may wish to have on this matter.

Sincerely,

Elmer B. Staats,
Deputy Director.

Executive Office of the President,
Bureau of the Budget,
Washington, D.C., February 19, 1965.

Hon. Wayne N. Aspinall,
Chairman, Committee on Interior and Insular Affairs,
House of Representatives, Washington, D.C.

Dear Mr. Chairman: This is in response to your letter of January 6, 1965, requesting the views of the Bureau of the Budget on H.R. 52, a bill to provide uniform policies with respect to recreation and fish and wildlife benefits and costs of Federal multiple-purpose water resource projects, and to provide the Secretary of the Interior with authority for recreation development of projects under his control.

This bill is identical to H.R. 9032, as reported by your committee in the last Congress. It recognizes that the demands of the American people for all types of recreation, especially water-oriented outdoor recreation, have increased sharply and should be fully considered in the planning and construction of Federal multiple-purpose water resources projects. There is need for uniform policies, including cost sharing and reimbursement policies, in the treatment of recreation and fish and wildlife as part of these projects. H.R. 52 would also provide the Secretary of the Interior with general authority, comparable to that now available to the Department of the Army, for recreation development of projects under his control.

The policies and provisions embodied in H.R. 9032 have been applied to water resources projects in the planning stage from the time it was introduced. The experience in applying these policies in the past year brought to light several difficulties with respect to the cost-sharing provisions. Therefore, we, together with the interested Federal agencies, have carefully reconsidered the problem. The results of this restudy are reflected in the enclosed substitute draft bill which is transmitted for your consideration.

One of the objectives of the draft bill, as well as of H.R. 52, is to encourage non-Federal development and administration of recreation and fish and wildlife enhancement features of water resources projects except where such are appropriate for Federal administration. The bill recognizes that there are non-Federal as well as Federal responsibilities with respect to the provision of outdoor recreation opportunities and fish and wildlife enhancement. We believe the cost-sharing provisions of the draft bill to be equitable. It is anticipated that the Federal construction agencies will work with the States and local governments in the determination of the scale and development of recreation and fish and wildlife enhancement. Thus, these developments can be provided to the extent of non-Federal sharing of the costs of such lands and facilities. Also, the draft bill encourages and provides for transfer of facilities at existing projects to non-Federal interests.

The provisions of the draft bill are not described here but are covered in the enclosed section-by-section analysis of the bill.

Enactment of the draft bill would establish general cost-sharing and reimbursement policy for recreation and fish and wildlife enhancement. The formulation of a general policy to fit every circumstance is made difficult by the great variety among water resources projects—in size, purposes served, and problems encountered. Therefore, the water resources agencies may in some instances recommend departures from the general policy.

The Bureau of the Budget, with the concurrence of the Department of the Interior and the Department of the Army, recommends the enclosed draft bill be substituted for H.R. 52 and that it be enacted. Its enactment would be consistent with the administration's objectives.

Sincerely,

Elmer B. Staats,
Deputy Director.

A BILL To provide uniform policies with respect to recreation and fish and wildlife benefits and costs of Federal multiple-purpose water resource projects, and to provide the Secretary of the Interior with authority for recreation development of projects under his control

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That it is the policy of the Congress and the intent of this Act that (a) full consideration shall be given to outdoor recreation opportunities and fish and wildlife enhancement where these can be provided or enhanced in the investigation, planning, construction, operation, and maintenance of Federal navigation, flood control, reclamation, hydroelectric, and multiple-purpose water resource projects; (b) planning with respect to the development of the recreation potential of any such project shall be based on the coordination of the recreational use of the project area with the

use of existing and planned Federal, State, or local public recreation developments; and (c) project construction agencies shall encourage non-Federal public bodies to administer project land and water areas for recreation and fish and wildlife enhancement purposes and operate, maintain and replace facilities provided for those purposes unless such areas or facilities are authorized by law for inclusion within a national recreation area, or are appropriate for administration by a Federal agency as a part of the national forest system, as a part of the public lands classified for retention in Federal ownership, or in connection with an authorized Federal program for the conservation and development of fish and wildlife.

SEC. 2. (a) If, before authorization of a project, non-Federal public bodies indicate their intent in writing to agree to administer project land and water areas for recreation and fish and wildlife enhancement pursuant to a plan of development and to bear not less than one-half the separable costs of the project allocated to recreation and fish and wildlife enhancement and all the costs of operation, maintenance and replacement of recreation and fish and wildlife enhancement lands and facilities: (1) the benefits of the project to recreation and fish and wildlife enhancement shall be taken into account in determining the economic benefits of the project; (2) costs shall be allocated to the purposes of recreation and fish and wildlife enhancement and to other purposes in a manner which will insure that all project purposes share equitably in the advantages of multiple-purpose construction: *Provided*, That the costs allocated to recreation or fish and wildlife enhancement shall not exceed the lesser of the benefits from those functions or the costs of providing recreation or fish and wildlife enhancement benefits of reasonably equivalent use and location by the least costly alternative means; and (3) not more than one-half the separable costs and all the joint costs of the project allocated to recreation and fish and wildlife enhancement shall be borne by the United States and be nonreimbursable. Projects authorized before January 1, 1966, may include recreation and fish and wildlife enhancement on the foregoing basis without the required indication of intent. Execution of an agreement as aforesaid shall be a prerequisite to commencement of construction of projects authorized pursuant to this section.

(b) The non-Federal share of the separable costs of the project allocated to recreation and fish and wildlife enhancement shall be borne by non-Federal interests, under either or both of the following methods as may be determined appropriate by the head of the Federal agency having jurisdiction over the project: (1) payment, or provision of lands, interests therein, or facilities for the project; or (2) repayment, with interest at a rate comparable to that for other interest-bearing functions of Federal water resource projects, within 50 years of first use of project recreation or fish and wildlife enhancement facilities: *Provided*, That the source of repayment may be limited to entrance and user fees or charges collected at the project by non-Federal interests if the fee schedule and the portion of fees dedicated to repayment are established on a basis calculated to achieve repayment as aforesaid and if the fee schedule and the portion of fees dedicated to repayment are made subject to review and renegotiation at intervals of not more than 5 years.

SEC. 3. (a) In the absence of an indication of intent as specified in subsection 2(a), facilities or project modifications shall not be provided expressly for recreation and fish and wildlife enhancement; minimum facilities for the public health and safety may be provided at access points provided by roads existing at the time of project construction and roads constructed for the administration and management of the project. For projects authorized pursuant to section 3 hereof, the recreation and fish and wildlife enhancement benefits shall be limited to the number of visitor days and the value per visitor day which would take place on the basis of the provision of minimum facilities for public health and safety, and excluding any additional land which may be acquired expressly to provide for subsequent recreation or fish and wildlife enhancement development as provided under subsection 3(b); for projects authorized pursuant to this subsection, all costs allocated to recreation and fish and wildlife enhancement shall be nonreimbursable.

(b) In the absence of an indication of intent as specified in subsection 2(a), lands may be provided in connection with project construction to preserve the recreation and fish and wildlife enhancement potential of the project.

(1) If non-Federal public bodies execute an agreement within ten years after initial operation of the project, which agreement shall provide that the non-Federal public bodies will administer project land and water areas for recreation and fish and wildlife enhancement pursuant to a plan of development and will bear not less than one-half the costs of lands, facilities and project modifications provided for those purposes and all costs of operation, maintenance and replacement of recreation and fish and wildlife enhancement facilities, not more than one-half the costs of lands, facilities, and project modifications provided pursuant to paragraph (1) of this subsection may be borne by the United States and such costs shall be nonreimbursable. Such agreement and subsequent development shall not be the basis for any reallocation of joint costs of the project to recreation or fish and wildlife enhancement.

(2) If, within ten years after initial operation of the project, there is not an executed agreement as specified in paragraph (1) of subsection 3(b), the head of the agency having jurisdiction over the project may convey the possession and control of any lands provided pursuant to subsection 3(b) by deed, lease, or otherwise, to any Federal agency, or to any person or non-Federal body, for the purpose of recreation, fish and wildlife enhancement, or use as a summer residence, or for the operation on such lands of pleasure resorts for boating, fishing, or any similar purpose, or for any other purpose which would not conflict with the purposes for which the project was constructed: *Provided*, That no transfer authorized herein, except transfer by conveyance at full market value under the then existing conditions, shall be made without approval of the President of the United States.

SEC. 4. At projects, the construction of which has commenced or been completed as of the effective date of this Act, where non-Federal public bodies agree to administer project land and water areas for recreation and fish and wildlife enhancement purposes and to bear the costs of operation, maintenance and replacement of existing

facilities serving those purposes, such facilities and appropriate project lands may be transferred to the non-Federal public bodies at no cost.

SEC. 5. Nothing herein shall be construed as preventing or discouraging post-authorization development of any project for recreation and fish and wildlife enhancement by non-Federal public bodies pursuant to agreement with the head of the Federal agency having jurisdiction over the project. Such development shall not be the basis for any allocation or reallocation of project costs to recreation or fish and wildlife enhancement.

SEC. 6. (a) The views of the Secretary of the Interior developed in accordance with section 3 of the Act of May 28, 1963 (77 Stat. 49), with respect to the outdoor recreation aspects shall be set forth in any report on any project or appropriate unit thereof within the purview of this Act. Such views shall include a report on the extent to which the proposed recreation and fish and wildlife development conforms to and is in accord with the State comprehensive plan developed pursuant to subsection 5(d) of the Land and Water Conservation Act of 1965 (78 Stat. 897).

(b) Nothing in this Act shall be construed as amending the first proviso of subsection 2(d) of the Act of August 12, 1958 (72 Stat. 563; 16 U.S.C. 662 (d)), and the second proviso of subsection 2(d) of that Act is hereby repealed.

(c) Expenditures for lands or interests in lands hereafter acquired by project construction agencies for the establishment of migratory waterfowl refuges recommended by the Secretary of the Interior at Federal water resource projects, when such lands or interests in lands would not have been acquired but for the establishment of a migratory waterfowl refuge at the project, shall not exceed $28,000,000; *Provided*, That the aforementioned expenditure limitation in this subsection shall not apply to the costs of mitigating damages to migratory waterfowl caused by such water resource project.

(d) This Act shall not apply to the Tennessee Valley Authority, nor to projects constructed under authority of the Small Reclamation Projects Act, as amended, or under authority of the Watershed Protection and Flood Prevention Act, as amended.

(e) Sections 2, 3, 4, and 5 of this Act shall not apply to nonreservoir local flood control projects, beach erosion control projects, small boat harbor projects, hurricane protection projects, or to project areas or facilities authorized by law for inclusion within a national recreation area or appropriate for administration by a Federal agency as a part of the national forest system, as a part of the public lands classified for retention in Federal ownership, or in connection with an authorized Federal program for the conservation and development of fish and wildlife.

(f) As used in this Act, the term "nonreimbursable" shall not be construed to prohibit the imposition of entrance, admission, and other recreation user fees or charges.

(g) Subsection 6(a)(2) of the Land and Water Conservation Fund Act of 1965 (78 Stat. 897) shall not apply to costs allocated to recreation and fish and wildlife enhancement which are borne by the United States as a nonreimbursable project cost pursuant to subsection 2(a) or subsection 3(b)(1) of this Act.

(h) All payments and repayment by non-Federal public bodies under the provisions of this Act, and revenue from the conveyance by deed, lease or otherwise, of lands under subsection 3(b)(2) of this Act, shall be deposited in the Treasury as miscellaneous receipts.

SEC. 7. (a) The Secretary of the Interior is authorized as a part of any water resource development project under his control heretofore or hereafter authorized or reauthorized, except projects or areas within national wildlife refuges, to investigate, plan, construct, operate, and maintain or otherwise provide for public outdoor recreation facilities, to acquire or otherwise to include within the project area such adjacent lands or interests therein as are necessary for present or future public recreation use, to provide for the public use and enjoyment of project lands, facilities, and water areas in a manner coordinated with the other project purposes, and at projects hereafter authorized or reauthorized, to allocate water and reservoir capacity to recreation. Lands, facilities and project modifications may be provided in accordance with subsection 3(b), hereof, at projects heretofore authorized.

(b) The Secretary of the Interior is authorized to enter into agreements with Federal agencies or State or local public bodies for the administration of project land and water areas and the operation, maintenance and replacement of facilities and to transfer project lands or facilities to Federal agencies or State or local public bodies by lease, conveyance, or exchange, upon such terms and conditions as will best promote the development and operation of such lands or facilities in the public interest for recreation purposes.

(c) No lands under the jurisdiction of any other Federal agency may be included for or devoted to recreation purposes under the authority of this section without the consent of the head of such agency; and the head of any such agency is authorized to transfer any such lands to the jurisdiction of the Secretary of the Interior for purposes of this section. The Secretary of the Interior is authorized to transfer jurisdiction over project lands within or adjacent to the exterior boundaries of national forests and facilities thereon to the secretary of Agriculture for recreation and other national forest system purposes; and such transfer shall be made in each case in which the project reservoir area is located wholly within the exterior boundaries of a national forest unless the Secretaries of Agriculture and Interior jointly determine otherwise. Where any project lands are transferred hereunder to the jurisdiction of the Secretary of Agriculture, the lands involved shall become national forest lands: *Provided*, That the lands and waters within the flow lines of any reservoir or otherwise needed or used for the operation of the project for other purposes shall continue to be administered by the Secretary of the Interior to the extent he determines to be necessary for such operation. Nothing herein shall limit the authority of the Secretary of the Interior granted by existing provisions of law relating to recreation development of water resource projects or to disposition of public lands for recreational purposes.

SEC. 8. As used in this Act—

(a) The term "project" shall mean a project or any appropriate unit thereof.

(b) The term "cost" shall mean the value of goods and services (land, labor and supplies) used for the establishment, maintenance and operation of the project.

(c) The term "separable costs" shall mean the cost for each project purpose which is the difference between the cost of the multiple-purpose project and the cost of the project with the purpose omitted.

(d) The term "joint costs" shall mean the difference between the cost of the multiple-purpose project as a whole and the total of the separable costs for all project purposes.

SEC. 9. This Act may be cited as the "Federal Water Project Recreation Act".

SECTION-BY-SECTION ANALYSIS

SECTION 1

Section 1 states congressional policy that (*a*) full consideration shall be given to recreation and fish and wildlife enhancement as purposes of Federal water resources projects; (*b*) planning with respect to recreation aspects of a project shall be coordinated with existing and planned recreation developments; and (*c*) project construction agencies shall encourage non-Federal public bodies to assume responsibility for management of project areas and facilities, except at those projects or project areas which are appropriate for Federal administration because of other Federal programs.

Areas which may be appropriate for Federal administration include national recreation areas, and areas which are part of the national forest system, part of the public lands classified for retention in Federal ownership, or part of lands administered under an authorized Federal program for the conservation and development of fish and wildlife. The following seven types of areas are included in this last category: wildlife refuges; wildlife ranges; game ranges; waterfowl production areas; wildlife management areas; national fish hatcheries; and areas for the protection and conservation of fish and wildlife that are rare or threatened with extinction.

As used throughout this bill, the term "non-Federal public bodies" includes such public entities as States, counties, municipalities, recreation districts or other special-purpose districts with sufficient authority to participate under the provisions of this bill. The term also includes a combination of two or more of the foregoing entities.

SECTION 2

Subsection 2(a) provides that if non-Federal public bodies express an intent before project authorization, and execute an agreement before initiation of project construction, to administer project land and water areas for recreation and fish and wildlife enhancement and to pay or repay at least one-half the costs of providing lands, facilities, and project modifications and all costs of operation, maintenance and replacement of such lands, facilities, and project modifications which are not integral parts of the Federal project, then the Federal Government will bear all joint costs allocated to recreation and fish and wildlife enhancement and up to one-half of the costs of lands, facilities, and project modifications for those purposes. Project modifications include, for example, the raising of the height of a dam so as to provide increased storage capacity, or the construction of a sub-impoundment in an arm of a reservoir, specifically for recreation or fish and wildlife enhancement.

It is anticipated that under the provisions of the bill the Federal construction agency will work with non-Federal public interests to develop a short- and long-range plan of development for recreation and fish and wildlife enhancement which should be provided at the project. For example, where there is little demand for recreation facilities, such facilities should be provided only to the extent local participation permits.

A statement of intent to participate by non-Federal public bodies is generally required by the bill if provision is to be made specifically for recreation and fish and wildlife enhancement at a project. However, it is not believed desirable to delay authorization of projects on which planning has been completed by further referral of the project report to non-Federal public bodies. Therefore, the bill provides that for projects authorized prior to January 1, 1966, an expression of intent to participate by non-Federal interests will not be required. For all projects, however, an executed agreement to participate will be required prior to initiation of project construction. If, after indicating intent to participate, non-Federal interests do not execute such an agreement, the project would be treated as though there had been no original statement of intent and would be constructed under provisions similar to those contained in section 3.

Under the provisions of subsection 2(b), non-Federal public bodies may pay or repay their share of costs of development (excluding those operation, maintenance and replacement costs which they must bear directly) under either or both of the following methods, as determined appropriate by the head of the agency having jurisdiction over the project: (1) payment, or provision of lands or facilities required by the project, or (2) repayment, within 50 years, with interest at a rate comparable to that for other interest-bearing functions of water resource projects. The source of repayment under (2) may be limited to a portion of the entrance and user fees collected at the project by non-Federal interests. The fee schedule and the percentage of the fees dedicated to repayment of the non-Federal share shall be established, and periodically reviewed to achieve repayment in the period specified.

The latter provision allows non-Federal interests, if they so desire, to discharge their obligation to repay by charging fees to the recreation user and applying a portion of the fee toward repayment while applying the remaining portion toward their operation and maintenance costs.

SECTION 3

Subsection 3(a) recognizes that in some areas non-Federal interests may not want to participate in a project because they have sufficient recreation and fish and wildlife developments or because of other reasons. In such cases, water resources projects would not be held back because of the lack of non-Federal participation in recreation and fish and wildlife enhancement. In those instances, no facilities or project modifications would be provided expressly for recreation and fish and wildlife enhancement. The likelihood that a project, even without recreation facilities, may be utilized for recreation is recognized. However, it is believed that the recreation and fish and wildlife benefits would be minimal under these circumstances. Any costs allocated to recreation and fish and wildlife enhancement under these conditions would be nonreimbursable.

Since some recreational use of a project is anticipated even without recreation facilities, the bill provides for facilities for public health and safety. These facilities would include guard rails, turnarounds at the ends of roads, and minimum sanitary facilities. Parking, picnicking, swimming, or camping areas or facilities, or more elaborate sanitary facilities would not be provided under this subsection.

Most water resources projects provide some potential for recreation or fish and wildlife enhancement. For this reason, subsection 3(b) provides for the acquisition or provision of lands in connection with any project to preserve this recreation or fish and wildlife enhancement potential even where there is no indication of intent of non-Federal cost sharing as specified in subsection 2(a). If, within 10 years after initial operation of the project, non-Federal interests desire to develop the recreation or fish and wildlife potential and agree to bear one-half the cost of the land, facilities, and any project modification for these purposes, and all costs of operation, maintenance, and replacement, then the development of the recreation and fish and wildlife enhancement potential could be undertaken pursuant to a plan of development. The Federal Government would bear up to one-half the costs of the land, facilities, and project modifications for those purposes. If such an agreement is not obtained, the construction agency would be authorized to dispose of the land by sale, lease, or in some other manner, to any person or non-Federal body after determining that such land is not required by another Federal agency. Disposal may be made for recreation, fish and wildlife enhancement, or for any other purpose as long as such use does not conflict with the purposes for which the project was constructed.

SECTION 4

To encourage non-Federal administration of the recreation and fish and wildlife enhancement features at existing Federal water resources projects (completed or under construction), the bill would authorize Federal water resource agencies to transfer recreation and fish and wildlife enhancement facilities, and appropriate project lands, at no cost to non-Federal public bodies if they agree to administer the facilities and to bear the costs of operation, maintenance and replacement of such lands and facilities.

SECTION 5

Section 5 makes it clear that incremental or subsequent development of recreation and fish and wildlife enhancement at any project shall not be discouraged. Other programs, as under the Land and Water Conservation Fund Act of 1965, could be used to develop recreation at projects that are not developed in accordance with other provisions of this bill. Development under such conditions will not, however, provide a basis for allocation or reallocation of any project costs to recreation and fish and wildlife enhancement.

SECTION 6

Subsection 6(a) provides that the views of the Secretary of the Interior, developed in accordance with the organic act of the Bureau of Outdoor Recreation, shall be included in each project report. The Secretary's report would indicate the extent to which the proposed

project is in accord with the State comprehensive recreation plan developed pursuant to the Land and Water Conservation Act of 1965.

Subsection 6(b) confirms the limitations of the first proviso of subsection 2(d) of the Fish and Wildlife Coordination Act (72 Stat. 563; 16 U.S.C. 622(d)) with respect to measures for the enhancement of fish and wildlife properly includable in a Federal water resource project; it repeals the second proviso of that subsection of the Fish and Wildlife Coordination Act, which applies to projects constructed under reclamation law. The effect of the repeal of the second proviso is twofold: First, it will result in the costs of mitigation of project-occasioned damage to fish and wildlife being distributed among all project purposes the same as any other project cost; and, second, it will terminate the reimbursement policy for costs allocated to fish and wildlife enhancement now set out in the Fish and Wildlife Coordination Act so that the reimbursement policy established by this bill may take effect.

Subsection 6(c) places a limitation of $28 million on water resource project funds that may be expended for land acquisition to accomplish the Federal Government's obligations to conserve and protect migratory waterfowl. These expenditures are in addition to those made from the migratory bird conservation fund for migratory waterfowl refuges. The $28 million limitation applies only to expenditures for acquisition of lands or interests in lands which would otherwise not be acquired, when they are acquired at a water resource project for incorporation into a migratory waterfowl refuge. The limitation specifically does not apply to expenditures for the mitigation of damages to migratory waterfowl, since that is properly a project cost to be allocated to project purposes in the same manner as any other project cost.

Subsection 6(d) provides that the bill shall not apply to the Tennessee Valley Authority, nor to projects constructed under the authority of the Small Reclamation Projects Act, as amended, or under authority of the Watershed Protection and Flood Prevention Act, as amended. It is believed that cost sharing and reimbursement requirements for recreation and fish and wildlife enhancement at small reclamation projects should be considered in relation to such requirements as now exist at watershed protection projects.

The Tennessee Valley Authority believes it has adequate authority to plan for, evaluate benefits from, and allocate costs to recreation and fish and wildlife enhancement in connection with multiple-purpose projects. TVA believes that the bill contains language which is inappropriate for TVA, for example, the requirement that the views of the Secretary of the Interior be included in any report concerning a project within the bill's purview. While TVA consults and cooperates with other Federal agencies, TVA believes it must as a unified development agency take full responsibility for all phases of projects which it plans and constructs. This was recognized in TVA's exemption from the Fish and Wildlife Coordination Act. Furthermore, the general policy of the Tennessee Valley Authority is not to provide recreation facilities at Federal cost but to transfer lands adjacent to reservoirs to non-Federal bodies for recreation development and management. The TVA has been quite successful in this policy.

Subsection 6(e) provides that such projects as local nonreservoir flood control, beach erosion control, small boat harbor, and hurricane

protection projects shall be excluded from the cost-sharing and reimbursement provisions of the bill because existing policies cover these projects. Cost sharing shall not be required for project areas that are appropriate for Federal administration.

Subsection 6(f) states that the term "nonreimbursable" shall not be construed to prohibit the imposition of entrance, admission, and other recreation user fees or charges.

Subsection 6(g) provides that the provision of the Land and Water Conservation Fund Act of 1965 which calls for the use of the fund to help offset the capital costs of recreation at Federal projects shall not be applied to projects at which non-Federal interests execute an agreement to share development costs and to bear the costs of operation and maintenance. The reason for this provision is that Federal recreation fees will not be charged at these projects. The offset provision would apply, however, to the capital costs of projects where non-Federal interests do not assume responsibility for the administration of project areas for recreation.

Subsection 6(h) provides that all moneys received (payments, repayments, or revenue from conveyance of land) under the terms of this bill shall be deposited in the miscellaneous receipts of the Treasury.

SECTION 7

The purpose of section 7 is to provide the Secretary of the Interior with authority similar to that already available to the Secretary of the Army. Since 1944 the Department of the Army has had basic statutory authority to provide recreation development at reservoir projects under its control; in 1962 this authority was expanded to embrace water resource development projects generally (section 4 of the act of December 22, 1944, as amended; 16 U.S.C. 460(d)). On the other hand, only piecemeal authority exists for certain individual projects under the control of the Department of the Interior. A notable example of this project-by-project approach is section 8 of the Colorado River Storage Project Act of 1956 (70 Stat. 105; 43 U.S.C. 620(g)). Enactment of the proposed legislation will fill in the statutory gaps and permit the realization of potential returns on recreation resources created by public investment in the development of water resource projects of the Department of the Interior.

Subsection 7(a) provides that the Secretary of the Interior may plan, construct, operate, and maintain, or otherwise provide for public outdoor recreation facilities, and acquire land for such purpose, at any existing or hereafter authorized or reauthorized project. In addition, at projects hereafter authorized or reauthorized, he may also allocate water and reservoir capacity to recreation. Lands, facilities and project modifications may be provided at existing projects only if non-Federal public bodies agree to administer the project lands and water areas for recreation and to bear costs in accordance with section 2.

Subsection 7(b) authorizes the Secretary of the Interior to transfer to other Federal agencies or State or local bodies, project lands and facilities for operation and maintenance for recreation purposes.

Subsection 7(c) provides that, with the consent of the Federal agency having jurisdiction over lands required for recreation purposes at any project, such Federal agency is authorized to transfer lands so required to the Secretary of the Interior. The latter is also authorized to transfer to the Secretary of Agriculture project lands and facilities for recre-

ation purposes when such project lands are adjacent to or within national forests, and such transfer shall be made, unless the Secretaries jointly agree otherwise, when the project is wholly within the exterior boundaries of a national forest. Any lands so transferred shall become national forest lands, but to the extent required for operation of the project for purposes other than recreation, the lands shall be administered by the Secretary of the Interior.

SECTIONS 8 AND 9

Section 8 defines terms used in the bill.

Section 9 provides that the bill may be cited as the "Federal Water Project Recreation Act."

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington D.C., March 19, 1965.

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

DEAR SENATOR JACKSON: This responds to your request for the views of the Department of the Interior on S. 1229, a bill to provide uniform policies with respect to recreation and fish and wildlife benefits and costs of Federal multiple-purpose water resource projects, and to provide the Secretary of the Interior with authority for recreation development of projects under his control.

We strongly recommend enactment of the bill, which was transmitted to the Congress by the Administration on February 19, 1965. The Nation's needs for outdoor recreation opportunities have mushroomed in recent years as our population and available leisure have burgeoned. Growing recreation use of Federal reservoirs is only one indication of these increasing recreation demands. This intensive recreation use demonstrates that many recreation needs—particularly those for fishing, hunting, and water-oriented recreation—can be met satisfactorily and economically through appropriate development and management of Federal water resource developments. Recognition of this fact has prompted the quest of the past 2 years for a viable uniform policy to insure that proper recreation development of Federal water resource projects is achieved on terms that are equitable to all interests that share in the costs and benefits of Federal multiple-purpose projects. In our judgment S. 1229 would establish such a policy, and we strongly endorse the bill. It would resolve vexing questions which have troubled both the Congress and the resource agencies of the executive branch ever since it became apparent that recreation should have coequal status as a purpose of Federal water resource projects.

S. 1229 is a complementary measure to the Land and Water Conservation Act of 1965, the landmark recreation achievement of the 88th Congress. It would establish policy for a joint Federal-nonFederal effort to provide for recreation at water resource projects under ground rules that parallel those governing the joint Federal-State recreation effort under the Land and Water Conservation Fund Act. In addition to setting uniform policy for the treatment of recreation and fish and wildlife costs and benefits, S. 1229 would

provide the Secretary of the Interior with long overdue authority to develop water resource projects under his jurisdiction for recreation.

The following interpretations and comments on S. 1229 are offered on behalf of the Department of the Interior.

Section 1 of the bill states the policy of the Congress respecting planning and providing for outdoor recreation and fish and wildlife enhancement at Federal water resources projects. This policy is that full consideration shall be given to those purposes and that planning of Federal projects shall be directed toward the realization of the recreation and fish and wildlife enhancement potential of the project within a coordinated plan that considers all recreation development.

Section 1(c) recognizes that on some projects Federal management for recreation and fish and wildlife enhancement purposes will be appropriate, and, equally important, recognizes the proper role of States and other non-Federal public bodies in managing Federal project land and water areas for those purposes. Project planning in the Department of the Interior will be conducted in accordance with these policies, with provision for Federal administration or encouragement of non-Federal administration in accordance with the precepts of the bill. Three points should be made regarding section 1(c). The first is that planning agencies such as the Bureau of Outdoor Recreation and the Bureau of Sport Fisheries and Wildlife, as well as construction agencies, will be involved in coordinating and planning recreation and fish and wildlife enhancement developments. Likewise, the role of encouraging non-Federal bodies to administer project land and water areas for recreation and fish and wildlife enhancement is not expected to be limited to project construction agencies. Second, we believe that section 1(c) should not be read to require exclusive Federal management of national recreation areas. The Recreation Advisory Council has envisioned joint Federal-non-Federal operation and management of national recreation areas under some circumstances. Some national recreation areas may be proposed for authorization on that basis; cost-sharing arrangements would have to be tailored to the situation. Third, we interpret the words "public lands classified for retention in Federal ownership" in line 14, page 2, as including lands so classified under the Classification and Multiple Use Act of September 19, 1964 (78 Stat. 986), or subsequently so classified after expiration of that act.

The references throughout the bill to non-Federal public bodies would be construed to include such agencies as irrigation districts, recreation districts, conservancy districts, and public utility districts, as well as State and local governments. Also, the management and cost-sharing responsibilities on a given project may be shared among several non-Federal public bodies.

A printing error in subsection 3(b) casts doubt upon the meaning of paragraphs 3(b)(1) and 3(b)(2). These paragraphs state the alternative for dealing with lands provided pursuant to subsection 3(b) and not limitations upon the authority to provide such lands. To make this clear a period should be substituted for the dash after the word "project" in line 11, page 5, and the word "if" in line 12, page 5, and line 5, page 6, should be capitalized. Another ambiguity in paragraph 3(b)(1) is found in lines 22, 23, and 24 of page 5; this

paragraph would be more clear if these lines were changed to read a follows: "than one-half the costs of lands provided pursuant to th subsection, and facilities and project modifications provided pursuan to the plan of development may be borne by the United States and" We interpret the phrase "lands may be provided" in subsection 3(b to mean that lands may be acquired, accepted as donations or, in th case of public lands, withdrawn and reserved in order to preserve th indicated recreation and fish and wildlife potential of the project We expect to continue to follow the present joint Army-Interio reservoir land acquisition policy in providing recreation and fish an wildlife enhancement lands at projects under this Department' jurisdiction.

As the section-by-section analysis transmitted on February 19 1965, by the administration provides, lands subject to disposition under paragraph 3(b)(2) of the bill would be offered first to Federa agencies and, if such lands are not required by a Federal agency to non-Federal entities or private persons for purposes not in conflic with the project.

As a matter of precise draftsmanship, the words "pursuant to this section" should be substituted for the words "pursuant to section 3 hereof" in lines 22 and 23 on page 4. Also, the word "fair" should be substituted for the word "full" in line 19, page 6; "fair market value" is a well understood term of art that should be retained in this context.

The second sentence of section 6(a) of the bill is designed to apply only to the recreational aspects of developments for fish and wildlife enhancement and to insure that those aspects be considered in relation to the State comprehensive recreation plans developed under the Land and Water Conservation Act of 1965. The views and recommendations of the Secretary of the Interior with respect to fish and wildlife conservation and development would continue to be an integral part of water resource projects reports as now required by the Fish and Wildlife Coordination Act.

To make it clear that facilities recommended in project reports for fish and wildlife enhancement may be provided in accordance with the terms of the bill, section 6(b) should be revised to read as follows:

> (b) The first proviso of subsection 2(d) of the Act of August 12, 1958 (72 Stat. 563; 16 U.S.C. 662(d)) is amended to read as follows: "*Provided*, That such cost attributable to the development and improvement of wildlife shall not extend beyond that necessary for (1) land acquisition, (2) facilities as specifically recommended in water resource project reports, (3) modification of the project, and (4) modification of project operations, but shall not include the operation of wildlife facilities." The second proviso of subsection 2(d) of said act is hereby repealed.

Such facilities might include small impoundments, spawning channels, and residences for wildlife area managers.

The Deputy Director of the Bureau of the Budget pointed out in his letter of February 19, 1965, that,

"Enactment of [S. 1229] would establish general cost-sharing and reimbursement policy for recreation and fish and wildlife enhancement. The formulation of a general policy to fit every circumstance is made difficult by the great variety among water resources projects—in size, purposes served, and problems encountered. Therefore, the water

resources agencies may in some instances recommend departures from the general policy."

We too recognize that in this complex field general legislation cannot anticipate the diversities that will be encountered. For example, problems may arise in maintenance of streamflow for downstream fishing enhancement—perhaps across State boundaries. Also, the bill contemplates administration of project areas and cost-sharing by non-Federal public bodies. In the absence of a governmental or quasi-governmental agency to undertake these obligations a project might be proposed for full management and cost-sharing by a non-profit private organization if full public access could be provided.

Finally, the bill does not purport to cover project recreation and fish and wildlife enhancement costs where Federal administration for those purposes is appropriate. In such cases, our project formulation will be on the basis that all costs allocated to those purposes would be nonreimbursable.

The Bureau of the Budget has advised that there would be no objection to the presentation of this report, and that enactment of S. 1229 would be consistent with the administration's objectives.

Sincerely yours,

KENNETH HOLUM,
Assistant Secretary of the Interior.

SEPARABLE COSTS-REMAINING BENEFITS METHOD OF COST ALLOCATION

Definition and purpose of cost allocation.

Cost allocation, in multiple-purpose water resource projects, involves the division of the cost of the project among the purposes served. Cost allocations are necessary because the requirements for reimbursement in the Federal water resource development program vary from one function to another—the costs of some functions are nonreimbursable, some are reimbursable with interest, and irrigation costs are reimbursable without interest.

Derivation of separable costs-remaining benefits procedure

Prior to the adoption of the separable costs-remaining benefits method of cost allocation several other procedures had been employed by the various agencies engaged in the water resource development program. It was found through experience that these procedures were unsuitable for one reason or another and consequently they were abandoned in favor of the separable costs-remaining benefits procedure. Even though such procedures are no longer used, knowledge of them is essential to an understanding of the separable costs-remaining benefits procedure.

Allocations based on physical criteria

The methods of cost allocation initially employed by the Bureau of Reclamation were based upon physical criteria such as "use of space" or "water released." However, it was found that such methods of allocation did not properly measure the extent of use by the various functions involved. For instance, space reserved for flood control might be used only once in 20 years whereas space used for irrigation might be used annually. The physical approach to cost allocation was also unsatisfactory in that it did not provide a common denominator for all functions involved. As an example, wildlife benefits might be achieved without the actual release of water, whereas, the benefits to other functions such as irrigation, power, and flood control, would require either the release of water or the availability of storage space. Therefore, it was impossible to use physical criteria such as use of storage space as a common denominator for all functions involved in a multiple-purpose project.

Allocations based upon economic criteria

In recognition of the limitations inherent in the physical approach to cost allocation, attention was turned to the possibility of using an approach based upon benefits. From a theoretical point of view, there is much in favor of allocations based upon the benefit approach. Such an approach not only measures the extent of use but it also provides a common denominator for all functions involved. However, this approach does not recognize the possibility of securing comparable benefits at less cost through alternative means. To meet this shortcoming, the alternative justifiable expenditure method of cost allocation was developed.

The alternative justifiable expenditure method

The alternative justifiable expenditure method limits the allocation to any function to the justifiable expenditure which is the lesser of the benefits or the cost of securing the same benefit through the most likely alternative means. After determining the justifiable expenditure, the specific costs (costs that serve only one function such as the cost of irrigation ditches, power generators, or flood control outlet works) are subtracted from the total justifiable expenditure to secure the remaining justifiable expenditure which is then used as the basis for allocating the costs of the facilities serving more than one function (joint costs). While this method of cost allocation met the objections inherent in those procedures based solely on benefit or physical criteria, it involved other aspects which were objectionable.

This procedure depends on the arbitrary segregation of facilities into joint (those which serve more than one function) and into specific (those which serve only a single function). In this procedure, the entire cost of the dam and reservoir is considered as a joint facility even though there may be dead storage which provides only power head, or exclusive storage space which serves only a single function such as flood control or irrigation. Also, in the application, it is assumed that imbedded penstocks in the dam or a powerhouse constructed in the dam are specific power facilities even though the elimination of such facilities would not result in a saving equal to the cost of the facilities removed. For example, if such facilities were removed, the voids left would have to be filled.

Thus, the joint costs used under the alternative justifiable expenditure method may include, for example, that part of the storage capacity used exclusively for a single function. Also, the true cost of the specific facilities may be less than the cost normally regarded as the cost of specific facilities.

An example of an allocation based upon the alternative justifiable expenditure approach is presented in table I.

TABLE I.—*Alternative justifiable expenditure method of cost allocation (Project A)*

Items	Function				Total
	Irrigation	Power	Flood control	Fish and wildlife	
Costs to be allocated					[1] $2,986,796
1. Annual benefits	$2,299,000	$2,501,773	$2,374,930	$80,000	
2. Alternate annual costs	1,731,530	2,817,734	1,829,500	[2]	
3. Justifiable expenditure	1,731,530	2,501,773	1,829,500	50,936	6,112,803
4. Specific costs	0	1,116,088	0	0	1,116,088
5. Remaining justifiable expenditure	1,731,530	1,385,685	1,829,500	50,936	4,996,715
6. Proportion (percent)	34.65	27.73	36.61	1.01	100
7. Allocation of joint costs	$648,201	$518,747	$684,836	$18,894	$1,870,708
8. Total allocation	648,201	1,634,835	684,836	18,894	2,986,796

[1] This is composed of the following costs:

Items	Total	Annual
Construction	$62,407,000	$2,425,457
Interest during construction	4,614,400	179,339
Operation and maintenance		190,000
Replacement cost		192,000
Total		2,986,796

[2] Obviously exceeds benefits.

NOTES

Line 3 is the lower of the annual benefit or the annual cost.
Line 5 is line 3 less line 4.
Line 6 is calculated by dividing remaining justifiable expenditure for each function by the total of the remaining justifiable expenditure.
Line 7 is calculated allocating the joint cost ($1,870,708) on the basis of the percentages in line 6.
Line 8 equals the summation of lines 4 and 7.

Project A which is used to illustrate the application of the alternative justifiable expenditure method of cost allocation involves a dam and reservoir which serves irrigation, power, flood control, and fish and wildlife. The reservoir has 1,400,000 acre-feet of storage capacity of which 1,200,000 is active, 155,000 is inactive, and the balance of 45,000 is dead storage. The active space is used jointly for irrigation, power, and flood control. The inactive space is used for power head; it also provides a head for the irrigation outlets, thus making it possible to use smaller outlets than would otherwise be required to release the flows required for irrigation during periods of minimum irrigation storage. The 45,000 acre-feet of dead storage is used for power head and as a conservation pool for fish and wildlife. The powerplant which is housed in a powerhouse built below the dam, has an installed capacity of 114,000 kilowatts. The power penstock in the dam and the powerhouse and powerplant are single-purpose power facilities. All other facilities are joint use.

To determine the justifiable expenditure under the alternative justifiable expenditure approach, it is necessary to convert all costs and benefits to a common time basis so they will be comparable. The annual benefits and operating costs can be capitalized so they will be on the same capital basis as the interest during construction and construction costs; or the interest during construction and the construction costs can be amortized to put them on an annual basis so they will be on the same annual basis as the annual benefits and operating costs. Regardless of whether capital sums are converted to annual

sums or annual sums are converted to capital sums, it is necessary to use annuity factors which involve a number of years and interest rates. For this purpose, the Bureau of Reclamation normally uses 100 years and 2½ percent interest.

Separable costs-remaining benefits method

The separable costs-remaining benefits method of cost allocation was developed in order to meet the shortcomings of the alternative justifiable expenditure method. Basically, the separable costs-remaining benefits procedure is the same as the alternative justifiable expenditure method. It differs only in the approach to the identification of specific and joint costs. Under the separable costs-remaining benefits procedure, the separable cost is the amount that will be saved if a particular function is eliminated from the multiple-purpose project. Under this concept, the storage space provided in a multiple-purpose reservoir to serve only flood control or the dead storage provided for power head is considered as a separable cost of flood control or power respectively.

The amount of the cost included in the multiple-purpose project to serve only a given function (separable cost) is identified by subtracting the cost of the project without that function from the cost of the multiple-purpose project including all functions. By this process, the cost traceable to the inclusion of a specific function (the separable cost) can be identified. Under this approach, the entire dam and reservoir is no longer a joint facility. Various parts of it may become "separable costs" associated with specific functions. The "joint" cost under the separable costs-remaining benefits procedure thus becomes the cost that remains after identifying and subtracting the separable cost for each function.

It should be noted that the "separable cost" and "joint cost" used in the separable costs-remaining benefits allocation procedure are not necessarily associated with any particular physical facility. The terms refer only to "costs added" and "costs remaining."

An example of an allocation based upon the separable costs-remaining benefits procedure is presented in table II. This illustration is based upon the same project allocated by the alternative justifiable expenditure approach and presented in table I.

TABLE II.—*Separable costs-remaining benefits method of cost allocation (project A)*

Items	Function				Total
	Irrigation	Power	Flood control	Fish and wildlife	
Costs to be allocated					[1] $2,986,796
1. Annual benefits	$2,299,000	$2,501,773	$2,374,000	$50,000	
2. Alternate annual cost	1,731,530	2,817,734	1,829,500	(2)	
3. Justifiable expenditure	1,731,530	2,501,773	1,829,500	50,000	6,112,803
4. Separable costs	0	1,146,876	61,645	0	1,208,521
5. Remaining benefits	1,731,530	1,354,897	1,767,855	50,000	4,904,282
6. Proportion (percent)	35.30	27.63	36.05	1.02	100
7. Allocation of remaining joint cost	$627,732	$491,337	$641,068	$18,138	$1,778,275
8. Total allocation	$627,732	$1,638,213	$702,713	$18,138	$2,986,796

[1] This is composed of the following costs:

Items	Total	Annual
Construction	$62,497,000	$2,425,457
Interest during construction	4,614,400	179,389
Operation and maintenance		190,000
Replacements		192,000
Total		2,986,796

[2] Obviously exceeds benefits.

NOTES

Line 3 is the lower of the annual benefit or the annual cost.
Line 4 is the amount that can be saved by the elimination of any function.
Line 5 is line 3 less line 4.
Line 6 is calculated by dividing remaining benefit for each function by total remaining benefit.
Line 7 is calculated by allocating the remaining joint cost ($1,778,275) on the basis of the percentages in line 6.
Line 8 equals the summation of lines 4 and 7.

Under the separable costs-remaining benefits procedure, the actual steps in the allocation procedure are the same as those in the alternative justifiable expenditure approach down through the determination of the justifiable expenditure. In line 1, the average annual benefits for each function are indicated. The annual costs of the most likely alternative are presented in line 2. The justifiable expenditure (line 3) is the smaller of the two. This is accepted as the limit on the total allocation to any function because it would be irrational to allocate more to a function than the benefits for that function would support or more than it would cost to accomplish the same objective through alternative means.

From the justifiable expenditure of the separable costs are subtracted. The separable costs represents the minimum allocation to any function as each function should have allocated to it any cost that has been added to the project as a result of adding that particular function. This allocation procedure presumes that a function would not have been added unless the justifiable expenditure was at least equal to or greater than the separable cost.

After determining the separable costs for all functions, the summation of these costs are then subtracted from the total project cost to secure the remaining joint cost. This remaining joint cost is then allocated to all functions in proportion to the remaining benefits (justifiable expenditure less separable costs). The total allocation to any function is composed of the separable cost and that part of the remaining joint cost allocated to that function.

Comparison of alternative justifiable expenditure and separable costs-remaining benefits procedure

Under the separable costs-remaining benefits allocation method, it will be observed that there are $61,645 of separable costs for flood control, whereas, there are no specific flood control costs under the alternative justifiable expenditure approach. The elimination of flood control to determine its separable cost, in the example used, would have made possible a reduction in the size of the outlets since the requirement for passing streamflow, to maintain available space or the requirement for the evacuation of space in anticipation of floodflows, would both have been eliminated. On the other hand, the elimination of the outlet capacity would have necessitated a larger spillway to protect the structure and pass the peak floodflows anticipated. The enlargement in the spillway "used up" most of the savings resulting from the elimination of flood control as a function. The remaining savings, however, represent a separable cost for flood control.

The separable cost for power ($1,146,876) is slightly higher than the specific cost ($1,116,088). In this case, the project facilities included a construction village and a communication system. The difference in the separable power and specific power costs is entirely due to the treatment of the village and the communications system as a joint facility under the alternative justifiable expenditure approach, whereas, a part of the cost of the village and the communications system was considered as a separable cost under the separable cost-remaining benefits procedure.

As a result of the combined separable cost which is ($92,433) higher than the specific costs, the remaining joint costs used in the separable cost-remaining benefits procedure is that much less than the conventional joint costs used in the alternative justifiable expenditure method.

Other aspects of separable costs-remaining benefits method

The example used in the illustration is relatively simple. As more functions are added to a multipurpose project they are generally handled in the same manner. However, fish and wildlife and recreation are exceptions to this general rule. The allocation to fish and wildlife is treated in two parts. The cost of mitigation is, in compliance with the Coordination Act of 1958, simply subtracted from the total project costs and assigned directly to that function. This cost is not run through the allocation. On the other hand, enhancement to fish and wildlife is treated exactly like the other functions as indicated in tables I and II. The minimum basic recreation facilities included in any project proposal are handled in the same manner as the cost of mitigating damage to fish and wildlife. That is, the costs are assigned directly to that function and are not actually run through the allocation.

There are many other aspects involved in the separable costs-remaining benefits method of cost allocation including such things as:

1. Concurrent allocation of construction costs; interest during construction; annual operating cost; taxes foregone; and uncompensated damages,
2. The reconstruction of the amounts allocated to the various functions in terms of the conventional joint and specific costs,

3. The details and assumptions involved in the application of the procedure.

However, since it is not necessary to understand these related matters in order to understand the theory involved in the separable costs-remaining benefits method of cost allocation, the ramifications recognized above are not being presented here.

Appraisal of the separable costs-remaining benefits method

From a theoretical point of view, the separable costs-remaining benefits method of cost allocation is the most logical procedure that has been devised. Theoretical consistency in the application of the method requires that estimates of benefits for the various functions involved be on a comparable basis. This, however, is not the case and this constitutes the major shortcomings of the separable costs-remaining benefits method of cost allocation. The benefits accruing to the various functions normally involved in a multiple-purpose water resource development project are measured on different theoretical bases. For instance, irrigation benefits are based upon increases in net farm income while power and municipal water benefits are based upon alternative costs. Flood control benefits are based upon damages prevented and fish and wildlife benefits are based upon either alternative costs or consumer expenditures.

If the procedure is applied in a manner consistent with its underlying theory, many detailed studies are required. For instance, a multiple-purpose project involving four functions requires four separate estimates of project costs—one for each situation with one function eliminated—in order to determine the separable costs of each function. Such studies are expensive and consequently there is an inclination to shortcut many of them. Even where there is no such inclination, the procedure is so complicated that it is difficult to apply in a manner consistent with the underlying assumptions.

When this method of cost allocation was adopted, it was believed that it would bring all cost allocations into alignment and uniformity. It has developed that this has not necessarily been so. There are many questions of interpretation involved in the procedure which have resulted in a lack of uniformity in the application of the method.

The procedure rests on the assumption that the project has been formulated in a manner consistent therewith and that the separable costs never exceed the justifiable expenditure. It, therefore, follows where projects have not been formulated in this manner, the procedure does not give reasonable results. This has been the case in many existing projects where it has been applied.

In regards to the procedure, it should be understood that the amount of the allocation to any function involved in a given project depends largely upon the relative justifiable expenditure, which is, as previously indicated, the smaller of the benefits or the alternative single-purpose cost. In order to illustrate this, a second allocation under the separable-cost remaining benefits allocations is presented in table III. This allocation represents a project in the Great Plains where there are limited opportunities for aquatic forms of recreation, including fishing and consequently a great demand for them. For that reason, the fish and wildlife benefits and consequently the justifiable expenditure for fish and wildlife are relatively high compared to the project represented by tables I and II which is in the Pacific Northwest in an area of

abundant fish and wildlife resources. These relationships are illustrated in the following tabulation:

[In percent]

Items	Project A	Project B
Relative justifiable expenditure for fish and wildlife	[illegible]	25.9
Relative allocation of costs to fish and wildlife	[illegible]	25.7

The percentage of the total cost allocated to any given function varies from project to project depending upon the particular circumstances of each project.

TABLE III.—*Separable costs-remaining benefits method of cost allocation (project B)*

Items	Functions: Municipal and industrial water	Functions: Flood control	Functions: Fish and wildlife	Total
Annual costs to be allocated				$527,500
1. Annual benefits	$470,600	$357,000	$280,800	
2. Alternate annual costs	470,600	304,100	475,600	
3. Justifiable expenditure	470,600	357,000	280,800	
4. Separable costs	35,150	55,300	29,100	119,550
5. Remaining benefits	435,450	301,700	251,700	987,850
6. Proportion (percent)	43.64	30.24	25.12	100.00
7. Allocation of remaining joint costs	$178,029	$123,364	$102,557	$403,950
8. Total allocation	213,179	178,664	132,657	527,500

Definitions

As a matter of summary and to provide a reference for future use, the terminology used in the separable costs-remaining benefits cost allocation procedure is defined below.

1. *Justifiable expenditure.*—This is the lesser of the benefits or alternative costs. It places the maximum limitation on the allocation to any function because an allocation to any function in excess of the benefits or alternative cost would not be justified.

2. *Separable costs.*—These are the costs that have been added to a multipurpose project to specifically serve a given function. This is the minimum allocation to any function. They are calculated by deducting the cost of the project without the function involved from the total costs of the multipurpose project including all functions.

3. *Remaining benefit.*—This is the justifiable expenditure less the separable costs. It is the amount of benefits (justifiable expenditure) that is associated with the remaining joint costs and is used as the basis of allocating the remaining joint costs.

4. *Remaining joint costs.*—This is that part of the cost of the project that remains after subtracting the separable costs for all functions.

5. *Specific costs.*—These are identifiable physical facilities which serve only a single function.

6. *Joint costs (conventional).*—These are identifiable physical facilities which serve more than one function and among other things

normally include all the dam and reservoir in a multiple-purpose project.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, S. 1229, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

ACT OF AUGUST 12, 1958 (72 STAT. 563; 16 U.S.C. 662(D))

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act of March 10, 1934, as amended, and as further amended by this Act may be cited as the "Fish and Wildlife Coordination Act".

SEC. 2. The first four sections of the Act entitled "An Act to promote the conservation of wildlife, fish, and game, and for other purposes", approved March 10, 1934 (16 U.S.C., secs. 661–664, inclusive) are amended to read as follows:

"For the purpose of recognizing the vital contribution of our wildlife resources to the Nation, the increasing public interest and significance thereof due to expansion of our national economy and other factors, and to provide that wildlife conservation shall receive equal consideration and be coordinated with other features of water-resource development programs through the effectual and harmonious planning, development, maintenance, and coordination of wildlife conservation and rehabilitation for the purposes of this Act in the United States, its Territories and possessions, the Secretary of the Interior is authorized (1) to provide assistance to, and cooperate with, Federal, State, and public or private agencies and organizations in the development, protection, rearing, and stocking of all species of wildlife, resources thereof, and their habitat, in controlling losses of the same from disease or other causes, in minimizing damages from overabundant species, in providing public shooting and fishing areas, including easements across public lands for access thereto, and in carrying out other measures necessary to effectuate the purposes of this Act; (2) to make surveys and investigations of the wildlife of the public domain, including lands and waters or interests therein acquired or controlled by any agency of the United States; and (3) to accept donations of land and contributions of funds in furtherance of the purposes of this Act.

"SEC. 2. (a) Except as hereafter stated in subsection (h) of this section, whenever the waters of any stream or other body of water are proposed or authorized to be impounded, diverted, the channel deepened, or the stream or other body of water otherwise controlled or modified for any purpose whatever, including navigation and drainage, by any department or agency of the United States, or by any public or private agency under Federal permit or license, such department or agency first shall consult with the United States Fish and Wildlife Service, Department of the Interior, and with the head of the agency exercising administration over the wildlife resources of the particular State wherein the impoundment, diversion, or other control facility is to be constructed, with a view to the conservation of wildlife resources by preventing loss of and damage to such resources as well as providing for the development and improvement thereof in connection with such water-resource development.

"(b) In furtherance of such purposes, the reports and recommendations of the Secretary of the Interior on the wildlife aspects of such projects, and any report of the head of the State agency exercising administration over the wildlife resources of the State, based on surveys and investigations conducted by the United States Fish and Wildlife Service and such State agency for the purpose of determining the possible damage to wildlife resources and for the purpose of determining means and measures that should be adopted to prevent the loss of or damage to such wildlife resources, as well as to provide concurrently for the development and improvement of such resources, shall be made an integral part of any report prepared or submitted by any agency of the Federal Government responsible for engineering surveys and construction of such projects when such reports are presented to the Congress or to any agency or person having the authority or the power, by administrative action or otherwise, (1) to authorize the construction of water-resource development projects or (2) to approve a report on the modification or supplementation of plans for previously authorized projects, to which this Act applies. Recommendations of the Secretary of the Interior shall be as specific as is practicable with respect to features recommended for wildlife conservation and development, lands to be utilized or acquired for such purposes, the results expected, and shall describe the damage to wildlife attributable to the project and the measures proposed for mitigating or compensating for these damages. The reporting officers in project reports of the Federal agencies shall give full consideration to the report and recommendations of the Secretary of the Interior and to any report of the State agency on the wildlife aspects of such projects, and the project plan shall include such justifiable means and measures for wildlife purposes as the reporting agency finds should be adopted to obtain maximum overall project benefits.

"(c) Federal agencies authorized to construct or operate water-control projects are hereby authorized to modify or add to the structures and operations of such projects, the construction of which has not been substantially completed on the date of enactment of the Fish and Wilflife Coordination Act, and to acquire lands in accordance with section 3 of this Act, in order to accommodate the means and measures for such conservation of wildlife resources as an integral part of such projects: *Provided*, That for projects authorized by a specific Act of Congress before the date of enactment of the Fish and Wildlife Coordination Act (1) such modification or land acquisition shall be compatible with the purposes for which the project was authorized; (2) the cost of such modifications or land acquisition, as means and measures to prevent loss of and damage to wildlife resources to the extent justifiable, shall be an integral part of the cost of such projects; and (3) the cost of such modifications or land acquisition for the development or improvement of wildlife resources may be included to the extent justifiable, and an appropriate share of the cost of any project may be allocated for this purpose with a finding as to the part of such allocated cost, if any, to be reimbursed by non-Federal interests.

"(d) The cost of planning for and the construction or installation and maintenance of such means and measures adopted to carry out the conservation purposes of this section shall constitute an integral part of the cost of such projects: [*Provided*, That such cost attributable to the development and improvement of wildlife *shall not extend* beyond those necessary for (1) land acquisition, (2) modification of the project, and (3) modification of project operations; but shall not include the operation of wildlife facilities nor the construction of such facilities beyond those herein described:] *Provided, That such cost attributable to the development and improvement of wildlife shall not extend beyond that necessary for (1) land acquisition, (2) facilities as specifically recommended in water resource project reports, (3) modification of the project, and (4) modification of project operations, but shall not include the operation of wildlife facilities.* [*And provided further*, That, in the case of projects authorized to be constructed, operated, and maintained in accordance with the Federal reclamation laws (Act of June 17, 1902, 32 Stat. 388, and Acts amendatory thereof or supplementary thereto), the Secretary of the Interior, in addition to allocations made under section 9 of the Reclamation Project Act of 1939 (53 Stat. 1187), shall make findings on the part of the estimated cost of the project which can properly be allocated to means and measures to prevent loss of and damage to wildlife resources, which costs shall not be reimbursable, and an appropriate share of the project costs may be allocated to development and improvement of wildlife resources, with a finding as to the part of such allocated costs, if any, to be reimbursed by non-Federal fish and wildlife agencies or interests.]

"(e) In the case of construction by a Federal agency, that agency is authorized to transfer to the United States Fish and Wildlife Service, out of appropriations or other funds made available for investigations engineering, or construction, such funds as may be necessary to conduct all or part of the investigations required to carry out the purposes of this section.

"(f) In addition to other requirements, there shall be included in any report submitted to Congress supporting a recommendation for authorization of any new project for the control or use of water as described herein (including any new division of such project or new supplemental works on such project) an estimation of the wildlife benefits or losses to be derived therefrom including benefits to be derived from measures recommended specifically for the development and improvement of wildlife resources, the cost of providing wildlife benefits (including the cost of additional facilities to be installed or lands to be acquired specifically for that particular phase of wildlife conservation relating to the development and improvement of wildlife), the part of the cost of joint-use facilities allocated to wildlife, and the part of such costs, if any, to be reimbursed by non-Federal interests.

"(g) The provisions of this section shall be applicable with respect to any project for the control or use of water as prescribed herein, or any unit of such project authorized before or after the date of enactment of the Fish and Wildlife Coordination Act for planning or construction, but shall not be applicable to any project or unit thereof authorized before the date of enactment of the Fish and Wildlife Coordination Act if the construction of the particular project or unit thereof has been substantially completed. A project or unit thereof shall be considered to be substantially completed when 60 percent or more of the estimated construction cost has been obligated for expenditure.

"(h) The provisions of this Act shall not be applicable to those projects for the impoundment of water where the maximum surface area of such impoundments is less than ten acres, nor to activities for or in connection with programs primarily for land management and use carried out by Federal agencies with respect to Federal lands under their jurisdiction.

"SEC. 3. (a) Subject to the exceptions prescribed in section 2(h) of this Act, whenever the waters of any stream or other body of water are impounded, diverted, the channel deepened, or the stream or other body of water otherwise controlled or modified for any purpose whatever, including navigation and drainage, by any department or agency of the United States, adequate provision, consistent with the primary purposes of such impoundment, diversion, or other control, shall be made for the use thereof, together with any areas of land, water, or interests therein, acquired or administered by a Federal agency in connection therewith, for the conservation, maintenance, and management of wildlife resources thereof, and its habitat thereon, including the development and improvement of such wildlife resources pursuant to the provisions of section 2 of this Act.

"(b) The use of such waters, land, or interests therein for wildlife conservation purposes shall be in accordance with general plans approved jointly (1) by the head of the particular department or agency exercising primary administration in each instance, (2) by the Secretary of the Interior, and (3) by the head of the agency exercising the administration of the wildlife resources of the particular State wherein the waters and areas lie. Such waters and other interests shall be made available, without cost for administration, by such State agency if the management of the properties relate to the conservation of wildlife other than migratory birds, or by the Secretary of the Interior, for administration in such manner as he may deem advisable where the particular properties have value in carrying out the national migratory bird management program: *Provided*, That nothing in this section shall be construed as affecting the authority of the Secretary of Agriculture to cooperate with the States or in making lands available to the States with respect to the management of wildlife and wildlife habitat on lands administered by him.

"(c) When consistent with the purposes of this Act and the reports and findings of the Secretary of the Interior prepared in accordance with section 2, land, waters, and interests therein may be acquired by Federal construction agencies for the wildlife conservation and development purposes of this Act in connection with a project as reasonably needed to preserve and assure for the public benefit the wildlife potentials of the particular project area: *Provided*, That before properties are acquired for this purpose, the probable extent of such acquisition shall be set forth, along with other data necessary for project authorization, in a report submitted to the Congress, or in the case of a project previously authorized, no such properties shall be acquired unless specifically authorized by Congress, if specific authority for such acquisition is recommended by the construction agency.

"(d) Properties acquired for the purposes of this section shall continue to be used for such purposes, and shall not become the subject of exchange or other transactions if such exchange or other transaction would defeat the initial purpose of their acquisition.

"(e) Federal lands acquired or withdrawn for Federal water-resource purposes and made available to the States or to the Secretary of the Interior for wildlife management purposes, shall be made available for such purposes in accordance with this Act, notwithstanding other provisions of law.

"(f) Any lands acquired pursuant to this section by any Federal agency within the exterior boundaries of a national forest shall, upon acquisition, be added to and become national forest lands, and shall be administered as a part of the forest within which they are situated, subject to all laws applicable to lands acquired under the provisions of the Act of March 1, 1911 (36 Stat. 961), unless such lands are acquired to carry out the National Migratory Bird Management Program.

"SEC. 4. Such areas as are made available to the Secretary of the Interior for the purposes of this Act, pursuant to sections 1 and 3 or pursuant to any other authorization, shall be administered by him directly or in accordance with cooperative agreements entered into pursuant to the provisions of the first section of this Act and in accordance with such rules and regulations for the conservation, maintenance, and management of wildlife, resources thereof, and its habitat thereon, as may be adopted by the Secretary in accordance with general plans approved jointly by the Secretary of the Interior and the head of the department or agency exercising primary administration of such areas: *Provided*, That such rules and regulations shall not be inconsistent with the laws for the protection of fish and game of the States in which such area is situated (16 U.S.C., sec. 664): *Provided further*, That lands having value to the National Migratory Bird Management Program may, pursuant to general plans, be made available without cost directly to the State agency having control over wildlife resources, if it is jointly determined by the Secretary of the Interior and such State agency that this would be in the public interest: *And provided further*, That the Secretary of the Interior shall have the right to assume the management and administration of such lands in behalf of the National Migratory Bird Management Program if the Secretary finds that the State agency has withdrawn from or otherwise relinquished such management and administration."

SEC. 3. The Watershed Protection and Flood Prevention Act, as amended (16 U.S.C., secs. 1001–1007, inclusive), is amended by adding at the end thereof the following new section:

"SEC. 12. When the Secretary approves the furnishing of assistance to a local organization in preparing a plan for works of improvement as provided for in section 3:

"(1) The Secretary shall so notify the Secretary of the Interior in order that the latter, as he desires, may make surveys and investigations and prepare a report with recommendations concerning the conservation and development of wildlife resources and participate, under arrangements satisfactory to the Secretary of Agriculture, in the preparation of a plan for works of improvement that is acceptable to the local organization and the Secretary of Agriculture.

"(2) Full consideration shall be given to the recommendations contained in any such report of the Secretary of the Interior as he may submit to the Secretary of Agriculture prior to the time the local organization and the Secretary of Agriculture have agreed on a plan for works of improvement. The plan shall include such of the technically and economically feasible works of improvement for wildlife purposes recommended in the report by the Secretary of the Interior as are acceptable to, and agreed to by, the local organization and the Secretary of Agriculture, and such report of the Secretary of the Interior shall, if requested by the Secretary of the Interior, accompany the plan for works of improvement when it is submitted to the Secretary of Agriculture for approval or transmitted to the Congress through the President.

"(3) The cost of making surveys and investigations and of preparing reports concerning the conservation and development of wildlife resources shall be borne by the Secretary of the Interior out of funds appropriated to his Department."

SEC. 4. There is authorized to be appropriated and expended such funds as may be necessary to carry out the purposes of this Act.

Approved August 12, 1958.

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