Mr. JONES. Nice to see you, Colonel Meanor.

I will also say that Colonel Lee is no stranger to us. He has been with us before and acquainted us with the work he is doing with Appalachia and we are also pleased to know of your works.

Colonel ANDERSON. Mr. Chairman, this report concerns water resource and economic development in the upper portion of the Licking River Basin in eastern Kentucky. It is in partial response to the Flood Control Act of 1936 and the Appalachian Regional Development Act of 1965.

There are no existing major water resource improvements within the Upper Licking River Basin. An authorized local protection levee for part of Salyersville, Ky., is inadequate for current problems and needs. The six-county area centering on Magoffin County, of which Salyersville is the county seat, has high levels of underemployment and employment. The area is mountainous and developable bottomlands are extremely scarce. The lack of flood-free land suitable for industrial, commercial, and residential use is a major deterrent to economic development. Significantly, there has been six major floods in the 30 years of record. The recommended plan of improvement proposes a five-element plan in the general vicinity of Salyersville to provide expanded employment opportunities, enhance the environment for regional economic development, and increase national income.

The first four elements are water-related and consist of (1) Royalton Reservoir on the Licking River; (2) channel improvements on Licking River and State Road Fork; (3) three flood retardation structures on Rockhouse Fork, Burning Fork, and Mash Fork; and (4) land treatment measures. These water-related elements would provide flood control, water supply, water quality control, and recreation, including hunting and fishing, and would improve the hydrological and sediment control characteristics of the basin.

The fifth element encompasses expanded industrial, commercial, and residential development. The overall plan is deliberately oriented toward lasting improvement in the economic status of the area.

The first two elements would be Corps of Engineers responsibilities. Elements three and four would be accomplished by the Department of Agriculture. The economic development element would be primarily a non-Federal responsibility.

The total estimated cost of the plan is about $245 million. Of this amount, $37,205,000 is for the water-related elements. The first three elements are estimated at $35,765,000 Federal, including $2,703,400 for reimbursable features. The land treatment element is estimated at $1,170,000 Federal and $270,000 non-Federal. Annual O. & M. costs for the first three water-related elements are estimated at $63,000 Federal and $62,300 non-Federal.

Three indices of performance have been developed for project appraisal with respect to the broad interrelated objectives of the Appalachian Regional Development Act which are expansion in employment opportunities, improvement in the environment for regional economic development, and national income expansion. These indices are 5.7, 37.8, and 0.67 respectively. The first two indices are relative measures only since present evaluation techniques do not afford a basis for an identification of the minimum acceptable values for these indices. The third index is similar to the conventionally developed