

EXHIBIT No. 1

DEPARTMENT OF THE ARMY,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, D.C., June 21, 1968.

Hon. JOHN YOUNG,
House of Representatives,
Washington, D.C.

DEAR MR. YOUNG: This is in reply to your request for information on the Corps of Engineers' investigation of the mouth of the Colorado River in the vicinity of Matagorda, Texas.

The report of the Galveston District and Southwestern Division Engineers which recommended certain improvements at the mouth of the Colorado to provide for a shallow-draft navigation channel to the vicinity of Matagorda, as well as other purposes, was returned by the Board of Engineers for Rivers and Harbors because the Board believed the revisions necessary could best be accomplished in that manner. We have reviewed the matter with the staff of the Board of Engineers to ascertain the amount of revisions needed to adequately respond to the Board's concerns.

This office is in general agreement with the Board that the report did not adequately consider appropriate cost-sharing and local cooperation for the small-boat harbor aspects of the proposed improvement and that the navigation increment did not indicate a favorable benefit-cost ratio. There is also general agreement with the Board concerning the need to reformulate the plan of improvement, the need to modify the cost-sharing in accordance with current policy, and the desirability of re-scaling the physical improvements recommended. The following major steps are considered necessary to provide a report responsible to the points raised by the Board:

(1) Re-analyze the project related benefits to establish the level of commercial navigation, small-boat recreation, and other benefits which the proposed improvement could be expected to provide.

(2) Re-analyze the project design, particularly as it pertains to the jetties at the mouth, and prepare new cost estimates.

(3) Make a new allocation of costs to the various purposes recognizing these new costs and benefits.

(4) Make a new apportionment of project costs between the Federal Government and local interests based on current policy for commercial navigation and small-boat recreation projects.

(5) Accomplish coordination and secure a statement from local interests of their willingness to assume revised requirements of local cooperation.

The re-analysis of project related benefits is necessary to evaluate and credit the proposed improvement with those benefits from activities which could only be realized by its construction. This would consider potential new developments not previously considered which may be reasonably assured of realization. The re-analysis of project design considering suggestions that have been made concerning the jetties could have a significant effect upon the total cost of the proposal, especially since the jetties in the present plan have an estimated cost of nearly \$7,000,000 which represents about 70 percent of the cost.

The plan of improvement recommended by the District and Division Engineers in reports dated 29 December 1967 and 2 February 1968, respectively, had a benefit-cost ratio of 1.3. While the impact of the additional investigations and revisions upon the feasibility of improving the mouth of the Colorado River for shallow-draft navigation cannot be estimated in precise numerical terms until the studies have been made, a combination of the previously mentioned points would appear to improve the prospects for a favorable determination. Since the jetties represent a major part of project costs, as estimated by the Galveston District Engineer, any reduction in jetty length should reduce the initial project costs and proportionately reduce the annual charges. The re-analysis of project related benefits which would recognize potential new traffic, not previously considered, could result in additional navigation benefits being credited to the improvement. In summary, the further studies may lead to possible improvement of the economic feasibility of a navigation channel.

It is estimated that by accelerating the investigation and report preparation, it can be completed in about 7 months, however, funds are not presently available to initiate this work. The necessary investigations and revisions will be initiated and completed as rapidly as practicable after funds become available.

Sincerely yours,

GEORGE B. SHAFFER,
LTC, Corps of Engineers,
Assistant Director of Civil Works for Plains Divisions.