

File

24 JUL 1979

NPSEN-DB

Wilbur G. Hallauer, Director
Department of Ecology
State of Washington
Olympia, Washington 98504

Dear Mr. Hallauer:

This letter is related to your designated responsibility as spokesman for the State of Washington on matters of coordination of U.S. Army Corps of Engineers' studies and projects.

In our 30 April 1979 letter to you, we submitted, for your review and comment, a copy of the draft environmental impact statement describing the proposed Skagit River, Washington, levee improvement project. You provided your comments in a 6 July 1979 letter, and these comments have been considered in the final environmental impact statement and report that is being submitted to our higher authority for review.

Recommendations for the proposed project incorporate the President's proposed water policy which was announced during the latter half of the study for this project. The President, in his 6 June 1978 water policy message to Congress, proposed several changes in cost sharing for water resources projects to allow states to participate more actively in project implementation decisions and to equalize cost sharing between structural and nonstructural flood control projects. The changes include a cash contribution from benefiting states of 5 percent of construction (first) costs associated with nonvendible outputs and 10 percent of costs associated with vendible outputs. Application of this policy to the Skagit River, Washington, project would require the State of Washington to contribute an estimated \$2,750,000 in cash (5 percent of \$55 million) toward project construction.

The President also proposed that the present cost-sharing requirements for flood control projects be modified to require a cash or in-kind contribution equal to 20 percent of the project first costs associated with flood control benefits. Application of this policy

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would require that non-Federal interests make, in addition to the
estate contribution, a cash or in-kind contribution of an estimated
\$11 million (20 percent of \$55 million) toward the project. **The com-
bined non-Federal share would be 25 percent of project first costs.**

We would appreciate receiving your comments on the proposed project,
in addition to those previously provided in your 6 July 1979 letter,
by the middle of August so we may include them in the final report.

If you have questions regarding the proposed project or cost shering,
please contact me at telephone (206) 764-3690 or Mr. Vernon Cook at
telephone (206) 764-3450.

Sincerely,

MAXEY B. CARPENTER, JR.
Lt. Colonel, Corps of Engineers
Acting District Engineer

VP
COOK/EN-DB
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OFC OF COUNSEL
PEDERSEN/EA ✓

cc:
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