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MEETING WITH HUMPHREYS
Friday, June 18, 1976
2:45 p.m.

Re: Water Quality Commission

J
Where is my
letter to
Peterson



THE WHITE HOUSE

WASHINGTON

April 30, 1976

MEMORANDUM FOR: JIM CANNON

FROM: EDWARD C. SCHMILTS
PAUL MACAVOY

SUBJECT: Proposal for Domestic Council Initiative:
Evaluation of the National Commission on
Water Quality Report

As you know, in March 1976, the National Commission on Water Quality issued its report and recommendations to the Congress concerning "mid-course corrections" for the Federal Water Pollution Control Act Amendments of 1972 (Public Law 92-500). The general view is that in early 1977, Congress will focus on the Commission's report and could undertake significant revision of the law. Whatever action Congress takes will have important implications of an environmental, economic, budgetary and regulatory nature. We believe this is evidenced by the kind of issues we can expect to be debated:

- the inability of some industries and most municipalities to meet the deadlines specified in the law for 1977 and 1983;
- whether or not to continue federal assistance to municipalities for waste treatment facilities. (By September 1977, the original \$18.0 billion appropriated will be obligated. NCWQ has recommended continued funding at the \$5-10 billion level per year for the next 5-10 years);
- whether or not the substantial investments being made (to control point sources) will result in actual water quality improvements;
- Commission's finding that alternative strategies for the achievement of P.L. 92-500 goals may be appropriate.

Regardless of how the Congress proceeds, the implications in terms of economic costs and environmental regulatory practices are profound for both the public and private sectors.

Presently, several agencies are involved in the evaluation of federal water quality programs, each with its own priorities and perspectives. However, at present, no mechanism exists by which to coordinate these endeavors to assure a comprehensive review of federal water pollution control programs. The CEQ which might be expected to perform this function does not have the resources to do the job on its own, nor the necessary clout to mobilize the other agencies. Thus, if such an effort is to be undertaken, it appears an outside push is needed.

We recommend that you establish an interagency task force, chaired by CEQ, that would review the NCWQ report. The EPB could provide assistance as necessary. The purpose of the review would be to identify and analyze issues, and develop alternative options in resolving them. (See attached.)

We believe this review could provide an effective vehicle for developing a coherent Administration position on these issues and furthering the regulatory reform debate in the environmental area. The task force, if it were established within the next few weeks, could produce its report by this December.

The 'core agencies' in the task force would be OMB, EPA, and CEQ. Additional agencies such as Commerce, Treasury, CEA, Interior, Agriculture and the Corps of Engineers would also be involved. Since the 'core agencies' will be determining their research priorities within the next week, it is important to signal our intentions as soon as possible.

We would like to schedule a meeting early next week to discuss this initiative in more detail. If we move quickly, we might be able to include it in an upcoming Presidential speech (e.g., May 5 or May 13) which may be used to announce new regulatory reform initiatives.

Attachment

D R A F T

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR: THE SECRETARY OF THE TREASURY
THE SECRETARY OF INTERIOR
THE SECRETARY OF COMMERCE
THE SECRETARY OF AGRICULTURE
THE DIRECTOR, OMB
THE ADMINISTRATOR, ENVIRONMENTAL
PROTECTION AGENCY
THE CHAIRMAN, COUNCIL ON ENVIRONMENTAL
QUALITY
THE CHAIRMAN, COUNCIL OF ECONOMIC ADVISORS
CHIEF OF ENGINEERS, CORPS OF ARMY ENGINEERS

FROM: JIM CANNON

SUBJECT: Task Force to Study Federal Water
Pollution Control Programs

In March 1976, the National Commission on Water Quality issued its report and recommendations to the Congress concerning "mid-course corrections" for the Federal Water Pollution Control Act Amendments of 1972 (Public Law 92-500). It is anticipated that in early 1977, the Congress will focus on the Commission's report and undertake possibly significant revision of Public Law 92-500.

Presently, several agencies are involved in the evaluation of federal water quality programs, each with its own priorities and perspectives. It now seems appropriate that these efforts be drawn together so as to enable the Administration to develop a coherent position on the Commission's report. Further, the coordination of these efforts will provide the opportunity for the Administration to formulate its own options in terms of both administrative and legislative changes.

Therefore, I am directing that a task force be formed under the guidance of the Domestic Council for the purpose of evaluating the NCWQ report and developing alternative options. The task force will be chaired by the Council on Environmental Quality and will be composed of representatives from EPA, OMB, Commerce, Treasury, CEA, Agriculture, Corps of Engineers, Interior and other agency representatives as may later be deemed appropriate by the Domestic Council or task force.

The objectives of the task force will be to evaluate the findings and recommendations of the National Commission on Water Quality; identify and analyze major issues; and develop administrative and legislative options for improving regulatory efficiency.

In developing alternative options, the task force should take into consideration:

- efficacy in achievement of water quality goals;
- explicit identification of the level and distribution of costs to government, industry, consumers and taxpayers;
- cost effectiveness, i.e., minimization of costs to achieve a given level of water quality;
- responsiveness and capability of affected parties in carrying out the options;
- administrative ease and efficiency.

To initiate the effort, I have scheduled a meeting of all participating agencies at 2:00 p.m. on May 10, 1976. This meeting will serve as a general organizing session and provide an opportunity to discuss our initial thoughts on a more specific work plan for the task force. We should plan to have a work plan finalized by May 20 so that work can commence as soon as possible. A final report by the task force will be due by December 10, 1976.

Please let me know as soon as possible who will represent your agency.

THE WHITE HOUSE
WASHINGTON

*file
Environ. Policy
Water Quality*

May 26, 1976

Dear Russ:

As I mentioned on the telephone today, I would like you to consider heading an interagency task force of the Domestic Council to review the National Commission on Water Quality report of March 18, 1976.

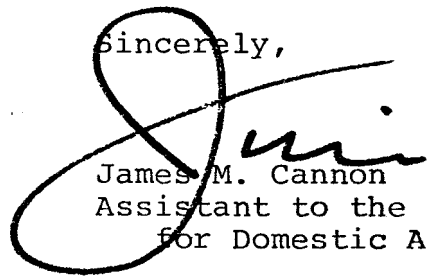
The purpose of the review would be to identify and analyze major issues which should be considered by the Executive Department and to develop proposals for administrative and legislative options related to the report.

As to deadlines, we would probably need some kind of an interim report from such a task force about September 1, 1976, and a final report and recommendations by November 15, 1976.

It would be very helpful if you would give some thought to this, and then you and I should get together to discuss it.

I suggested this approach yesterday to the Vice President, who is most knowledgeable about the N.C.W.Q. report; and he thought that you and the Council on Environmental Quality would be in the best position to head such an interagency task force.

Sincerely,



James M. Cannon
Assistant to the President
for Domestic Affairs

Honorable Russell W. Peterson
Chairman
Council on Environmental Quality
722 Jackson Place, N.W.
Washington, D.C. 20006

THE WHITE HOUSE
WASHINGTON

YOU WANTED TO TALK TO
THE VICE PRESIDENT ABOUT
THIS ON MONDAY, May 10.

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THE WHITE HOUSE
WASHINGTON

May 7, 1976

MEMORANDUM FOR: JIM CANNON
FROM: PAUL LEACH *Paul*
SUBJECT: Attached Memo on Water
Quality Task Force

Here is a draft memo from you to the Vice President on the subject which we discussed on Thursday. If I can be helpful in changing it after your review, please let me know.

OK
Gov Ross Patterson

THE WHITE HOUSE

WASHINGTON

May 7, 1976

MEMORANDUM FOR THE VICE PRESIDENT

FROM: JIM CANNON

SUBJECT: Proposal for Domestic Council Initiative
on Federal Water Quality Programs

It has been proposed that the Domestic Council initiate an interagency task force chaired by the Council on Environmental Quality to review the NCWQ report, its recommendations and the alternative proposals that might come from Congress. The purpose of the review would be to identify and analyze major issues and to develop administrative and legislative options for improving federal water quality management. The task force would essentially build upon the work of the NCWQ and submit its report by December 1, 1976 so that the President would have analyses and options available at SOTU and Budget time.

I would appreciate your guidance on this matter.

There are risks involved in such an interagency effort and I have some reservations about the proposal. However, there are also significant benefits in developing a coherent set of policy options in this important program area.

Pro:

- By having the Council on Environmental Quality chair the task force, much of the criticism of the effort being anti-environmental would be defused.
- Since Congress will probably introduce its own alternative recommendations later this year or early next year, it is important that the Administration make its own analysis of the NCWQ recommendations and the alternatives that Congress may introduce.
- If an interagency task force isn't established, each federal agency will independently pursue its own priorities and perspectives (e.g. EPA has already dismissed most of the NCWQ recommendations).

Con:

- This "review" could be misinterpreted as an effort by the Administration to roll back environmental programs and might have adverse political effects.
- EPA is the agency with primary responsibility and should be permitted to develop the issues for Presidential review.
- This effort might be viewed as yet another effort to study a subject which has already been thoroughly analyzed.

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
722 JACKSON PLACE, N. W.
WASHINGTON, D. C. 20006

June 11, 1976

MEMORANDUM FOR JAMES CANNON
DOMESTIC COUNCIL

SUBJECT: Review of NCWQ Report

As you requested, I am enclosing a proposed work plan for a task force to review the work of the NCWQ.

The plan focuses on identifying and evaluating alternative policies that could be adopted to correct problems in our current water quality programs. The goals and schedules are defined so as to be of greatest assistance in making decisions on the FY 78 budget, the 1977 State of the Union Message, and the Administration's position with respect to the amendments to the FWPCA to be considered next year.

I hope that you will find this plan satisfactory. If so, I understand that you will inform the participating agencies of formation of this task force so that we may proceed on this most important assignment as soon as possible. Please let me know if you have any questions on the work plan.



Russell W. Peterson
Chairman

Enclosure

Proposed Program
Task Force on Water Quality Policies

Task Force Focus

Assignment: Based on a review of the report and supporting work of the National Commission on Water Quality, identify and evaluate alternative administrative or legislative policies to correct problems with current Federal water pollution control programs. The task force will present a series of options on the major issues for Administration action. Economic, budgetary, and water quality implications of alternative policies will be clearly laid out.

Process: CEQ will manage an interagency task force (including representatives from EPA, OMB and other parts of the Executive Office, Agriculture, Commerce, Interior, Treasury, Corps of Engineers, SBA). The task force will be responsible for identifying issues and policies to be addressed and for carrying out analyses. Most of the analysis will be carried out by interagency working groups (of three or four members each) under the direction of the task force and CEQ staff. The cooperating

agencies will be responsible for designating staff to participate in the effort and for providing contract funding support. CEQ will have overall responsibility for managing this effort and producing a final report.

Resource Requirements:

The entire effort should require about 20 man years of effort and approximately \$250,000 in contracting funds (which can be provided out of existing agency obligations).

Issues: (Preliminary List)

- Water Quality Goals and Standards
 - Definition and timing of goals (e.g., how clean should the water be in terms of different types of pollutants, and when?)
 - Desirability of uniform national standards for water quality and effluents (e.g., should some water bodies have higher or lower goals? Who should set them? Should all polluters be forced to meet same effluent standards regardless of water quality goals and impacts of effluents on water quality?)

- Desirability of establishing standards which are not linked only to state of technology and the polluter's ability to pay costs.
- ° Process of attaining water quality goals
 - Relative emphasis on different sources -- industrial, municipal, combined sewers, storm water runoff, agricultural return flows, etc.
 - Requirements for planning, and integration of planning and implementation (including federal funding).
 - Feasibility of developing less cumbersome, less expensive, and more effective enforcement procedures.
 - Division of authority and responsibilities among different levels of government.
 - Sharing of costs between public and private sectors, and, for administrative costs, among levels of government.

- ° Public Waste Treatment Works Program
 - Eligibility of different types of facilities for federal funding.
 - Federal versus state authority over funding decisions.
 - Level at which Federal funds should be budgeted, and period of authorization
 - Allocation of federal funds among states and projects, the question of "needs."
 - Appropriate technologies and design criteria.
 - Proper operation and maintenance of facilities.
 - Industrial use of public facilities (guidelines and charges)
- ° Special Problems
 - Special areas (lakes, estuaries, wetlands).
 - Special pollutants (oil, toxics, dumping, nutrients, pesticides, thermal).
 - Sludge disposal
 - Special sources (mines, ships, federal facilities, etc.)
 - Efficient monitoring for setting standards, evaluating progress, and enforcement.

Criteria: Analyze issues in terms of likely impacts of policies on:

- speed and extent of water quality improvement
- speed in dealing with most serious water pollution problems
- private and public abatement costs, distribution of costs across economy.
- possible unreasonable economic impacts on specific economic sectors or geographical regions.
- public and private administrative and enforcement costs.

Schedule (Detailed schedule attached)

June/July - Define issues and policies

July/October - Analysis of issues and policies

October/November - Review and revision of analyses

November - Draft Report

December - Final Report

Detailed Schedule

June: 3rd Week

Principals Meet

- Agree on purpose and goals
- Agree on organization and schedule
- Designate staff and other resources available

June: 4th Week

Staff Task Force

- Review agreements of principals
- Identify additional resources
- Define problem areas
- Organize working groups focused on problems
- Identify needs for contract assistance

July: 2nd week

Staff Task Force

- Identify policy alternatives
- Review problem definitions
- Identify needed revisions to working groups, contractor assistance, etc.

July: 3rd week

Principals

- Review results of staff task force progress to date

July: 2nd week through

October: 1st week

Working Groups

- Meet, analyze problems and policies
- Review contractors analyses and reports

October: 2nd week

Working group reports

- Defining problem areas, dimensions, and seriousness
- Evaluating policy alternatives

Staff Task Force

- Review working reports and summarize

Principals

- Review summary of working group reports

October: 3rd week through

November: 1st week

Staff Task Force

Working Groups

- Revise analyses as indicated by review