



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D. C. 20503

August 31, 2012

The Honorable Jo-Ellen Darcy
Assistant Secretary of the Army (Civil Works)
108 Army Pentagon
Washington, DC 20310-0108

Dear Ms. Darcy:

As required by Executive Order 12322, the Office of Management and Budget completed its review of your recommendation for the San Clemente Shoreline, San Clemente, California, and coastal storm damage reduction project.

The feasibility report relies on the use of recreation benefits to justify the project. Based on an analysis of costs and benefits, the Corps estimates that the benefit-cost ratio for the project is 1.4 at a discount rate of 4 percent, with the benefit-cost ratio for coastal storm damage reduction alone being 0.65 and recreation at 0.75. As a matter of Federal investment policy, a Federal flood damage reduction project must have enough flood damage reduction and related benefits to justify its construction on its own, independent of any recreation benefits.

The Office of Management and Budget does not object to you submitting the San Clemente report to Congress. However, when you do so, please advise the Congress of the Administration's position cited above and that should the Congress authorize this project for construction, it would need to compete with other proposed investments for funding in future budgets.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sally Ericsson".

Sally Ericsson
Program Associate Director
Natural Resources, Energy, and Science