

# RECLAMATION

*Managing Water in the West*

## Reclamation's Rural Water Supply Program

**P.L. 109-451 – Title I**



U.S. Department of the Interior  
Bureau of Reclamation

# Summary of Presentation

- I. Requirements of P.L. 109-451
- II. Summary of Rule
- III. Current Status of Rule
- IV. Directive & Standards and Guidance
- V. Program Assessment (Section 104)
- VI. Program Contacts and Questions

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**Presentation – Part I**

# **Requirements of the Rural Water Supply Act of 2006**

**(Title I of P.L. 109-451)**

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# Title I - Requirements

- **Authorizes Establishment of Rural Water Program In Reclamation**
- **Requires Development of Programmatic Criteria (RULE)**
- **Requires Rural Water Program Assessment To Evaluate Other Agencies' Rural Water Programs and Status of Ongoing Rural Water Projects**

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# Summary of The Act

- **Authorizes Establishment Of Rural Water Supply Program In The 17 Western States**
- **Program Will Provide Assistance With Appraisal Investigations and Feasibility Studies For Rural Communities to Meet Water Supply Needs**
- **The Act Does NOT Authorize Construction Of Rural Water Projects**
- **Requires Establishment of Programmatic Criteria Through Rulemaking Process.**

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**Presentation - Part II**

**PART II --**

**Program Organization  
and Budget**

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# Program Organization

- **Reclamation-wide Review and Selection Process and Regional Lead in Study Oversight and Implementation**
- **Reclamation-wide Team Will Select Which Studies To Conduct Through Competitive Process**
- **Regions Will Oversee and/or Conduct The Studies In Cooperation With Non-Federal Partners**
- **One Program Coordinator in Denver and 5 Regional Coordinators**

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# Program Budget

- **Funding**
  - **FY 2009 Requested \$1 Million**
- **Future Years**
  - **Act Limits Reclamation's Appropriations to \$15 million Per Year To Complete Appraisal and Feasibility Studies.**

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**Part III --**

# **Summary of the Rule**

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# Interim Final Rule

- **Act Requires Development of Programmatic Criteria Published in The Federal Register (Rulemaking)**
- **Rule Will Be Published As “Interim Final Rule”**
- **Interim Final Rule is Effective Upon Publication**
- **Publish in the Federal Register in October/Nov 2008**
- **Public Review and Comment Will Follow Publication of the Rule**
- **Rule Will Be Re-published As “Final” Following Public Comment Period**

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# General Approach

- Rule Closely Tracks The Act
- Rule Provides Programmatic Framework
- Detailed Program Requirements In Directive and Standards (D&S) and Guidelines
- Allows Flexibility To Adjust As Program Develops Without Going Through New Rulemaking.

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# Rule Has 5 Sub-parts

- **Program Overview**
  - Definitions
  - Eligibility
  - How to Request Assistance
- **Cost Sharing**
- **Appraisal Investigations**
  - How Reclamation Will Evaluate An Appraisal Investigation
- **Feasibility Studies**
  - How Reclamation Will Evaluate A Feasibility Study
- **Miscellaneous**

# Eligibility

- **Closely Tracks The Act**
  - **Who Is Eligible?**
    - **States (or Sub-Division of A State), Tribes, and Entities Created Under State Law With Water Management Authority (e.g., Water Districts, Rural Water Associations)**
  - **What Types Of Projects Are Eligible?**
    - **Construct New Infrastructure or Improve Existing Infrastructure**
    - **Extend Existing Facilities**
    - **Inter-Connect Existing Facilities**
    - **Serve Communities With Populations of Less Than 50,000**

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# Prioritization Criteria For Project Selection

- Urgent And Compelling Need For A Project
- Promotes and Applies A Regional or Watershed Perspective
- Financial Need of The Project Sponsors
- Helps Meet Legal Requirements
- Ineligible for Other Comprehensive Funding
- State or Local Priority
- Innovative Approach

# How Studies Will Be Selected

- Program Announcement on [grants.gov](https://www.grants.gov) Website
- Project Sponsor Submits Statement of Interest
- Reclamation Reviews For Eligibility and Priority
- Project Sponsor Submits Full Proposal
- Reclamation-wide Review Team Ranks Proposals and Makes Selections Based on Prioritization Criteria.

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# Study Cost-Share Requirements

- **Appraisal Investigations:** Reclamation will pay 100% up to \$200,000. Any Costs Above That Will Be Shared On 50/50 Basis
- **Feasibility Studies:** Reclamation Will Pay Up To 50% of Cost of Conducting Feasibility Study Under The Program

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# Evaluation of Appraisal Investigations

- Reclamation Has 90 Days To Determine Whether Investigation is Ready For Review
- Project Sponsor Will Have Opportunity To Make Changes If Necessary
- Reclamation Has 180 Days To Determine Whether To Recommend That The Study Proceed To Feasibility Stage
- This Determination Based On Appraisal Criteria

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# Evaluation of Feasibility Studies

- Reclamation Has 90 Days To Determine Whether The Study Is Ready For Review
- Project Sponsor Will Have Opportunity To Make Changes As Necessary
- Reclamation Has 180 Days To Review A Complete Study
- Reclamation's Feasibility Report Will Contain A Recommendation On Whether Congress Should Authorize Construction
- This Determination Based On The Feasibility Criteria

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# Recommendation for Construction

- **Reclamation Will Make A Recommendation To Congress In a “Feasibility Report.”**
- **Feasibility Report Includes:**
  - **Whether The Proposed Project is Feasible**
  - **Whether The Project Should Be Authorized For Construction, Based On Feasibility Criteria**
  - **If We Recommend Construction, Recommend Appropriate Federal and Non-Federal Share of Construction Costs.**

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# How will Reclamation determine the non-Federal share of construction costs?

- The non-Federal share of construction costs will be:
  - At Least 25% Of The Total Construction Costs; and
  - An Additional Amount Based On The Project Sponsor(s)' Capability To Pay
  - Non-Federal Entities Responsible for 100% of OM&R Costs

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# Presentation – Part IV

## Current Status Of Rule

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# Where Are We Now?

- Rule Provided to OMB on July 10 for review (90 days) – Recently Extended for No More Than 30 Days
- Interim Final Rule to be Published in Federal Register in October/November 2008 – Effective On Publication
- FR Public Comment Period October – November 2008 ( 15 to 60 days)
- DOI & OMB Review of Final – December 2008
- Final Rule Published – Jan/Feb 2009

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# Next Steps

- **Public and Tribal Meetings (Separate But Coordinated) During Public Comment Period**
- **FY 2009 Request \$1 Million**
- **Develop Directive and Standards and Guidelines**

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# PART V

- **Directives and Standards and Guidelines**

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# What Will Be In The D&S And Guidelines?

- **The Rule: Eligibility, Prioritization, Definitions, Cost Sharing, and Complete Description of Proposal and Selection Process**
- **The D&S: Administrative Process and Requirements For Conducting A Study, Including How It Will Be Approved Within Reclamation**
- **The Guidelines: A Detailed Description Of The Steps For and Content Of a Rural Water Appraisal and Feasibility Study**

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# Part VI -- Program Assessment

- **Section 104 of P.L. 109-451 Requires an Assessment Of:**
  1. **Status of Authorized Rural Water projects**
  2. **Current Plan For Completing Authorized Projects**
  3. **Demand for new Rural Water Projects**
  4. **Rural Water Programs Within Other Federal Agencies**
  5. **Extent Of New Demand To Be Met By Reclamation Program**
  6. **How Reclamation's Program Compliments Programs Of Other Federal Agencies**
  7. **Plan To Improve Coordination Among Federal Agencies**
- **Due to Congress by December 2008**

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# Program Assessment

- **Developed in Consultation With:**
  - Environmental Protection Agency
  - USDA
  - Indian Health Service
  - Housing & Urban Development
  - Corps of Engineers
- **To Be Submitted To:**
  - House Committee on Resources
  - Senate Committee on Energy and Natural Resources
- **Comments from:**
  - States with “Identified Rural Water Needs”

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# Program Assessment

## 1. Status of Authorized Rural Water Projects

- **FY 2009 Request**
  - **\$39M Total, Includes**
    - \$15M for O&M and
    - \$24M for construction
      - \$16.24 Million – Mni Wiconi
      - \$ 7.76 Million – Garrison (State & Tribal)

# Status of Authorized Rural Rater Projects

## Bureau of Reclamation Active Rural Water Projects

Project	Auth & Date	Authorized Ceiling as of 10/1/08	Funds Spent to Date as of 9/30/08*	Ceiling Remaining	Percent Complete
Garrison Diversion Unit MR&I	PL 89-108 8/05/65				
State Component		\$261,393,000	\$30,225,000	\$231,168,000	11.56%
Tribal Component		\$310,589,000	\$79,693,000	\$230,896,000	25.66%
Mni Wiconi Rural Water System	PL 100-516 10/24/88	\$452,144,000	\$360,174,000	\$91,970,000	79.66%
Lewis & Clark Rural Water System	PL 106-246 7/13/00	\$362,073,000	\$101,437,000	\$260,636,000	28.02%
Perkins Rural Water System	PL 106-136 12/7/99	\$24,626,000	\$13,959,000	\$10,667,000	56.68%
Fort Peck Reservation - Dry Prairie	PL 106-382 10/27/00	\$262,918,000	\$48,190,000	\$214,728,000	18.33%
North Central/Rocky Boys	PL 107-331 12/13/02	\$273,057,000	\$14,548,000	\$258,509,000	5.33%
Jicarilla (UC Region)	PL 107-331 12/13/02	\$45,000,000	\$4,100,000	\$40,900,000	9.11%
	Totals	\$1,991,800,000	\$652,326,000	\$1,339,474,000	

\*Includes actual expenditures for FY2007 + FY2008 enacted amounts.

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# Program Assessment

## 2. Plan For Completing Authorized Projects

- *“Current Plan (Including Projected Financial and Workforce Requirements) For The Completion of The Projects Identified in Paragraph 1 . . .”*
  - Potentially Interferes with Executive Budget Development Process.
  - Must Come up With An Approach That Meets the Need and Intent But Doesn't Commit Future Administrations and Congresses to Specific Funding Levels.

# Current Plan For Completing Authorized Projects

- **Construction Cost Indexing**
  - **Authorized Projects Include Indexing to Adjust for Inflation and Rising Cost of Materials and Labor**
  - **Impacts Authorized Construction Cost Ceilings for Remaining Balances Especially Under Current Funding Levels.**
    - **\$1.34 Billion Remaining Ceiling**
    - **At Current Request Levels, Could Rise to \$11 billion.**

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# Current Plan For Completing Authorized Projects

- *Developing a Comprehensive “Strategy”*
  - Complete As Many Projects As Possible
  - At Least Cost
  - In Shortest Time Frame Possible.
  
- *Establish Prioritization “Criteria” for Budget Formulation*
  - Highest Percent Complete
  - Smallest Remaining Ceiling
  - Maximize Population Served
  - Tribal Component
  
- Establish Specific Goals/Objectives to Guide Funding Requests

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# Program Assessment

## 3. Demand for New Rural Water Projects

- *“The Demand for New Rural Water Projects”*
  - EPA’s Drinking Water Infrastructure Needs Survey and Assessment
    - Completed Every 4 years – Currently Compiling 2007 Report
    - Data Comes From 2003 Survey for 17 Western States
      - Based Upon Water Infrastructure Needs and Demands Identified by States and Tribes.

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# Program Assessment

## 4. Rural Water Programs Within Other Federal Agencies

- *“Rural Water Programs Within Other Agencies and A Description Of The Extent to Which Those Programs Provide Support to Rural Water Supply Projects and Water Treatment Programs in Reclamation States . . .”*
- **Numerous Federal Agencies Have Specific Programs that Address Aspect of Rural Water**
  - USDA – Rural Utility Service
  - EPA – State Revolving Loan Program
  - HUD – Community Development Block Grants
  - HHS – Indian Health Services
  - Interior – BIA and Reclamation
  - State Dept – IBWC
  - US Army – Corps of Engineers

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# Program Assessment

## 5. Extent of New Demand To Be Met By Program

- *“Extent of the Demand that the Secretary Can Meet with the Program”*
  - Reclamation Has Significant Expertise and Capability.
  - Constraint Will Be Budgetary
  - Rule Will Establish Programmatic Eligibility and Prioritization Criteria

# Program Assessment

## 6. How Reclamation's Program Compliments Programs of Other Federal Agencies

- *“How The Program Will Complement Authorities Already Within The Jurisdiction of The Secretary and The Heads of The Agencies With Whom the Secretary Consults . . . ”*
  - Rule (and The Act) Specify Reclamation's Unique Programmatic Niche.
  - Expertise and Experience in Planning and Constructing Larger Water Supply Projects That Address Needs of More Than One Community.

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# Program Assessment

## 7. Plan to Improve Federal Coordination

- *“Improvements That Can Be Made to Coordinate and Integrate The Authorities With Programs Evaluated . . .”*
- Reclamation and Other Federal Already Coordinate (informally) At The State or Field Level.
- Working at National Level To Coordinate More Formally – MOU/MOA.

# PART VII

- Questions
- Program Contacts

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**Questions?**

**Comments?**

**Discussion**

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# Who Can I Contact for More Information on Reclamation's Rural Water Supply Program?

- Please Contact:

- Program Managers:

- James Hess

- [jhess@usbr.gov](mailto:jhess@usbr.gov)

- (202) 513-0543

- Or

- Avra Morgan

- [aomorgan@do.usbr.gov](mailto:aomorgan@do.usbr.gov)

- (303) 445-2906

- Regional Coordinators (Oversight Team):

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