

Report to the House and Senate Committees on Appropriations
Distribution of Additional FY 2014 Funding for
Water and Related Resources, Bureau of Reclamation
Discussion of Criteria

Summary:

The Consolidated Appropriations Act, 2014 (P.L. 113-76) provided the Bureau of Reclamation with \$954 million for its Water & Related Resources account. The accompanying Joint Explanatory Statement to (P.L. 113-76), stated that Congress included \$44.289 million in additional funds above the budget request for Water and Related Resources studies, projects, and activities. The Statement directed that “Reclamation shall provide to Committees on Appropriations of the House or Representatives and the Senate a report delineating how these funds are to be distributed, in which phase the work is to be accomplished, and an explanation of the criteria and rankings used to justify each allocation.” The Bureau of Reclamation has, as required by the Joint Explanatory Statement to (P.L. 113-76), allocated funding to projects within the program areas of Rural Water (\$27.098 million); Fish Passage and Fish Screens (\$4.0 million); Water Conservation and Delivery Studies (\$8.0 million); Environmental Restoration and Compliance (\$1.0 million); and Facilities Operation, Maintenance and Rehabilitation (\$4.191 million). Reclamation allocated these funds “...to advance and complete ongoing work; improve water supply reliability; improve water deliveries; enhance regional or local economic development; promote job growth; advance tribal and nontribal water settlement studies and activities; or address critical backlog maintenance and rehabilitation activities.”

Reclamation based its decisions on a thorough review at the regional, program and national level to ensure a balanced approach that considered projects and programs on the basis of mission priorities, relevance to strategic goals, and program objectives, while adhering to the directions contained in the Joint Explanatory Statement. This funding allows Reclamation to accelerate the selected projects to meet high priority needs sooner than would otherwise be the case, while stimulating regional economies and creating jobs. The overall considerations used in the decision-making included:

- Consideration of program/project capability during the remainder of FY 2014, continued focus on public safety as well as ongoing operation and maintenance requirements;
- Consideration of court ordered requirements, and making progress towards project completion without increasing future budget requirements;
- Support for high priority programs and activities, and program requirements;

- Consideration as to financial feasibility, such as the acceleration of construction underway, which would achieve more efficient construction schedules, probable cost reductions and an earlier realization of project benefits;
- Consideration to Reclamation's ability to complete discrete segments of the projects;
- Consideration of positive economic impacts to communities;
- Consideration of Reclamation's responsibility to tribal nations;
- Support for programs that through cost sharing or partnerships could leverage these Federal dollars;
- Consideration was also given to the need to address the severe drought in the West, especially in California.

Rural Water Construction (\$27.098 million)

Reclamation has been working diligently to advance the completion of all of its authorized rural water projects consistent with current fiscal and resource constraints with the goal of delivering potable water to tribal and non-tribal residents within the rural water project areas. At the request of both Congress and the Office of Management and Budget (OMB), Reclamation has developed a set of measures which it believes best ranks the authorized rural water projects for allocating rural water construction funds and provides greater transparency in the allocation of these funds. Reclamation's interim final criteria reflect program goals and objectives by incorporating factors such as time and financial resources committed, regional watershed perspective, urgent and compelling need, tribal members served, economic impacts, and water use efficiency. Reclamation then allocated the additional funds based on each project's ability to use those funds to complete discrete construction segments which would significantly advance the provision of potable water to people. As required by the Joint Explanatory Statement, Reclamation has modified its funding allocation criteria for the allocation of the additional FY 2014 rural water funds by excluding the consideration of any non-Federal sponsor funds in excess of the project's required authorized non-Federal cost-share as contained in the individual authorization acts.

Facilities, Operation, Maintenance & Rehabilitation – Aging Infrastructure (\$4.191 million)

Reclamation will use these funds to address infrastructure needs of selected projects, which is essential for maintaining system reliability and safety and for supporting sustainable water management by promoting established asset management practices. Limits on available funding in the face of deficit reduction pressures require that innovative procedures and incentives be explored to provide a means of

prioritizing funding to address the most urgent of these needs. Reclamation has developed the following draft Extraordinary Operation and Maintenance (XOM) prioritization criteria:

- **Engineering Need** - The extent to which engineering analyses demonstrate that the facility faces existing or potential conditions that could severely impair its ability to continue delivering project benefits or that could lead to failure of the facility. The age of the facility is also factored in.
- **Consequences of Failure** - The value of project benefits that would likely be lost in the event of failure of the facility, as well as population at risk and potential property damages resulting from such failure.
- **Financial Considerations** - The extent to which the project beneficiaries responsible for the reimbursable share of the work demonstrate the ability to repay the reimbursable share of the work.
- **Efficiency Opportunities** - The extent to which the proposed work demonstrates a significant opportunity to substantially reduce future routine O&M costs associated with the facility and improves the Facility Condition Index.
- **Scheduling** – The duration of the project activities for design and construction.

Fish Passage and Fish Screens (\$4.0 million), Water Conservation and Delivery (\$8.0 million), and Environmental Restoration and Compliance (\$1.0 million)

Reclamation continually works to meet the increasing water demands of the West while protecting the environment. Reclamation has an important role in restoring aquatic habitat that was impacted by historic development. The funds have been allocated to projects with a goal to make the western United States' rivers, streams and estuaries environmentally healthy, a requirement in continuing to provide water supply benefits and reliability. An especially important consideration in this year's allocation of funds in the Water Conservation and Delivery category is the severe drought conditions in the west.

Projects selected for the additional funding in these three areas reflect Reclamation's overall considerations. Funds for these activities were prioritized considering the project's ability to begin and/or complete the work in FY 2014. In addition, consideration was given to the project's ability to resolve water shortage issues in the West, to promote water conservation and improved water management, and to take actions to mitigate adverse environmental impacts of projects. Reclamation gave priority to projects that could make significant progress toward species recovery and protection, especially where the Federal government is required to address the concerns of the Endangered Species Act (ESA), and to projects that would maximize and stabilize the water supply benefits to a given basin, while enhancing regional and local economic development and promoting job growth.

This funding was then balanced across the various Regions in the West and programs and activities to ensure the continued delivery of public benefits, the operation and maintenance of facilities in a safe and reliable manner, the protection of the health and safety of the public and Reclamation employees, and compliance with environmental requirements and opportunities for ecosystem restoration.