

# Reclamation Manual

## Policy

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- Subject:** Collection of Operation and Maintenance (O&M) Costs Associated With the Administration of Water-Related Contracting Activities
- Purpose:** To set forth a Reclamation-wide policy for implementation of an equitable fee structure to collect O&M costs for water-related contracting activities.
- Authority:** The Reclamation Act of 1902 (Act of June 17, 1902; 32 Stat. 388); Reclamation Extension Act (Act of August 13, 1914; 38 Stat. 686); The Omnibus Adjustment Act (Act of May 25, 1926; 44 Stat. 636); and Reclamation Project Act of 1939 (Act of August 4, 1939; 53 Stat. 1187).
- Contact:** Water Contracts and Repayment, D-5600
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1. **Introduction.** Reclamation has developed contracts and performed administrative actions without passing along associated costs to the beneficiary. Reclamation has reassessed its past practices and developed consistent policy to fund Reclamation's costs to negotiate, prepare, review, execute, and perform other contract-related activities.
2. **Appropriations Act.** The annual Energy and Water Development Appropriation Act, dated September 30, 1996, generally restates Reclamation's authority to accept deposits and make expenditures for reimbursable work. For example, Public Law 104-46 provides, "That funds advanced by water users for operation and maintenance of reclamation projects or parts thereof shall be deposited to the credit of this appropriation and may be expended for the same purpose and in the same manner as sums appropriated herein may be expended, and such advances shall remain available until expended, . . ." (Public Law 104-206, 110 Stat. 2984). Thus, Reclamation is generally authorized to collect funds in advance of service from water users and to then expend the funds for the purposes for which they were advanced.
3. **Reimbursable Activities.** Activities that would be reimbursable under the fee structure include: new contracts, i.e., water service, repayment, O&M, emergency loan, drought, rehabilitation and betterment; contract renewal; land inclusions and land exclusions; NEPA compliance; water transfers; exchanges; title transfer agreements (as modified by other Reclamation guidance with respect to cost-sharing for NEPA costs); and contract amendments.