

DRAFT RECLAMATION MANUAL RELEASE
Comments on this draft release must be submitted to
kwunderlich@do.usbr.gov by October 1, 2008.

Background and Purpose of the Following Draft Directive & Standard (D&S)

The purpose of this new D&S document is to establish a framework of procedures that are required Reclamation-wide as water resources implementation studies (i.e., studies that investigate potential development of new water supplies and that may lead to recommendations to Congress) are conducted. Reclamation is developing this D&S document to ensure that such studies are conducted as consistently and effectively as possible and arrive at sound recommendations.

Reclamation is making this draft available for review and comment to ensure that anyone who is potentially affected by, or otherwise interested in, this D&S has an opportunity to provide input.

The Reclamation Manual is used to clarify program responsibility and authority and to document Reclamation-wide methods of doing business. All requirements in the Reclamation Manual are mandatory.

See the following pages for the draft D&S.

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Subject: General Requirements for Water Resources Implementation Studies

Purpose: Establishes the framework of required procedures for conducting water and related resources studies (implementation studies), that may result in recommendations to seek authorization from Congress to construct new, or modify existing, water resources infrastructure to serve needs in a specific study area. The benefit of this Directive and Standard (D&S) is the establishment of the standard processes that will be used throughout the Bureau of Reclamation to provide consistent, systematic, and efficient implementation studies to arrive at sound recommendations.

Authority: The Reclamation Act of June 17, 1902 (32 Stat. 388, 43 U.S.C. 372, et seq.) and acts amendatory thereof and supplementary thereto; the Reclamation Project Act of 1939 (Act of August 4, 1939, ch. 418, 53 Stat. 1187); section 1 of the Flood Control Act of December 22, 1944 (ch. 665, 58 Stat. 887); the Fish and Wildlife Coordination Act of August 14, 1946 (ch. 965, 60 Stat. 1080); the Water Supply Act of June 3, 1958 (Title III of the River and Harbor, Flood Control, and Water Supply Act of 1958, Public Law 85-500; 43 U.S.C. § 390b); the Federal Water Project Recreation Act of July 9, 1965 (P.L. 89-72, 79 Stat. 213); the Water Resources Planning Act of July 22, 1965 (P.L. 89-80, 79 Stat. 244); the Certain Study Costs Nonreimbursable Act of October 29, 1971 (P.L. 92-149; 85 Stat. 416); Title I of the Rural Water Supply Act of December 22, 2006 (P.L. 109-451).

Approving Official: Director, Policy and Program Services (PPS)

Contact: Water and Environmental Resources Office, 84-55000

1. **Introduction.** This D&S establishes requirements for implementation studies to be carried out pursuant to Reclamation Manual (RM) Policy, *Water Resources Implementation Studies for Development of Water Supply* (CMP P06). This D&S presents the complete framework of the required procedures for the total implementation study process that are in compliance with the *Economic and Environmental Principles and Guidelines for Water and Related Land Resources Implementation Studies* (P&Gs), U.S. Water Resources Council, March 10, 1983. This D&S describes procedures for Reclamation's traditional implementation study phases (i.e., appraisal studies and feasibility studies), the six basic steps of planning, and key requirements to be addressed and appropriately applied throughout all phases of each implementation study. Additional requirements for the feasibility study phase are

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presented in RM D&S, *Water Resources Implementation Studies – Feasibility Studies* (CMP 05-02).

2. **Applicability.**

- A. This D&S establishes responsibilities and requirements for conducting implementation studies to investigate the development of new water supplies and for other authorized purposes. Implementation studies may result in recommendations to seek authorization from Congress to design and construct water resource infrastructure to serve a specific study area. In some cases, implementation studies may likewise conclude with a recommendation that new water supply be developed through non-structural means; such as, but not limited to, requesting congressional authorization for an additional or changed project purpose. In other cases, implementation studies may conclude that no further action is warranted.
- B. This D&S does not establish requirements for planning studies associated with managing or increasing water supply on projects already authorized by Congress and constructed. This includes studies focused on improved management of existing water resources, water use efficiency and optimization, water conservation, utilization of water banks, purchasing or leasing water, etc., when there is no need for congressional action.
- C. This D&S is also applicable to water resources implementation studies (e.g., appraisal and feasibility studies) conducted under Reclamation's Rural Water Program. However, some procedural requirements, which include for budgeting for and review and approval of implementation studies and reports, differ for planning studies conducted under the Rural Water Program, and will be specifically governed by requirements established within the Rural Water Supply Act of 2006.
- D. This D&S is not applicable to studies and reporting requirements conducted under Reclamation's Title XVI program. See RM D&S WTR 11-01, *Title XVI Water Reclamation and Reuse Program Feasibility Study Review Process*, for requirements related to the Title XVI program.

3. **Definitions of Terms.**

- A. **Implementation Study.** A study conducted to investigate potential solutions to water and related resources problems and opportunities for such beneficial purposes as irrigation, recreation, municipal and industrial (M&I) and hydropower. As described in this D&S, a standard implementation study begins with an appraisal study then proceeds to a feasibility study, from which a recommendation will be made to Congress

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on whether there is a feasible solution that warrants authorization and implementation. Reclamation will conduct implementation studies in compliance with the P&Gs.

- B. **Appraisal Study.** The initial and separate phase of implementation study analysis of water supply problems and opportunities in a study area, primarily using existing data. An appraisal study includes a preliminary assessment of alternatives to address the identified water supply problems and opportunities and verification of the presence of a Federal interest in the study. The purpose of an appraisal investigation is to determine if there is at least one acceptable alternative that warrants a more comprehensive, detailed investigation through a feasibility study. Appraisal study requirements are described in this D&S, including paragraph 5.A.(2).
- C. **Feasibility Studies.** Feasibility study means the detailed, congressionally authorized phase of an implementation study, requiring the acquisition and development of study-specific data, and an analysis of a reasonable range of alternatives to meet identified water supply problems and opportunities in the study area. A feasibility study also requires an analysis of the economic justification of the proposed project, the impact of the proposed project on the environment in compliance with the National Environmental Policy Act (NEPA) and other applicable environmental laws, and the financial capability of the non-Federal project co-sponsor(s) to pay the non-Federal costs associated with constructing, operating, and maintaining the project. The completed feasibility study will form the basis for Reclamation's recommendation to Congress regarding whether the proposed project or action should be authorized for implementation. Feasibility study requirements are described in this D&S including paragraph 5.A.(4) below, and throughout CMP 05-02.
- D. **Federal Interest.** For purposes of this D&S, Federal interest means a situation associated with an implementation study where Reclamation is either requested to conduct an investigation or identifies, while conducting business, the potential benefit from Federal involvement associated with a situation. Reclamation will consider and evaluate each situation to determine whether possible need for Federal action or involvement is consistent with Federal authorities (e.g. Federal reclamation law), RM requirements, Reclamation's mission, and will require expenditure of Federal funds. The situation may be such that after Reclamation verifies a Federal interest, the responsive action will be submitted into Reclamation's budget development and workload. Or the situation may lead Reclamation to contact another Federal agency (e.g., U.S. Army Corp of Engineers, Environmental Protection Agency, Bureau of Indian Affairs, etc.), because response to the situation appears to be within another Federal agency's authority and mission, and not Reclamation's.

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- E. **Federal Objective.** The Federal objective of water resources project planning is to contribute to national economic development (NED) consistent with protecting the Nation's environment, pursuant to national environmental statutes, applicable environmental statutes, applicable executive orders, and other Federal planning requirements (chapter 1, section II of the P&Gs).
- F. **Water Resources Community.** The water resources community consists of Federal, state, tribal, regional, and local government entities; the non-Federal implementation study co-sponsor; customers; partners; stakeholders; and the general public with a stake or interest in the study area.
4. **Responsibilities.**
- A. **Commissioner.** The Commissioner leads Reclamation's contributions to NED by initiating and supporting implementation study efforts among Reclamation, the Department of the Interior, the Executive Branch, and Congress. The Commissioner ensures implementation studies receive appropriate emphasis as a mission goal within Reclamation's overall strategic plan; approves implementation study reports and recommendations; submits recommendations through the Secretary of the Interior to Congress; and ensures implementation studies conform to Federal law, this D&S, and all other applicable RM releases.
- B. **Deputy Commissioner – Operations.** The Deputy Commissioner – Operations reviews and approves or disapproves regional directors' requests for exceptions from cost-sharing requirements. (See paragraph 5.C.(5) below.)
- C. **Regional Directors.** Regional directors coordinate with the water resources community within their regions to identify water supply problems and opportunities, and determine priorities for implementation studies. They manage their region's implementation study efforts within Reclamation and among the interested and affected water resources community. They budget for implementation studies; manage cost-sharing agreements; and ensure studies, reviews, reports, and recommendations conform to this D&S and other applicable RM releases. They will approve implementation study reports and recommendations, and submit them to the Commissioner for approval. (See paragraph 4.D. below for additional requirements for implementation study reports and recommendations prepared under the Rural Water Program).
- D. **Director, PPS.** Following review by the regional director, the Director, PPS, will review and approve all implementation study reports and recommendations

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conducted under the Rural Water Program and submit the same to the Commissioner for approval.

- E. **Director, Program and Budget.** The Director, Program and Budget, submits appropriate implementation study reports to the Office of Management and Budget (OMB) prior to their submittal to Congress, and coordinates Reclamation's subsequent analysis and response. The Director, Program and Budget, will provide feedback from OMB on the acceptability of the study report and funding of the project with respect to the President's budget. The Director, Program and Budget, will coordinate any revisions needed to address OMB comments.
 - F. **Area Managers.** Area managers will be responsible for implementation study activities that are delegated to them by their regional director.
5. **Procedures for Reclamation Implementation Studies.**
- A. **Implementation Study Phases (Appraisal Studies and Feasibility Studies).** Reclamation's traditional planning process consists of four phases that include two major phases: the appraisal study and the feasibility study. The implementation study process commences with pre-appraisal activities (preliminary scoping activities), proceeds, if appropriate, to an appraisal study, and then a feasibility study, if appropriate. The main purpose of the appraisal study is to document the decision on whether Reclamation should proceed further on an implementation study. The appraisal study report justifying the decision must describe the problems and opportunities in the study area, as well as determine their importance. The report supplies information necessary for preparing briefing papers, budget details, and testimony before Congress. A feasibility study will not be performed unless authorized by Congress. The more complex and detailed feasibility study provides the basis for a congressional decision on construction authorization. The feasibility study is accompanied by NEPA compliance documentation and presents the results of both the appraisal and feasibility stages.
 - (1) **Scoping, and Preliminary Implementation Study Activities (Pre-Appraisal).** As a standard business practice, Reclamation will consult with the water resources community to identify significant problems and opportunities in each study area that will be considered as potential subjects for implementation phases.
 - (a) Regional directors will participate in activities intended to identify problems and opportunities.

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- (b) The regional director will determine which Reclamation implementation studies will be included in the regional workload, and communicate those decisions within Reclamation and to the water resources community. Whether leading a Reclamation implementation study or participating in an implementation study led by another entity, Reclamation's involvement will be directed at achieving its mission;¹ addressing the Federal objective and specific state and local concerns; and will comply with CMP P06, this D&S, and other pertinent RM releases.
 - (c) Pre-appraisal activities will include preparation of a draft study or project management plan for conducting the appraisal study.
 - (d) Reclamation will perform specific implementation studies (appraisal and/or feasibility studies) as directed by Congress.
- (2) **Appraisal Studies.**
- (a) The appraisal study phase will determine, utilizing a low level of study detail, predominantly existing information and sound professional judgment, if there is potential Federal interest in a solution and if at least one alternative plan appears potentially feasible. If, during an appraisal study, the interdisciplinary planning team's judgment indicates the likelihood of a plan where benefits will at least equal costs, subject to protecting the environment, a report recommending a feasibility study be conducted will be prepared. If the study does not indicate this likelihood, a report stating that conclusion will be prepared. An appraisal study does not require the level of data collection and analysis required in a feasibility study but does require consideration of the Federal objective at the appraisal level of detail; i.e., net benefits consistent with protecting the environment. NEPA compliance is not required during this phase, but appropriate environmental analysis is.
 - (b) Appraisal studies will be used to analyze the general nature of the problems and opportunities within the identified study area. Appraisal studies will be concentrated efforts that will be scheduled to be completed within 24 months of initiation, at a Federal cost not to exceed \$200,000. The duration and the Federal cost ceiling for completing individual appraisal studies may exceed these values on a study-by-study basis only when justified by the regional director and approved by the Deputy

¹Reclamation's mission is to manage, develop, and protect water and related resources in an environmentally and economically sound manner in the interest of the American public.

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Commissioner – Operations. Appraisal studies will utilize the six basic steps of the planning process (see paragraph 5.B. below). Appraisal studies will include preliminary identification and description of alternative plans, an evaluation of the general viability of alternative plans, identification of potentially significant issues and risks, and a recommendation to either request authorization to proceed to the feasibility study phase or terminate the study. If the appraisal study ends with one or more promising alternative plans, verified Federal interest, and strong non-Federal support, and approval by the regional director and Commissioner, the appraisal study will proceed to the feasibility study phase, beginning with initiation of a request to Congress to authorize the feasibility study. Other key requirements to be considered and appropriately addressed while conducting appraisal studies are found in this D&S, including paragraph 5.C. below.

- (3) **Post-Appraisal Study Activities Preceding a Feasibility Study (Prefeasibility).** Prefeasibility activities will normally be initiated in the year prior to anticipation of appropriation of funds, based on the inclusion of the specific implementation studies in the President's budget proposal. Prefeasibility activities will include preparation of a draft plan of study or project management plan for conducting the feasibility study and preparation of a draft cost-sharing agreement. Prefeasibility activities will be limited to minor actions undertaken to efficiently prepare for a feasibility study. The feasibility study must be authorized by Congress, and funds must be appropriated before major work begins.
- (4) **Feasibility Studies.** Feasibility studies are detailed, complex, comprehensive, resource-intensive studies authorized by Congress to determine the desirability of seeking congressional authorization to design and construct or otherwise implement a recommended project or action. They require major investigations, including collection and development of study-specific data, and participation by the water resources community to systematically develop a preferred plan from a group of alternative plans. Funding for feasibility study activities that will be accomplished during a given year will appear as specific line items in Reclamation's appropriations. In conformance with paragraph 5.B. below, the feasibility study will include: identification of problems and opportunities, inventory of present and future conditions, formulation of alternative plans, evaluation and comparison of plans, and ultimately, selection of the recommended plan. The feasibility study will be used to develop and evaluate alternative plans to arrive at a plan that reasonably maximizes net NED benefits, with acceptable impacts to the human environment and the ecosystem. The NED

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plan must be developed in each feasibility study. The decision to formulate alternative plans in addition to the NED plan that emphasize and optimize environmental quality, regional economic development, and/or other social effects will be determined on a study-by-study basis. Other key requirements to be appropriately addressed while conducting feasibility studies are found in this D&S, including paragraph 5.C. below, and throughout CMP 05-02.

B. Six Basic Steps of Reclamation's Implementation Study Planning Process.

Implementation studies will be conducted throughout Reclamation in a consistent and systematic manner to ensure problems and opportunities are identified and articulated; the best alternative plans are formulated, evaluated, and compared; and Reclamation implementation study reports and recommendations are sound. *Though both the appraisal and feasibility phases will follow the six steps, the level of effort and depth of analyses for an appraisal study will, due to its purpose and scope, be significantly less than for a feasibility study.* Reclamation will use an implementation study process (see P&Gs, chapter 1, section III, 1.3.2, *Major Steps*) containing the following six steps:

- (1) **Identify Problems and Opportunities.** Specific problems and opportunities within a study area will be identified; scope, goals, and planning objectives established; and significant constraints² identified. This step will identify the purpose for the implementation study and describe the study area affected by the problems and opportunities. During this step, the formal relationship between Reclamation and the non-Federal implementation study co-sponsor³ will be initiated (see paragraph 5.C.(5) below).

- (2) **Inventory Existing Resources and Forecast Future Conditions.** This step quantifies resource conditions as they currently exist within the study area, and forecasts future conditions over the number of years established for the scope of the implementation study. This analysis will provide an understanding of existing conditions, and "future without" conditions of the pertinent resources. The "future without" alternative (sometimes known within Reclamation as the "no action" alternative) will be the most probable future conditions if none of the study's alternatives and proposed actions were to be implemented. Using the "future without" conditions a "future without" alternative will be formulated against which all other proposed alternative action plans will be evaluated and compared.

²Constraints could be financial, environmental, technical, physical, legislative, administrative, institutional, legal, regulatory, etc., which may limit total alleviation of a problem or prevent full realization of an opportunity.

³The implementation study co-sponsor (there may be more than one) is potentially the entity that will share costs if a recommended plan is ultimately authorized and funds for implementation are appropriated by Congress.

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- (3) **Formulate Alternative Plans.** A range of viable alternative plans, including the “future without” alternative, will be identified, formulated, investigated, and developed to meet the planning objectives and avoid the constraints identified in step 1 above. Alternative plans will be formulated in consideration of the following four criteria:
- (a) **Completeness.** The extent to which an alternative plan identifies and provides for all necessary investments or other actions to ensure the realization of the planned effects.
 - (b) **Effectiveness.** The extent to which an alternative plan alleviates the specified problems and realizes the specified opportunities, consistent with protecting the Nation’s environment.
 - (c) **Efficiency.** The extent to which an alternative plan is the most cost-effective means of alleviating the specified problems and realizing the specified opportunities, consistent with protecting the Nation’s environment.
 - (d) **Acceptability.** The workability and viability of the alternative plan with respect to acceptance by the state, local entities, and the public, including compatibility with existing laws, regulations, and public policies.
- (4) **Evaluate Alternative Plans.** Each alternative plan emerging from step 3 will be evaluated to determine important beneficial and adverse effects by comparison to the “future without” alternative. Evaluation consists of measuring or estimating the effects of an alternative plan to determine the difference between “future without” conditions for each category of effects. Each evaluation will include analysis of cumulative effects. The evaluation step will qualify alternative plans for further consideration and comparison. Criteria will be developed and applied to determine whether each alternative plan qualifies for further consideration. Criteria will consist of, as appropriate, planning objectives and constraints, the Federal objectives (benefits less than costs), pertinent environmental standards, the four criteria defined in paragraph 3.(b)(3) above, other items identified by key stakeholders, etc.
- (5) **Compare Alternative Plans.** Plans that qualify will be displayed and compared for relative levels of beneficial and adverse effects, tradeoffs, and significant value judgments. The comparison step will identify differences among alternative plans. The degree to which alternative plans meet the four criteria listed in paragraph 3.(b)(3) above will be compared. The NED alternative plan will be

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identified during this step in the feasibility study phase from among the group of qualified plans. Comparisons during feasibility studies will be made considering NED effects. Comparisons will also be made for regional economic development effects, environmental quality effects, and other social effects, if they have been developed as part of a feasibility study.

- (6) **Select the Recommended Alternative Plan.**⁴ If an alternative is selected as the recommended alternative plan at the conclusion of the implementation study process (i.e., the recommendation of the feasibility study) it will normally be the alternative with the greatest net NED benefit consistent with protecting the environment. If the alternative selected to be recommended to Congress is not the one with the greatest net NED benefit, the implementation study must identify significant and justifiable reasons for recommending another alternative plan. Any exception from choosing the net NED benefit alternative plan must be approved by the Secretary of the Interior. The recommended alternative plan will include the rationale for choosing the plan.

C. **Key Requirements to Be Addressed and Met as Appropriate Throughout All Phases of Reclamation Implementation Studies.** The following will be considered and met, as appropriate, to address the specific purpose and scope of each study phase (appraisal or feasibility study) throughout each implementation study.

- (1) **Compliance with Laws, Policy, etc.** Implementation studies will comply with Federal law (including Federal reclamation law), Executive Orders (E.O.s), the Departmental Manual (DM), and RM Policies and D&S. Each phase of an implementation study will be performed to comply in a study-specific manner with the requirements of the P&Gs.
- (2) **Public Involvement.** Reclamation will conduct implementation studies so the interested and affected water resources community is provided appropriate opportunities to be involved. Coordination with the non-Federal cost-sharing partner, stakeholders, and Federal, state, tribal and local agencies will occur throughout the implementation study. A formal public involvement program is required throughout the feasibility study. Reclamation will solicit input regarding problems, opportunities, investigations, evaluations, proposed alternative plans, and recommendations, as necessary. A record of public involvement associated with each implementation study will be maintained and reported. Public participation will be encouraged through appropriate means such as news releases,

⁴Typically, one or more alternative plans are identified at the conclusion of an appraisal study, which are potentially feasible and for which there is a Federal interest consistent with the Federal objective.

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Web site postings, public hearings, the Federal Register, public meetings, community workshops, etc.

- (3) **Interdisciplinary and Team Approach.** An interdisciplinary approach will be used throughout all phases of implementation studies to ensure efficient and integrated use of the engineering, natural, environmental, and social sciences. From the beginning and throughout the implementation study, the disciplines of the participants will be appropriate for the anticipated and identified problems, opportunities, and alternative plans. Expertise in planning, economics, design, cost estimating, engineering, environmental sciences, hydrology, cultural resources management, realty, recreation, power resources, project and facility operations, social sciences, and other disciplines will be involved as necessary. Reclamation will use a team approach for implementation studies and will utilize project management principles and methods when their usage will be advantageous to the study.
- (4) **Integration of Implementation Studies and Compliance with NEPA, Other Related Acts, and E.O.s.** Implementation studies will be designed and executed to concurrently integrate with and complement required activities necessary to comply with NEPA (42 U.S.C 4321, et. seq.) and other related laws and E.O.s. Communication and coordination of activities will commence in the pre-appraisal phase, and will continue as appropriate throughout all subsequent phases of the implementation study. The coordination will culminate in issuance of a combined feasibility study report and a NEPA compliance document at the end of the feasibility study that is a highly integrated decision-making report. The feasibility study and NEPA reports will be issued as separate documents only in rare instances and when authorized by the regional director. Implementation studies will likewise be conducted to comply with state, tribal, and local environmental and cultural resource laws and ordinances, as applicable.
- (5) **Cost Sharing for Performing Implementation Studies.**
 - (a) A non-Federal co-sponsor is required to share in the costs of the implementation study effort. (See exception for appraisal studies in paragraph (5)(a)(i) below.) Cost-sharing agreements with a non-Federal co-sponsor will comply with requirements stated in specific legislation and other authorities associated with each implementation study. If legislation does not specify cost-sharing requirements (e.g., percentages) for a particular implementation study, the requirements in this paragraph (5.C.(5)) will apply. Each regional director will maintain records of non-Federal co-sponsors' contributions for cost-sharing purposes. Each regional director will review

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the contributions to verify applicability to the study and the value of in-kind services. At the conclusion of the cost-shared activity, the regional director will finalize records of Federal and non-Federal contributions, with supporting documentation. For studies that are multi-year, annual cost-sharing documentation will also be prepared.

- (i) **Appraisal Studies.** Cost sharing is not required for appraisal studies that will be completed for a Federal cost of \$200,000 or less. Cost sharing equal to at least 50 percent with a non-Federal co-sponsor is required for any amount in excess of \$200,000. Less than 50-percent cost share for amounts over \$200,000 may be justified if an overwhelming Federal interest (see paragraph 3.D above) in the appraisal study is substantiated, documented by the regional director, and approved by the Deputy Commissioner – Operations.
 - (ii) **Feasibility Studies.** Feasibility studies require sharing of costs with a non-Federal cost-sharing co-sponsor. Cost-sharing agreements will be explicit and enforceable such that the non-Federal cost share will be at least 50 percent of the total study costs, irrespective of cost overruns, reprogramming requests, etc. Less than 50-percent non-Federal cost share may be justified if an overwhelming Federal interest in the study is substantiated, documented by the regional director, and approved by the Deputy Commissioner – Operations.
- (b) When implementation study costs are shared with a non-Federal cost-sharing partner, cost sharing will be in accordance with Office of Management and Budget (OMB) Circulars A-21, *Cost Principles for Educational Institutions*; A-87, *Cost Principles for State, Local, and Indian Tribal Governments*; A-122, *Cost Principles for Non-Profit Organizations*; and A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Cost sharing may be in the form of in-kind services, cash payments, or a combination of the two. Costs involving Indian Tribes will be negotiated on a case-by-case basis and approved by the Deputy Commissioner – Operations if the negotiated amount is less than a 50-percent non-Federal cost share. Prior to any significant expenditure of Federal funds for an appraisal study over \$200,000 or any feasibility study, a signed cost-sharing agreement with the non-Federal partner is required. The agreement will specify the method and schedule for payment or in-kind services.

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- (6) **Cost Estimates.** As an implementation study progresses through phases, associated cost estimates and the supporting design data from which the cost estimate is developed will require increasing detail and refinement to accurately reflect the cost estimate of alternative plans. All cost estimates developed for, or used as part of implementation studies, will comply with the following RM releases: Policy FAC P09, *Cost Estimating*; D&S FAC 09-01, *Cost Estimating*; D&S FAC 09-02, *Construction Cost Estimates and Project Cost Estimates*; and D&S FAC 09-03, *Representation and Referencing of Cost Estimates in Bureau of Reclamation Documents Used for Planning, Design, and Construction*. Only those specific levels of estimates listed in FAC 09-01, *Cost Estimating*, will be recognized and utilized as official Reclamation cost estimates in implementation studies.
- (7) **Cost Allocations.** Cost allocations will be performed to assure all project purposes share equitably in the benefits of multipurpose construction. To fulfill requirements of Federal reclamation law and associated RM requirements, an allocation of costs to components or purposes (e.g., irrigation, M&I, recreation, flood control, etc.) of projects will be performed in order to: (1) test financial feasibility of reimbursable components or purposes by a comparison of estimated project costs with anticipated revenues, and (2) after construction, establish and measure compliance with project financial requirements. Cost allocations will be performed in compliance with RM D&S PEC 02-01, *Project Cost Allocations*. Appraisal studies may not require detailed cost allocations.
- (8) **Cost Recovery.** Cost recovery will be addressed to determine how costs, once allocated to a project's respective purposes, are to be repaid (e.g., cost sharing, repaid with interest, repaid without interest, in advance, over 40 years, etc.) to the Government once a project has been authorized and completed and its services have become available. Federal reclamation law and RM requirements will be followed to develop the basis for determining the preliminary manner of funding and repayment of reimbursable costs for each group of project beneficiaries. Reference sources for cost recovery activities include the RM D&S PEC 05-01, *Water-Related Contract and Repayment Principles and Requirements*, and the *Water Contracts Handbook*. Appraisal level studies may not require detailed cost recovery studies.
- (9) **Risk and Uncertainty.** Appraisal and feasibility studies will identify significant areas of risk and uncertainty inherent in data and assumptions. Risks and uncertainties will be described and documented so that evaluations, comparisons, recommendations, and decisions will be made with knowledge of the degree of reliability of the estimated benefits and costs, and of the stated effectiveness,

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efficiency, and acceptability of alternative plans. In the feasibility study phase the risks will be incorporated and reported in a quantitative manner.

- (10) **Documentation of Implementation Studies.** A report documenting each completed and approved appraisal and feasibility study will be prepared and provided for the non-Federal co-sponsor and other involved and interested entities of the water resources community, as appropriate. Additional documents may be prepared, approved, and released during the implementation study to facilitate communication and review (see paragraph 5.D.(11) below for review requirements). Implementation study reports will exhibit compliance with requirements set forth in CMP P06 and this D&S. Feasibility study reports will also comply with requirements set forth in CMP.05-02. The product of a feasibility study will be an integrated feasibility report/NEPA compliance document.
- (11) **Internal and External Reviews of Reports.** Documents prepared during implementation studies will be subjected to various reviews as listed below.
- (a) **Internal Reviews.** Implementation study reports will be reviewed in compliance with the internal review and approval requirements of the Reclamation office(s) responsible for the reports. Implementation study reports will be subjected, as appropriate, to the requirements in RM Policy FAC P10, *Independent Oversight of Design, Cost Estimating, and Construction*, and D&S FAC 10-01, *Identifying Design, Cost Estimating and Construction Projects for which Independent Oversight Review is Required and Performing those Reviews* (Appraisal studies will rarely or never be the subject of Design, Cost Estimating, and Construction reviews). Reports will also be subjected to RM report certification requirements as established in Temporary RM Releases FAC TRMR-22, *Certification of Select Water Resources Management Reports*, and FAC TRMR-23, *Performing Certification of Select Water Resources Management Reports*.
- (b) **External Reviews.** Consistent with paragraph 5.C.(2) above, the water resources community will be provided the opportunity, as appropriate to review and comment on the scope of the study, to review and comment on implementation study documents. Federal, state, local, and tribal agencies with legal jurisdiction in the study area will be provided an opportunity to review and comment on the documents.
- (c) **Reviews Related to NEPA and Other NEPA-Related Statutes and E.O.s.** Consistent with paragraph 5.D.(4) above, and as determined by the

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regional director, reports will be reviewed to verify consistency with NEPA regulations, and other applicable NEPA-related statutes, E.O.s, etc. Reports that contain a combined feasibility study and Environmental Impact Statements will be processed according to the implementing regulations (40 CFR 1500-1508) for filing with the Environmental Protection Agency, public reviews, public hearings, and *Federal Register* notices.

- (d) **OMB reviews.** As required by section 1 of E.O. 12322, *Water Resources Projects*, prior to any Reclamation implementation study report being submitted to Congress (or a member of Congress) for approval, appropriations, or legislative action, the report will be submitted to the Director of OMB. The typical types of implementation study reports submitted to Congress will be feasibility study reports/ NEPA compliance documents or reports related to appraisal studies supporting requests for authorization to proceed to a feasibility study. As established in paragraph 4.E above, Reclamation's Director, Program and Budget, will submit the reports approved by the Commissioner to OMB, and coordinate for Reclamation during the subsequent review and comment resolution. The Director, Program and Budget, will provide feedback from OMB on the acceptability of the study report and funding of the project with respect to the President's budget.