

RECLAMATION

Managing Water in the West

Rural Water Supply Program

Interim Final Rule



U.S. Department of the Interior
Bureau of Reclamation

Agenda

- **Background**
- **Public Law 109-451**
- **Rural Water Supply Program Interim Final Rule**
- **Next Steps**
- **Questions**

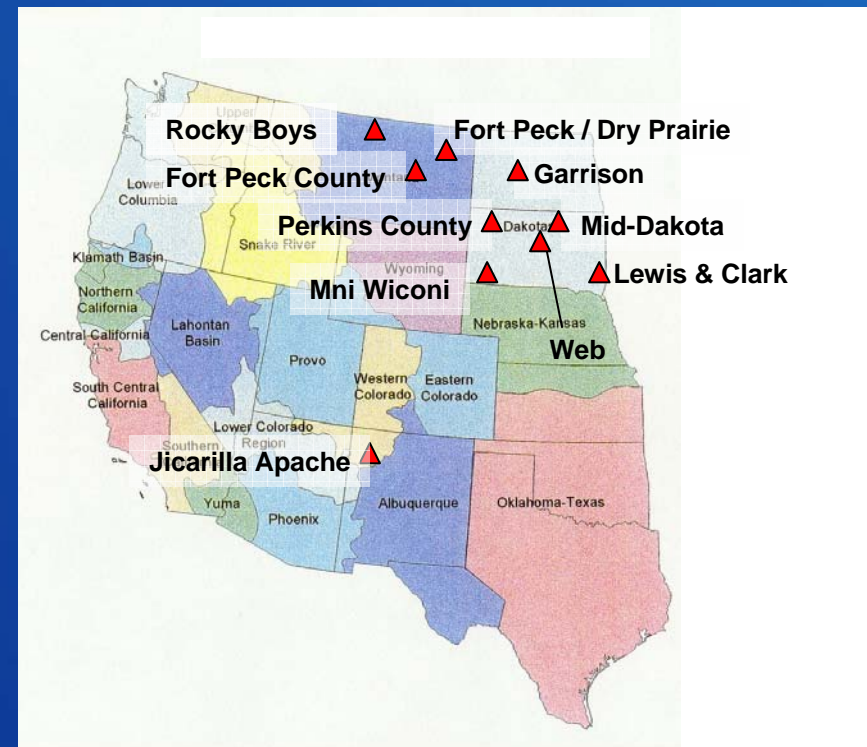
Background

- Reclamation has over 100 years of experience in developing and managing water supply systems
 - Reclamation has built and operates 479 dams, 348 reservoirs with a total storage capacity of 245 million acre-ft
- Reclamation delivers water to:
 - One-third of the West's irrigated agriculture
 - More than 31 million people
 - 1 in 5 western farmers

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Background

- No formal program to develop potable water supply systems with rural communities in the West
- Involved in rural water projects on a piecemeal basis
- Undertaken or currently working on more than 10 rural water projects each individually authorized by Congress



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What is a Rural Water Supply Project?

- It is a project that is designed to serve a community or group of communities, including Indian tribes and tribal organizations, each of which has a population of no more than 50,000 people with domestic, industrial, municipal, and residential water.
- It does not include commercial irrigation or major impoundment structures.

Reclamation Rural Water Supply Act Public Law 109-451

- **The Act authorized Reclamation to establish a Rural Water Supply Program in the 17 Western States.**
- **Authorizes financial and technical assistance with appraisal and feasibility studies for States, Indian Tribes, and entities created under state law with water management authority**
- **Requires the development of Programmatic Criteria, otherwise known as the Interim Final Rule**

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Reclamation Rural Water Supply Act Public Law 109-451

- Does the Program include assistance for construction?
 - No. The Act does not authorize construction assistance.
- Does this Program affect Rural Water Projects that are already authorized?
 - No. Projects that Reclamation is already involved in that are authorized for construction are not affected.

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Interim Final Rule

- The Interim Final Rule was published on November 17, 2008
- It becomes effective on an interim basis on December 17, 2008
- Comments are due on January 16, 2009
- Comments will be reviewed and it will be republished as a final rule

Interim Final Rule

- **Contains Programmatic Criteria on:**
 - **Program Eligibility**
 - **Application Process**
 - **Prioritization**
 - **Cost-sharing**
 - **Appraisal Investigations**
 - **Feasibility Studies**

Program Overview

- **Who is Eligible?**
 - States (or sub-division of a state), Indian tribes or tribal organizations, and entities created under state law with water management authority (e.g., Water Districts, Rural Water Associations, etc.)
- **What type of assistance is available?**
 - Reclamation can perform an appraisal or feasibility study
 - Financial assistance with an appraisal or feasibility study
 - Reclamation review and approval of a completed appraisal or feasibility study

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Program Overview

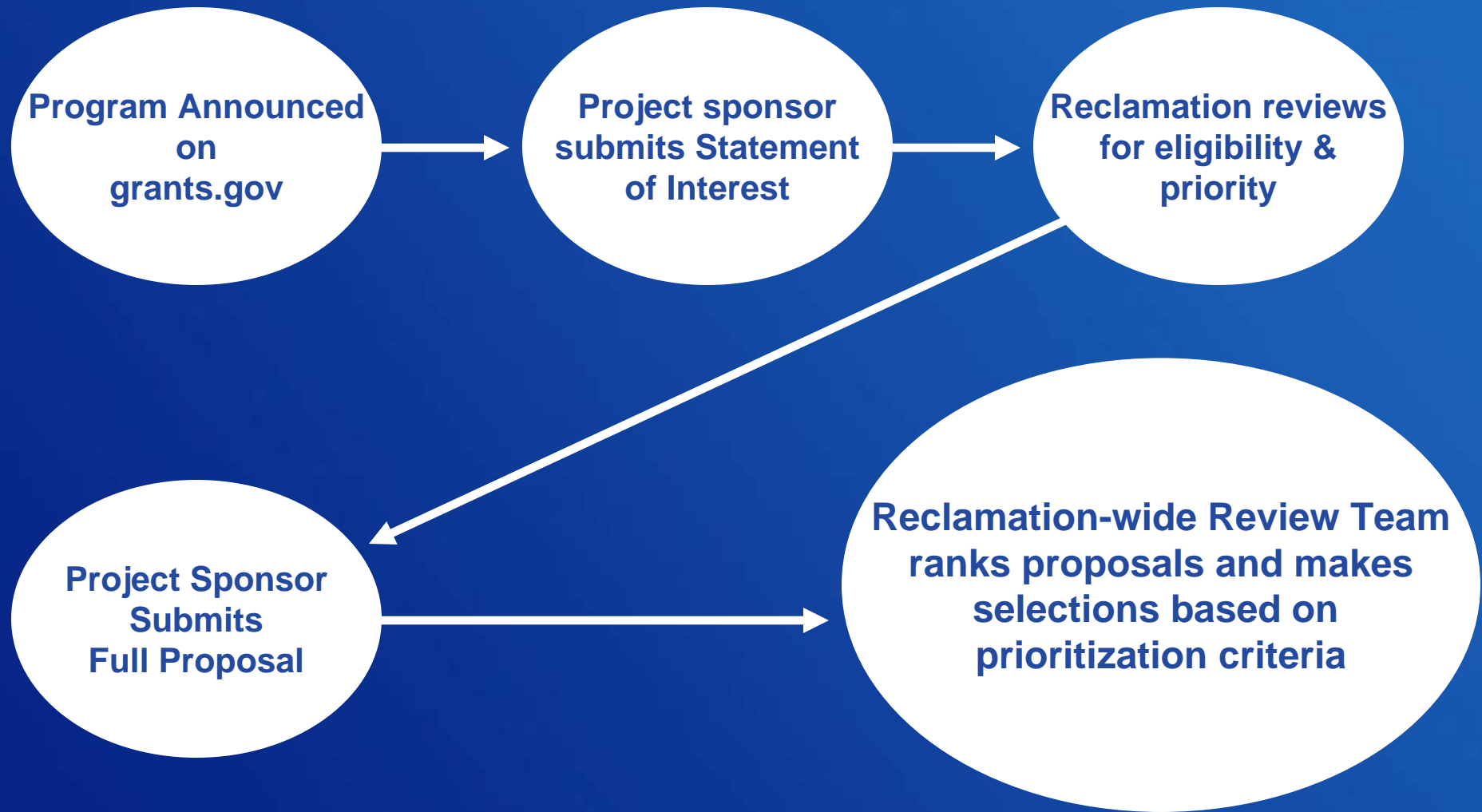
- What is an appraisal investigation?
- What is a feasibility study?
- What types of projects are eligible?
 - Serve communities with populations of less than 50,000
 - Water for domestic, industrial, municipal, and residential water uses.
 - Includes:
 - Construction of new infrastructure or improve existing infrastructure
 - Extend existing facilities
 - Inter-connect existing facilities

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Program Overview

- What types of projects are not eligible?
 - Major impoundment structures
 - Commercial irrigation

How studies will be selected



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Prioritization Criteria

- Urgent & compelling need for a project
- Promotes & applies a regional or watershed perspective
- Financial need of the project sponsors
- Whether Reclamation is uniquely qualified to plan and design the project
- Helps meet legal requirements
- Indian tribes and tribal organizations
- Ineligible for other comprehensive funding
- State or local priority
- Innovative approach
- Other criteria that Reclamation deems appropriate

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Cost-Share Requirements

- **Appraisal Investigations**
 - Reclamation will pay 100% up to \$200,000
 - Any costs above that will be shared on a 50/50 basis
- **Feasibility Studies**
 - Reclamation will pay up to 50% of the cost of conducting feasibility study

Do the Principles and Guidelines Apply?

- **Yes. All feasibility studies reviewed or approved by Reclamation must include an economic analysis using the Principles and Guidelines.**
 - The Principles and Guidelines establish an approach for determining whether the benefits of a proposed project outweigh the costs
 - This helps us decide whether to recommend that Congress authorize the project for construction

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Study Evaluation

- Reclamation has 90 days to determine whether study is ready for review
- Project sponsor will have opportunity to make changes if necessary
- Reclamation has 180 days to determine whether to recommend that study proceed to next level
- Determination will be based upon published criteria

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Recommendation for Construction

- Reclamation will make a recommendation to Congress in a “Feasibility Report”
- A “Feasibility Report” includes:
 - Whether the proposed project is feasible
 - Whether the project should be authorized for construction, based on feasibility criteria
 - The report will recommend appropriate Federal and non-Federal share of construction costs

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How will Construction Costs Be Determined

- 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 operation, maintenance & replacement costs

How will construction costs be determined for Indian tribes

- First, we will consider the tribe's capability to pay at least 25% of construction costs
- Then, if a tribe is not capable of paying at least 25% of construction costs, Reclamation may recommend in a feasibility report that:
 - Collection of all or part of a tribe's construction costs should be deferred until their financial condition improves

Next Steps

- **Directives and Standards**
 - The necessary content for a study and how it will be approved within Reclamation
- **Guidelines**
 - Detailed instructions on how to develop an appraisal or feasibility study

Next Steps

- **Workshops**
 - **After the rule is finalized, Reclamation will host workshops on the Program’s “Nuts and Bolts”**
 - **How to apply**
 - **How to submit a completed study**
 - **What is required in an appraisal investigation**
 - **What is required in an appraisal report**
 - **What is required in a feasibility study**

Next Steps

- **Program Announcement**
- **Then, Reclamation will post a Program Announcement on Grants.gov which will include:**
 - **Application process and requirements**
 - **Application deadlines**
 - **Prioritization criteria and weights**

Like to Submit a Comment?

- **Comments are due by January 16, 2009**
- **This rule is identified by number 1006-AA54**
- **Submit comments to:**
 - **Federal Rulemaking website: <http://regulations.gov>. Follow instructions. Reference Docket ID #: BOR-2008-0002 or**
 - **By mail to Bureau of Reclamation, Denver Federal Center, P.O. Box 25007, Building 67, Denver, CO 80225. Attention Avra Morgan, Mail Code 84-52000**

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Questions?

www.usbr.gov/ruralwater

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