

RECLAMATION

Managing Water in the West

Funding Opportunity Announcement No. 09SF811499

Challenge Grant Program: Recovery Act of 2009 Water Marketing and Efficiency Grants



U.S. Department of Interior
Bureau of Reclamation

April 2009

Synopsis

Federal Agency Name:	Department of the Interior, Bureau of Reclamation, Policy and Program Services
Funding Opportunity Title:	Challenge Grant Program: Recovery Act of 2009 Water Marketing and Efficiency Grants
Announcement Type:	Funding opportunity announcement
Funding Opportunity Number:	09SF811499
Catalog of Federal Domestic Assistance (CFDA) Number:	15.507
Dates:	Application due date (See Section IV.D): May 22, 2009, 4:00 p.m. Mountain Daylight Time
Eligible Applicants:	Irrigation and water districts, tribal water authorities, State governmental entities with water management authority (e.g., State agencies, departments, boards, etc.), and other entities with water delivery authority located in the Western United States or United States Territories as identified in the Reclamation Act of June 17, 1902, as amended
Recipient Cost Share:	50% or more of project costs
Federal Funding Amount:	\$1,000,000 to \$5,000,000 per agreement
Estimated Number of Agreements to be Awarded	15 - 30
Total Amount of Funding Available for Award:	\$40,000,000

Notice:

Projects awarded under this announcement are being funded through the **American Recovery and Reinvestment Act of 2009 (Act or Recovery Act)**. In accordance with the Recovery Act, applicants must take into consideration and budget for additional requirements, most notably, the Buy American, the Davis-Bacon Act, and the additional reporting and transparency provisions. These requirements are unique to projects being funded under the Recovery Act and will not be included in future Challenge Grant announcements. Section VI.D describes these requirements in greater detail.

Application Checklist

The following table contains a summary of the information that the applicant is required to submit with a Challenge Grant application.

√	What to submit	Required content	Form or format	When to submit
	Cover page	See Sec. IV.B.2.a.	Form SF 424, available at: http://www.grants.gov/agencies/aapproved_standard_forms.jsp#3 Page 13	*
	Assurances	See Sec. IV.B.2.b.	Form SF 424B or SF 424D, as applicable, available at: http://www.grants.gov/agencies/aapproved_standard_forms.jsp#3 Page 13	*
	Title page	See Sec. IV.B.2.c.	Page 13	*
	Table of contents	See Sec. IV.B.2.d.	Page 13	*
	Technical proposal:	See Sec. IV.B.2.e.	Page 13	*
	• Executive summary	See Sec. IV.B.2.e.(1)	Page 14	*
	• Background data	See Sec. IV.B.2.e.(2)	Page 14	*
	• Technical project description	See Sec. IV.B.2.e.(3)	Pages 14-20	*
	Description of Performance Measures	See Sec. IV.B.2.f	Page 20	*
	Description of potential environmental impacts	See Sec. IV.B.2.g.	Page 20	*
	Required permits and approvals	See Sec. IV.B.2.h.	Page 21	*
	Funding plan and commitment letters	See Sec. IV.B.2.i.	Page 21	*
	Official resolution	See Sec. IV.B.2.j.	Page 22	**
	Project budget proposal:	See Sec. IV.B.2.k.	Pages 22-27	*
	• General requirements	See Sec. IV.B.2.k.(1)	Page 22	*
	• Budget format	See Sec. IV.B.2.k.(2)	Page 22	*
	• Budget narrative	See Sec. IV.B.2.k.(3)	Page 25	*
	• Budget form	See Sec. IV.B.2.k.(4)	Form SF 424A or SF 424C, as applicable, available at: http://www.grants.gov/agencies/aapproved_standard_forms.jsp#3 Page 27	*

* Submit materials with your application on May 22, 2009

** May be submitted up to 30 days after submission of application

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Section I—Funding Opportunity Description

A. Challenge Grants: Water Marketing and Efficiency

Water Marketing and Efficiency Grants, the focus of this Funding Opportunity Announcement (Announcement), are part of the Bureau of Reclamation's Challenge Grant Program. To meet the purposes and requirements of the Recovery Act, this Announcement contains unique conditions such as higher funding amounts, additional evaluation criteria, and administrative requirements.

Through Water Marketing and Efficiency Grants, Reclamation provides cost-shared funding on a competitive basis for on-the-ground construction projects that will create water markets and make more efficient use of existing water supplies. Increasing the efficiency of existing water delivery systems across the West will help significantly increase future water supplies for farms, cities, people, and the environment.

B. Objective of Funding Opportunity Announcement

With recent enactment of the American Recovery and Reinvestment Act (Recovery Act), the Bureau of Reclamation will be accepting new applications under the Challenge Grant Program for Water Marketing and Efficiency Grants for Recovery Act Funding.

The objective of this Announcement is to invite irrigation and water districts, United States Territories, States in the West, and other local entities with water delivery authority to leverage their money and resources by cost sharing with Reclamation on projects that bank water, market water, conserve water, or generally make more efficient use of existing water supplies. Additionally, the purposes of the Recovery Act are, among others, to quickly and prudently commence activities that preserve and create jobs and to promote economic recovery, and to invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits.

The Department of the Interior (Interior) believes that water banks and markets are essential to secure water supplies in water-short areas of the West. Interior strongly supports the use of these mechanisms, providing that State law allows for them, to enable water to be shifted to address competing water uses while recognizing existing water rights. Accordingly, Water Marketing and Efficiency Grant applications proposing water banking or marketing elements are given priority in the selection process.

Applications under this activity for Recovery Act funding are different from applications previously submitted for Water Marketing and Efficiency Grants on January 14, 2009. To be considered, previous applicants must reapply.

C. Program Authority

This Announcement is issued under the authority of the American Recovery and Reinvestment Act of 2009, Public Law (P.L.) No. 111-5, and the Omnibus Public Land Management Act of 2009, P.L. 111-11.

Section II— Award Information

A. Total Project Funding

Total available funding has not been determined. That decision will be made in the future, with consideration given to the overall purposes of the Recovery Act and Reclamation's priorities. Reclamation will allocate funds based on the criteria set forth in the Recovery Act and the accompanying conference report, and will target activities that quickly infuse money into the economy.

B. Project Funding Limitations

Reclamation's share of any one proposed project shall not exceed 50 percent of the total project costs. Awards will be limited to a minimum of \$1,000,000 and a maximum of \$5,000,000 in Federal funds. This increase in the floor and ceiling of the federal share is limited to Recovery Act funding and applies only to this Announcement.

Applications will be ranked and selected according to their merit without consideration of the dollar amount requested. Applicant cost sharing in excess of 50 percent will be more favorably ranked during the selection process.

C. Reclamation Responsibilities

If substantial involvement between Reclamation and the recipient is required during the performance of a Challenge Grant agreement, Reclamation will:

Collaborate and participate with the recipient in the management of the project and closely oversee the recipient's activities to ensure that the program objectives are being achieved. Oversight may include review, input, and approval at key interim stages of the project.

At the request of the applicant, Reclamation can provide technical assistance. If you receive Reclamation's assistance, you must account for the cost in your budget. To discuss assistance available and the cost, contact your local Reclamation office which can be identified at <www.usbr.gov/main/about>.

D. Award Date

It is expected that the successful applicants will be announced in July 2009. Assistance agreements will be awarded within one to three months of the announcement.

Section III— Eligibility Information

A. Eligible Applicants

Eligible applicants include:

- Irrigation and water districts
- Water authorities of Federally recognized tribes
- Entities created under State or Territorial law with water management authority, which may include water user associations; water conservancy districts; canal, ditch, and reservoir companies
- Municipal water authorities
- State or Territory agencies or departments with water management authority. i.e. State departments of water resources, State engineer's offices, and other State or Territory agencies, departments, and boards with water management authority

Applicants must also be located in the Western United States or Territories as identified in the Reclamation Act of June 17, 1902, as amended and supplemented; specifically, Arizona, California, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Wyoming, American Samoa, Guam, the Northern Mariana Islands, and the Virgin Islands.

Those not eligible include entities without water delivery authority, such as:

- Other State governmental entities
- Federal governmental entities
- Universities
- Individuals
- Other entities without water delivery authority

B. Eligible Projects

All projects must be completed by September 30, 2011; however, projects with a completion date of no later than September 30, 2010, will receive a higher ranking during the evaluation process. Emphasis for projects under this Announcement will be directed toward applications that expand, protect, and conserve our nation's water resources through water conservation, efficiency improvements, and/or water markets.

Applications may include any one, or a combination, of the types of projects ("Tasks A-D") described immediately below. An applicant seeking funding for multiple projects (a Task A project and a Task C project, for example) may include both projects in a single application or may submit two separate applications. In general, if the projects are inter-related or closely related, they should be combined in one application. Conversely, if the projects can be completed independently and are easily separated or phased, they may be applied for separately. Descriptions of the projects funded to date can be found at <<http://www.usbr.gov/wfa/grants.html>>.

Projects that are considered normal Operations, Maintenance, and Replacement (OM&R) are not eligible. OM&R is described as system improvements that replace or repair existing infrastructure or function without providing increased efficiency or effectiveness of water distribution over the expected life of the improvement.

Examples of ineligible OM&R projects include:

- Replacing malfunctioning components of an existing facility with the same components
- Improving an existing facility to operate as originally designed
- An activity that is performed on a recurring basis even if that period is extended (i.e., 10-year interval)
- Sealing expansion joints of concrete lining because the original sealer or the water stops have failed
- Replacing broken meters with new meters of the same type
- Replacing leaky pipes

1. Task Areas

Applications should result in a measurable increase in water use efficiency and/or conservation, or should include water marketing. Projects to study water resource issues will not be funded under this announcement.

Task A – Water Banks and Water Markets

Projects that implement and/or use water markets or water banks as a mechanism to make water available to meet other existing water supply needs or uses (e.g., agricultural, municipal, or dedication to instream flows). Examples include, but are not limited to:

- Development of a water bank that would provide a mechanism for willing participants to buy, sell, lease, or exchange water to avoid or reduce water conflicts
- Projects that would result in the contribution of conserved water to an existing water market or bank
- Projects involving an individual sale, lease, or exchange of conserved water to another water user for agricultural, municipal, or instream uses

Task B – New Technologies for Improved Water Management

Projects that retrofit and/or modernize existing facilities to improve water management through the use of new technologies. Examples include, but are not limited to:

- Automation of canal gates or other control structures with associated telemetry equipment for offsite control
- Supervisory Control and Data Acquisition (SCADA) programs to remotely monitor and operate key river and canal facilities
- Installation of evapotranspiration (ET) controllers to improve water applications
- Use of remote sensing and/or Geographic Information Systems (GIS) tools to improve water applications through the analysis of weather and plant conditions

Task C – Canal Lining

Projects that line or pipe canals for water savings and corresponding increases in available water supplies. Examples include, but are not limited to:

- New proven lining materials or technology
- Converting open canals to pipelines

Task D – Measuring Devices

Projects that construct/install measuring devices that will allow water supplies to be more accurately measured, tracked through the delivery system, and distributed. Examples include, but are not limited to:

- Installation of advanced water measurement equipment, such as acoustic meters, magnetic meters, propeller meters, and weirs or flumes with reliable continuous totalizing sensors and recorders

C. Length of Project

Proposed projects shall be completed by September 30, 2011; however, projects that will be completed by September 30, 2010, will receive a higher ranking during the application evaluation process.

D. Cost-Sharing Requirement

Applicants must be willing to cost share 50 percent or more of the total project costs.

Cost sharing may be made through cash or in-kind contributions from the applicant or third-party partners. All cost-share contributions must meet the criteria established in the Office of Management and Budget's (OMB) administrative and cost principles circulars that apply to the applicant. The circulars are available at <http://www.whitehouse.gov/omb/circulars/>

- **STATE, LOCAL AND TRIBAL GOVERNMENTS that are recipients or subrecipients shall use the following:**

Circular A-87, revised May 10, 2004, "Cost Principles for State, Local, and Indian Tribal Governments"

Circular A-102, as amended August 29, 1997, "Grants and Cooperative Agreements with State and Local Governments" (Grants Management Common Rule, Codification by Department of Interior, 43 CFR 12, Subpart C)

Circular A-133, revised June 27, 2003, "Audits of States, Local Governments, and Non-Profit Organizations"

- **NONPROFIT ORGANIZATIONS that are recipients or subrecipients shall use the following:**

Circular A-110, as amended September 30, 1999, "Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations" (Codification by Department of Interior, 43 CFR 12, Subpart F)

Circular A-122, revised May 10, 2004, "Cost Principles for Non-Profit Organizations"

Circular A-133, revised June 27, 2003, "Audits of States, Local Governments, and Non-Profit Organizations"

- **ORGANIZATIONS OTHER THAN THOSE INDICATED ABOVE** that are recipients or subrecipients shall use the basic principles of OMB Circular A-110 (Codification by Department of Interior, 43 CFR 12, Subpart F), and cost principles shall be in accordance with 48 CFR Subpart 31.2, titled "Contracts with Commercial Organizations," which is available at <http://www.gpoaccess.gov/ecfr/>.

Additionally, please reference 43 CFR 12.77 for further regulations that cover the award and administration of subawards by State governments.

1. In-Kind Contributions

In-kind contributions constitute the value of noncash contributions that benefit a federally assisted project. These contributions may be in the form of real property, equipment, supplies and other expendable property, and the value of goods and services directly benefiting and specifically identifiable to the project or program. The cost or value of in-kind contributions that have been or will be relied on to satisfy a cost-sharing or matching requirement for another Federal financial assistance agreement, a Federal procurement contract, or any other award of Federal funds may not be relied on to satisfy the cost-share requirement for Challenge Grant applications.

2. Pre-Award Costs

Project costs that have been incurred prior to the date of award but after the date of authorization and appropriation for the Initiative ("pre-award costs") may be submitted for consideration as an allowable portion of the recipient's cost share for the project. Such costs may include, for example, design or construction plans and environmental compliance costs directly supporting the proposed project.

Reclamation will review the proposed pre-award costs to determine if they are allowable in accordance with the authorizing legislation and applicable cost principles. In no case will pre-award costs incurred prior to February 17, 2009, be allowed. To be considered allowable, any pre-award costs proposed for consideration under the new awards must comply with all applicable requirements under this FOA, including Davis-Bacon wage rates and the Buy American provisions.

3. Indirect Costs

Indirect costs that will be incurred during the development or construction of a project, which will not otherwise be recovered, may be included as part of the applicant's cost share. Indirect costs are those: (1) incurred for a common or joint purpose benefiting more than one cost objective, and (2) not readily assignable to any one cost objective. For further information on indirect costs, refer to the applicable OMB cost principles circular.

E. Other Requirements

Applicants shall adhere to Federal, State, Territorial, and local laws, regulations, and codes, as applicable, and shall obtain all required approvals and permits. Applicants shall also coordinate and obtain approvals from site owners and operators.

Before award, applicants must agree not to use any associated water savings to increase the total irrigated acreage of the applicant or to otherwise increase the consumptive use of water in the operation of the applicant.

Section IV—Application and Submission Information

A. Address to Request Application Package

This document contains all information, forms, and electronic addresses required to obtain the information required for submission of an application.

If the applicant is unable to access this information electronically, a request for paper copies of any of the documents referenced in this Announcement can be obtained by contacting:

By mail: Bureau of Reclamation
Acquisition Operations Group
Attn: Stephanie Bartlett
Mail Code: 84-27810
PO Box 25007
Denver CO 80225

E-mail: sbartlett@usbr.gov
Phone: 303-445-2025

B. Instructions for Submission of Project Application

Each applicant shall submit an application in accordance with the instructions contained in this section.

- Applicants shall submit an **original and one copy** of all application documents for hardcopy submissions.
- Hardcopy applications may be submitted by mail or express methods to the addresses listed in Section IV.E, below.
- Materials arriving separately will not be included in the application package and may result in the application being rejected or not funded.
- Faxed copies of application documents will not be accepted.
- Do not include a cover letter or company literature/brochure with the application. All pertinent information must be included in the application package.

- Electronic applications must be submitted through Grants.gov at <http://www.grants.gov>.
 - Please note that submission of an application electronically requires prior registration through Grants.gov, which may take 7-21 days. See Section VIII.D for further information on submission of applications through Grants.gov.
 - Applicants have recently experienced significant delays when attempting to submit applications through Grants.gov. It is expected that these delays will increase due to the volume of applications being submitted in response to Recovery Act projects. If you plan to submit your application through Grants.gov, you are encouraged to submit your application several days prior to the application deadline. If you encounter problems with the Grants.gov application submission process, you must contact the Grants.gov Help desk to obtain a “Case Number.” This Number will provide evidence of your attempt to submit an application prior to the submission deadline.
- Regardless of the delivery method used, late applications will not be accepted unless it is determined that the delay was caused by Federal government mishandling or by the Grants.gov application system.

1. Application Format and Length

The total application package shall be no more than 100 consecutively numbered pages, and shall be **single spaced** on one side of the page. If an application exceeds 100 pages, only the first 100 pages will be evaluated. The font shall be at least 12 points in size and easily readable. Page size shall be 8 ½” x 11” except for an occasional larger size for charts and maps. The technical proposal section shall be limited to a maximum of **30** (thirty) pages.

Applications will be prescreened for compliance to the page number limitations.

2. Application Content

The application must include the following elements in order to be considered complete:

- SF-424 Core Form – Application cover page
- SF-424 (A or C), as applicable
- SF-424 (B or D), as applicable
- Title page
- Table of contents

- Technical proposal (limited to 30 pages)
 - Executive summary
 - Background data
 - Technical project description
- Post-project benefits (performance measures)
- Potential environmental impacts
- Required permits and approvals
- Funding plan
- Official resolution
- Project budget application
 - Budget proposal
 - Budget narrative
 - Budget form

SF-424, SF-424A, SF-424B, SF-434C and SF-424D forms may be obtained at http://www.grants.gov/agencies/aapproved_standard_forms.jsp#3.

a. SF-424 Application Cover Page

This fully completed form must be signed by a person legally authorized to commit the applicant to performance of the project. **Failure to submit a properly signed SF-424 may result in the elimination of the application from further consideration**

b. SF-424 Assurances

A SF-424B – Assurances – Non-Construction Programs or an SF-424D – Assurances – Construction Programs, signed by a person legally authorized to commit the applicant to performance of the project shall be included. Questions regarding whether to use SF-424B or SF-424D should be referred to Stephanie Bartlett at: sbartlett@usbr.gov. **Failure to submit a properly signed SF-424B or SF-424D may result in the elimination of the application from further consideration.**

c. Title Page

Provide a brief, informative, and descriptive title for the proposed work that indicates the nature of the project. Include the name and address of the applicant, and the name and address, e-mail address, telephone, and facsimile numbers of the project manager.

d. Table of Contents

List all major sections of the technical proposal in the table of contents.

e. Technical Proposal

The technical proposal (30 pages maximum) includes: (1) the executive summary, (2) background data, and (3) technical project description. To ensure accurate and complete scoring of your application, your proposal should address each subcriterion in the order presented here. Where applicable, the point value is indicated.

(1) Executive Summary. The executive summary should include the date, applicant name, city, county, and State. Include a one-paragraph project summary that specifies the task area (A, B, C, or D) and briefly identifies how the proposed project contributes to accomplishing the goals of this task area (see Section II.B, “Eligible Projects”). List the following, in acre feet: the average annual acre-feet of water supply, estimated water saved after the project is completed, estimated water better managed, and estimated and current water marketed

State the length of time and estimated completion date for the project.

Address whether applicant is in Reclamation District (Yes/No).

(2) Background Data. Provide a map of the area, showing the geographic location (State, county, and direction from nearest town). Describe the source of water supply, the water rights involved, current water uses (agricultural, municipal, domestic, or industrial), the number of water users served, and the current and projected water demand. Also, identify potential shortfalls in water supply. If water is primarily used for irrigation, describe major crops and total acres served.

In addition, describe the applicant’s water delivery system. For agricultural systems, please include the miles of canals, miles of laterals, and existing irrigation improvements (i.e., type, miles, and acres). For municipal systems, please include the number of connections and/or number of water users served and any other relevant information describing the system.

Identify any past working relationships with Reclamation. This should include the date(s), description of prior relationships with Reclamation, and a description of the projects(s).

(3) Technical Project Description. The technical project description should describe the work in detail and the approach to be used to carry it out. Break the work out into major tasks. This description shall have sufficient detail to permit a comprehensive evaluation of the proposal. The technical project description should also include:

- An estimated project schedule that shows the stages and duration of the proposed work, including major milestones and dates
- Engineering plans, designs, and analyses prepared in connection with the proposed work
- Mechanism by which the project will conserve water, improve delivery efficiency, and/or develop water banks and water markets

- Explain how the project will improve sustainable water supplies and demonstrate results, such calculations of project benefits
- Identify sources and support for non-Federal funding.

Your application should thoroughly address each of the criteria and subcriteria in the order presented to assist in the complete and accurate evaluation of your proposal.

(a) Recovery Act-Specific Criteria

Up to 50 points possible. Points are awarded based on how well the project will meet the overall goals of the Recovery Act.

Subcriteria No. 1:

Up to 25 points will be awarded for those projects that are scheduled to expend the funds quickly.

Please provide a project schedule describing the project timeline and corresponding fund expenditure rate and provide a narrative which explains and supports the projected expenditure rate.

Subcriteria No. 2:

Up to 25 points will be awarded to those projects that will be completed by no later than September 30, 2010.

Please describe the status of all contracts for the project. Indicate if bids are being solicited or if the designs and solicitation package are complete or under development.

(b) Conservation, Efficiency, Markets

Up to 40 points possible, subcriteria are listed in order of decreasing value.

Subcriteria No. 1:

Up to 15 points for projects that propose water marketing or banking elements

Briefly describe any water marketing or banking elements included in the proposed project. Include:

- (1) Estimated amount of water to be marketed or banked.
- (2) A detailed description of the mechanism through which water will be marketed (e.g., individual sale, contribution to an existing market or bank, or the creation of a new water market or bank).
- (3) Number of users, types of water use, etc. in the water market or bank.

(4) Discuss any legal issues pertaining to water marketing or banking (e.g., restrictions under reclamation law or contracts, individual project authorities, or State water laws).

Subcriteria No. 2:

Up to 11 points may be awarded for a proposal that will conserve water and improve efficiency. Up to 6 of these points may be allocated based on the percentage of the applicant's total average water supply that will be conserved directly as a result of the project. The remaining 5 points may be awarded for proposals that will improve the applicant's delivery efficiency.

Describe the amount of water saved and any improvement to the applicant's overall delivery efficiency, including the following:

State the applicant's total average annual water supply in acre-feet. (This is the amount actually diverted, pumped, or released from storage, on average, each year. This does not refer to the applicant's total water right or potential water supply.) Explain how this calculation was made.

For projects that conserve water, state the estimated amount of water conserved in acre-feet per year (include direct water savings only).

State the existing transport losses and delivery efficiency.

Subcriteria No. 3:

Up to 9 points may be awarded if the proposal will improve water management through measurement, automation, advanced water measurement systems, or through other approaches where water savings are not quantifiable.

(1) For projects that improve water management but which may not result in measurable water savings, state the amount of water expected to be better managed, in acre-feet per year and as a percentage of the average annual water supply.

Subcriteria No. 4:

Up to 5 points may be awarded for the reasonableness of the cost for the benefits gained. Please include information related to the total project cost, annual acre-feet conserved (or better managed), and the expected life of the improvement.

Use the following:

$$\frac{\text{Total Project Cost}}{\text{Acre-Feet Conserved (or better managed)} \times \text{Improvement Life}}$$

Failure to include the required information will result in no score for this section.

For all projects involving physical improvements, specify the expected life of the improvement in number of years.

(c) Sustainable Water Supplies and Collaboration

Up to 30 points possible, subcriteria are listed in order of decreasing value.

Points are awarded based on how well the project will improve sustainable water supplies for the 21st century and the extent of collaborative effort.

Subcriteria No. 1:

Up to 15 points may be awarded for projects that are likely to improve sustainable water supplies for the 21st century.

How is the proposed work likely to improve sustainable water supplies for the 21st century?

- (1) Will the project make water available to address a specific concern, e.g., water supply shortages due to climate variability and/or heightened competition for finite water supplies; will it market water to other users, or generally make more water available in the water basin where the proposed work is located?
- (2) Where will be conserved water go? Where is that water currently going (i.e., back to the stream, spilled at the end of the ditch, seeping into the ground, etc.)?
- (3) Identify any issues that affect the development of a sustainable water supply and describe how the proposed project will address those issues. For example, will the project address unmet water supply needs, significant population growth, or drought?

Subcriteria No. 2:

Up to 10 points may be awarded if the proposal demonstrates stakeholder involvement.

Describe collaboration and stakeholder involvement. Include:

- (1) A description of how the project demonstrates collaboration and stakeholder involvement (i.e., who besides the applicant will benefit from the proposed work and how).
- (2) Identify any non-Reclamation funding partners (e.g., State, city, or other water user(s) or interest groups).
- (3) Include letters of support with the application.

Subcriteria No. 3:

Up to 5 points may be awarded if the proposal is in a basin with connections to Reclamation project activities. No points will be awarded for proposals without connection to a Reclamation project or Reclamation activity.

How is the project connected to Reclamation project activities? Does the applicant receive Reclamation project water? Is the project on Reclamation project lands or involving Reclamation facilities? Is the project in the same basin as a Reclamation project or activity? Will the proposed work contribute water to a basin where a Reclamation project is located?

(d) Demonstrated Results

Up to 15 points will be awarded for proposals that can demonstrate results based on the level of planning supporting the project. Proposals will be evaluated on the following subcriteria (subcriteria are listed in order of decreasing value).

Subcriteria No. 1:

Up to 6 points may be awarded for proposals with planning efforts that provide support for the proposed project. Points may also be awarded if the proposal describes how the project conforms to and meets the goals of any applicable State or regional water plans and identifies any aspects of the project that implement a feature of an existing water plan(s).

Does the project have a Water Conservation Plan, SOR, and/or district or geographic area drought contingency plans in place?

Please self-certify, or provide copies, where appropriate to verify there is water conservation plan, SOR, and/or district or geographic area drought contingency plans in place.

Provide the following information regarding project planning:

- (1) Identify any district-wide, or system-wide, planning that provides support for the proposed project. This could include a Water Conservation Plan, SOR, or other planning efforts done to determine the priority of this project in relation to other potential projects.
- (2) Identify and describe any engineering or design work performed specifically in support of the proposed project.
- (3) Describe how the project conforms to and meets the goals of any applicable State or regional water plans, and identify any aspect of the project that implements a feature of an existing water plan(s).

Subcriteria No. 2:

Up to 5 points may be awarded to proposals that provide support for the development of performance measures to quantify actual project benefits upon completion of the project.

Provide a brief summary describing the performance measure that will be used to quantify actual benefits upon completion of the project (i.e., water saved, marketed, or better managed). For more information calculating performance measure, see Section VIII, "Other Information."

Subcriteria No. 3:

Up to 4 points may be awarded to proposals which provide support for how estimates of the benefits were made (calculations, measurements, and references).

Summarize the information regarding how direct and indirect project benefits were calculated, and reference any supporting documents.

(e) Project Financing and Cost Sharing

Up to 15 points will be awarded for proposals when the costs associated with the project are reasonable for the work proposed, whether the budget is sufficiently detailed to support the estimated costs, and whether the cost-share funds are secure. Proposals will be evaluated on the following subcriteria (subcriteria are listed in order of decreasing value):

Subcriteria No. 1:

Up to 8 points may be awarded for applicants that demonstrate the financial ability to pay for the estimated project costs and any increase in operation and maintenance (O&M) costs associated with the proposed work. Points shall be allocated based on the reliability of the funding sources, adequate documentation showing that funds are available for applicant and any funding partners, and estimates of any changes to O&M costs as a result of the proposed work.

- (a) Identify all sources of non-Reclamation funding included in the application.
- (b) Describe any documentation supporting the funding plan that demonstrates that the cost-share funds are available (operating budget, financial analysis or report, loan commitment or letter of credit, or other document).
- (c) Estimate any change in O&M costs (increase or decrease) as a result of the proposed work, and describe how any increase in such costs will be paid.
- (d) List the letters of commitment from all cost-sharing partners included with the application.

Subcriteria No. 2:

Up to 5 points may be awarded for proposed projects for which the costs are reasonable, appropriate for the work proposed, necessary, and predominantly allocated to direct costs.

(1) Does the budget identify direct, indirect, environmental, and contingency costs? If not, explain why.

Subcriteria No. 3:

Up to 2 additional points may be awarded to proposals that provide non-Federal funding in excess of 50 percent of the project costs.

(1) State the percentage of non-Federal funding provided.

f. Performance Measure for Quantifying Actual Post-Project Benefits

All proposals must describe how the applicant will quantify actual project benefits (water saved, marketed or better managed) upon completion of the project (also known as a “performance measure”). Applicants should identify a performance measure for their project and explain how the measure will be applied to their project.

Upon completion of the project, Challenge Grant recipients will be required to submit a Final Report describing the completed project and quantifying the actual project benefits. If information regarding project benefits is not available immediately upon completion of the project, the financial assistance agreement may be modified to remain open until such information is available, and until a Final Report is submitted.

g. Description of Potential Environmental Impacts

In order to allow Reclamation to assess the probable environmental impacts and costs associated with each application, all applicants must respond to the following list of questions focusing on the requirements of the National Environmental Policy Act (NEPA), the Endangered Species Act (ESA), and the National Historic Preservation Act (NHPA). Please answer the following questions to the best of your knowledge. If any question is not applicable to the project, please explain why. If the applicant has any questions, please contact a local Reclamation office. Additional information about environmental compliance is provided in this section at paragraph k.2.g. “Environmental and Regulatory Compliance Cost” and in Section VIII B., “Environmental Compliance Requirements”

- (1) Will the project impact the surrounding environment (i.e., soil [dust], air, water [quality and quantity], animal habitat, etc.)? Please briefly describe all earth-disturbing work and any work that will affect the air, water, or animal habitat in the project area. Please also explain the impacts of such work on the surrounding environment and any steps that could be taken to minimize the impacts.

- (2) Are you aware of any endangered or threatened species in the project area? If so, would they be affected by any activities associated with the proposed project?
- (3) Are there wetlands inside the project boundaries? If so, please estimate how many acres of wetlands there are and describe any impact the project will have on the wetlands.
- (4) When was the water delivery system constructed?
- (5) Will the project result in any modification of or effects to, individual features of an irrigation system (e.g., headgates, canals, or flumes)? If so, state when those features were constructed and describe the nature and timing of any extensive alterations or modifications to those features completed previously.
- (6) Are any buildings, structures, or features in the irrigation district listed or eligible for listing on the National Register of Historic Places? A cultural resources specialist at your local Reclamation office or the State Historic Preservation Office can assist in answering this question.
- (7) Are there any known archeological sites in the proposed project area?

h. Required Permits or Approvals

Applicants must state in the application whether any permits or approvals are required and explain the plan for obtaining such permits or approvals.

i. Funding Plan and Letter of Commitment

Describe how the non-Reclamation share of project costs will be obtained. Reclamation will use this information in making a determination of financial capability.

Project funding provided by a source other than the applicant, shall be supported with letters of commitment from these additional sources. This is a **mandatory requirement**. Letters of commitment shall identify the amount of funding commitment, any time constraints on the availability of funds, and any other contingencies associated with the funding commitment.

The funding plan must include all project costs. Address:

- (1) How the applicant will make their contribution to the cost-share requirement, e.g. monetary and/or in-kind contributions and source funds contributed by the applicant (e.g., reserve account, tax revenue, and/or assessments).
- (2) Describe any in-kind costs incurred before the anticipated project start date that the applicant seeks to include as project costs.

- (3) Provide the identity and amount of funding to be provided by funding partners, as well as the required letters of commitment.
- (4) If the request for Federal funding is greater than \$5,000,000, discuss what lesser amount would be acceptable if Reclamation is unable to provide the total funding request.
- (5) Describe any funding requested or received from other Federal partners.
Note: Federal funding may not be counted towards the applicant's 50-percent cost share unless otherwise allowed by statute.
- (6) Describe any pending funding requests that have not yet been approved, and explain how the project will be affected if such funding is denied.

j. Official Resolution

Include an official resolution adopted by the applicant's board of directors or governing body, or for state government entities, an official authorized to commit the applicant to the financial and legal obligations associated with the receipt of financial assistance under the Challenge Grant Program, verifying:

- The identity of the official with legal authority to enter into agreement
- The board of directors, governing body, or appropriate official who has reviewed and supports the application submitted
- The capability of the applicant to provide the amount of funding and/or in-kind contributions specified in the funding plan
- The applicant will work with Reclamation to meet established deadlines for entering into a cooperative agreement

An official resolution meeting the requirements set forth above is mandatory.

If the applicant is unable to submit the official resolution by the application deadline because of the timing of board meetings or other justifiable reasons, the official resolution may be submitted up to 30 days after the application deadline.

k. Budget Proposal

(1) General Requirements. Include a project budget with the annual estimated project costs and an estimate of any increase or decrease in O&M costs resulting from the project. Include the value of in-kind contributions of goods and services and sources of funds provided to complete the project. The proposal needs to clearly delineate between Reclamation and applicant contributions.

(2) Budget Proposal Format. The project budget shall include detailed information on the categories listed below and must clearly identify all project costs and the funding source(s) (i.e., Reclamation or other funding sources). Unit

costs shall be provided for all budget items including the cost of work to be provided by contractors. Lump sum costs are not acceptable. Additionally, applicants shall include a narrative description of the items included in the project budget. It is strongly advised that applicants use the budget format shown on the following page.

SAMPLE BUDGET PROPOSAL FORMAT

BUDGET ITEM DESCRIPTION	COMPUTATION		RECIPIENT FUNDING	RECLAMATION FUNDING	TOTAL COST
	\$/Unit and Unit	Quantity			
SALARIES AND WAGES					
Employee 1					
Employee 2					
FRINGE BENEFITS					
Full-time employees					
Part-time employees					
TRAVEL					
Trip 1					
Trip 2					
EQUIPMENT					
Item A					
Item B					
Item C					
SUPPLIES/MATERIALS					
Office supplies					
Construction					
CONTRACTUAL/ ¹ CONSTRUCTION					
Item 1					
Item 2					
Item 3					
ENVIRONMENTAL AND REGULATORY COMPLIANCE ²					
OTHER					
Reporting					
TOTAL DIRECT COSTS					
INDIRECT COSTS - __%					
TOTAL PROJECT COSTS					

¹ Contracts should be broken out into specific line items. Lump sum estimates will not be allowed. Applicants may attach a separate, detailed budget for each contract to adequately address all contractor budget items.

² Environmental and regulatory compliance should be at least 1%-2% unless a justification is provided for a lesser amount.

(3) Budget Narrative Format. Submission of a budget narrative is mandatory. An award will not be made to any applicant who fails to fully disclose this information. The Budget Narrative provides a discussion of, or explanation for, items included in the budget proposal. Listed below are examples of the types of information to include in the narrative.

(a) Salaries and Wages. Indicate program manager and other key personnel by name and title. Other personnel may be indicated by title alone. For all positions, indicate salaries and wages, estimated hours or percent of time, and rate of compensation proposed. All labor estimates, including any proposed subcontractors, shall be allocated to specific tasks as outlined in the recipient's technical application. Labor rates and proposed hours shall be displayed for each task.

Clearly identify any proposed salary increases and the effective date.

Generally, salaries of administrative and/or clerical personnel should be included as a portion of the stated indirect costs. If these salaries can be adequately documented as direct costs, they may be included in this section; however, a justification should be included in the budget narrative.

In accordance with the requirements of the Recovery Act, if Davis-Bacon wages are applicable to this project, include the Wage Determination General Decision Number(s) and Date(s) used to determine wages for the project. (See Section VI.D.2 for further information.)

(b) Fringe Benefits. Indicate rates/amounts, what costs are included in this category, and the basis of the rate computations. Indicate whether these rates are used for application purposes only or whether they are fixed or provisional rates for billing purposes. Federally approved rate agreements are acceptable for compliance with this item.

(c) Travel. Include purpose of trip, destination, number of persons traveling, length of stay, and all travel costs including airfare (basis for rate used), per diem, lodging, and miscellaneous travel expenses. For local travel, include mileage and rate of compensation.

(d) Equipment. Itemize costs of all equipment having a value of over \$500 and include information as to the need for this equipment. If equipment is being rented, specify the number of hours and the hourly rate.

(e) Materials and Supplies. Itemize supplies by major category, unit price, quantity, and purpose, such as whether the items are needed for office use, research, or construction. **(See Section VI.D.1 for information on the Buy American provisions required by the Recovery Act.)**

(f) *Contractual.* Identify all work that will be accomplished by subrecipients, consultants, or contractors, including a breakdown of all tasks to be completed, and a detailed budget estimate of time, rates, supplies, and materials that will be required for each task. If a subrecipient, consultant, or contractor is proposed and approved at time of award, no other approvals will be required. Any changes or additions will require a request for approval.

In accordance with the requirements of the Recovery Act, if Davis-Bacon wages are applicable to this project, include the Wage Determination General Decision Number(s) and Date(s) used to determine wages for the project. (See Section VI.D.2 for further information.)

(g) *Environmental and Regulatory Compliance Costs.* Applicants must include a line item in their budget to cover environmental compliance costs. “Environmental compliance costs” refer to costs incurred by Reclamation or the recipient in complying with environmental regulations applicable to a Water Marketing and Efficiency grant, including costs associated with any required documentation of environmental compliance, analyses, permits, or approvals. Applicable Federal environmental laws could include NEPA, ESA, NHPA, and the Clean Water Act, and other regulations depending on the project. Such costs may include, but are not limited to:

- The cost incurred by Reclamation to determine the level of environmental compliance required for the project
- The cost incurred by Reclamation, the recipient, or a consultant to prepare any necessary environmental compliance documents or reports
- The cost incurred by Reclamation to review any environmental compliance documents prepared by a consultant
- The cost incurred by the recipient in acquiring any required approvals or permits, or in implementing any required mitigation measures

The amount of the line item should be based on the actual expected environmental compliance costs for the project. However, the minimum amount budgeted for environmental compliance should be equal to at least 1-2 percent of the total project costs. If the amount budgeted is less than 1-2 percent of the total project costs, the applicant must include a compelling explanation of why less than 1-2 percent was budgeted. Any environmental compliance costs that exceed the amount budgeted for by the applicant must generally be paid for solely by the applicant.

How environmental compliance activities will be performed (e.g., by Reclamation, the applicant, or a consultant), and how the environmental compliance funds will be spent, will be determined pursuant to subsequent

agreement between Reclamation and the applicant. If any portion of the funds budgeted for environmental compliance is not required for compliance activities, such funds may be reallocated to the project, if appropriate.

(h) *Reporting.* Recipients are required to report on the status of their project on a regular basis. Include a line item for reporting costs (including final project and evaluation costs). Please see Section VI.C for information on types and frequency of reports required.

(i) *Other.* Any other expenses not included in the above categories shall be listed in this category, along with a description of the item and what it will be used for. No profit or fee will be allowed.

(j) *Indirect Costs.* Show the proposed rate, cost base, and proposed amount for allowable indirect costs based on the applicable OMB circular cost principles (see Section III C., “Cost Sharing Requirement”) for the recipient’s organization. It is not acceptable to simply incorporate indirect rates within other direct cost line items.

If the recipient has separate rates for recovery of labor overhead and general and administrative costs, each rate shall be shown. The applicant should propose rates for evaluation purposes, which will be used as fixed or ceiling rates in any resulting award. Include a copy of any federally approved indirect cost rate agreement.

If the applicant does not have a federally approved indirect cost rate agreement, or if unapproved rates are used, explain why, and include the computational basis for the indirect expense pool and corresponding allocation base for each rate. Information on “Preparing and Submitting Indirect Cost Proposals” is available from Interior, the National Business Center, and Indirect Cost Section, at <<http://www.aqd.nbc.gov/indirect/indirect.asp>>

(k) *Total Cost.* Indicate total amount of project costs, including the Federal and non-Federal cost-share amounts.

(4) **Budget Form.** In addition to the above-described budget information, the applicant must complete an SF-424A, Budget Information – Nonconstruction Programs, or an SF-424C, Budget Information – Construction Programs. These forms are available at <http://www.grants.gov/agencies/aapproved_standard_forms.jsp#1>.

C. Funding Restrictions

See Section III.D for restrictions on incurrence and allowability of pre-award costs.

D. Application Submission Date and Time

Application submission date deadline:

- May 22, 2009, 4:00 p.m. Mountain Daylight Time

Proposals received after the application deadline will not be considered unless it can be determined that the delay was caused by Federal government mishandling or by the Grants.gov application system.

E. Application Delivery Instructions

Applications may be submitted electronically through Grants.gov or hard copies may be submitted as follows:

By mail:

Bureau of Reclamation
Acquisition Operations Group
Attn: Stephanie Bartlett
Mail Code: 84-27810
PO Box 25007
Denver CO 80225

Express delivery/mail services:

Bureau of Reclamation
Attn: Stephanie Bartlett (303-445-2025)
Mail Code: 84-27810
Denver Federal Center, Bldg. 67 Rm. 152
6th Avenue and Kipling Street
Denver CO 80225

Section V—Application Review Information

A. Review and Selection Process

The Government reserves the right to reject any and all applications which do not meet the requirements of this Announcement, or are outside the scope of the Challenge Grant Program. Awards will be made for projects most advantageous to the Government. Award selection may be made to maintain balance among the program tasks listed in Section III.

The evaluation process will be comprised of three steps.

1. First-Level Screening

All applications will be screened to ensure that:

- The application meets the requirements of the Announcement package, including submission of technical and budget proposals, a funding plan, letter(s) of commitment, and related forms.
- The application must contain a properly executed SF-424 Application for Financial Assistance and a form SF-424B, Assurances – Non-Construction Programs, or SF-424D, Assurances – Construction Programs.
- The application includes an official resolution, adopted by the applicant’s board of directors, governing body, or appropriate authorized official.
- At least 50 percent of the cost of the project will be paid for with non-Federal funding.
- The applicant meets the eligibility requirements stated in this document.
- The application meets the description of eligible projects in Section III.B., “Eligible Projects,” of this document (Tasks A-D) and is within the scope of the *Challenge Grant* Program.
- The project can be completed by September 30, 2011.
- Evidence that the applicant has applied the appropriate Davis-Bacon Wage Determinations and complied with Buy American requirements when they are applicable to the project.

An application must pass all first-level screening criteria in order for it to be forwarded for further consideration at the Second-Level Evaluation phase.

2. Second-Level Evaluation (Technical Review)

Technical criteria will comprise 150 points of the total evaluation weight. Applications will be scored against the selection criteria (Section IV.B.2.e(3)) by an Application Review Committee (ARC), made up of experts in relevant disciplines selected from across Reclamation.

3. Third-Level Evaluation (Managerial Review)

Management will prioritize projects based on availability of funds to ensure balance among the program tasks and to ensure that the project meets the scope and priorities of the Challenge Grant Program. Positive or negative past performance by the applicant and any partners in previous working relationships with Reclamation may be considered.

4. Pre-Award Clearances and Approvals

After completion of the third-level evaluation, Reclamation will notify applicants whose proposals have been selected for award consideration and will forward applications to the appropriate Reclamation regional or area office for completion of environmental compliance.

The local Reclamation office will also complete a business evaluation and determination of responsibility. Assuming all pre-award reviews and clearances are satisfactory, an award of funding will be made once the agreement is finalized (approximately one to three months from date of initial selection).

B. Other Factors

Prior to award of an assistance agreement, the Grants Officer (GO) will consider several factors which are important, but not quantified, such as:

- Pre-award clearances, determinations, reviews, and approvals
- Allowability and allocability of proposed costs
- Financial strength and stability of the organization
- Past performance

- Adequacy of personnel practices; procurement procedures
- Accounting policies and procedures, as established by applicable OMB circulars.

Section VI—Award Administration Information

A. Award Notices

Successful applicants will receive, by electronic or regular mail, a notice of award.

B. Award Document

If the applicant is awarded a financial assistance agreement as a result of this Announcement, the proposed project and other relevant information from the application will be referenced in the agreement.

C. Reporting Requirements and Distribution

If the applicant is awarded an agreement as a result of this Announcement, the applicant will be required to submit the following types of reports during the term of the agreement.

1. Financial Reports

- SF-269 or SF-269a, Financial Status Report
- SF-272, Report of Federal Cash

2. Program Performance Reports

- Quarterly reports – Progress reports and additional reporting requirements specific to projects that are awarded under the authority of the Recovery Act (see Section VI.D.3).
- Final report (please note final reports are public documents and will be made available on Reclamation’s Web site)

3. Significant Development Reports

D. Recovery Act Terms and Conditions

In accordance with the requirements of this Act, the following Terms, Conditions, Transparency, and Oversight Requirements shall apply:

1. **Reporting.** Recipients will be required to report on the financial status and performance of their projects on a quarterly basis. Reports will be due within 10 calendar days of the end of the quarter. Reporting requirements will also include reporting on the performance of all first-tier contracts and grants awarded for the project, with special consideration given to estimating the number of jobs created and the number of jobs retained by the activity. The definition of terms and required data elements, as well as any specific instructions for reporting, including required formats, will be provided in subsequent guidance issued by Reclamation. (Recovery Act, Section 1512(c))
2. **Buy American - Use of American Iron, Steel, and Manufactured Goods.** Recipients are not eligible for Recovery Act funds for the construction, alteration, maintenance, or repair of a public building or public work unless all of the iron, steel, and manufactured goods used in the project are produced in the United States. (Recovery Act, Section 1605) Buy American Act information can be obtained at the following website:
<http://www.arnet.gov/far/current/html/Subpart%2025_1.html>.
3. **Wage Rate Requirements (Davis-Bacon Act).** Notwithstanding any other provision of law and in a manner consistent with other provisions of Recovery Act, all laborers and mechanics employed by contractors and sub-contractors on projects funded directly by or assisted in whole or in part by and through the Federal Government pursuant to this award shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code.

Detailed budgets submitted must take into consideration the prevailing wage rates for the locality and type of laborers to be employed for any construction projects estimated over \$2000.00. The wage rate information is available through the Department of Labor at the Wage Determinations OnLine service, <<http://www.wdol.gov>>. Further, the Davis-Bacon Act requires specific signage at the construction site and weekly certified payrolls to document compliance. (Recovery Act, Section 1606). Specific guidance on compliance with the Davis-Bacon Act requirements will be provided to Recipient prior to award.

Note - Applicability to States and their Political Subdivisions: Davis-Bacon Act wage rate requirements **do not** apply to government agencies (such as States or their political subdivisions) where the construction work is performed by the government agency's own employees. Davis-Bacon Act wage rate requirements **do** apply to contracts issued by government agencies for construction work.

4. **Dun and Bradstreet Universal Numbering System (DUNS)/Central Contractor Registration (CCR).** Recipients of Recovery Act funding must

have a current registration in the CCR and have a DUNS number. First-tier sub-recipients (contracts and grants) must also comply with the DUNS and CCR requirements prior to the due date of the Recipient's first quarterly report.

5. **Schedule of Expenditures of Federal Awards.** Recipients must separately identify the expenditures for each grant award funded under Recovery Act on the Schedule of Expenditures of Federal Awards (SEFA) and the Data Collection Form (SF-SAC) required by Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." This identification on the SEFA and SF-SAC shall include the Federal award number, the Catalog of Federal Domestic Assistance (CFDA) number, and amount such that separate accountability and disclosure is provided for Recovery Act funds by Federal award number consistent with the recipient reports required by Recovery Act Section 1512(c)(4).
6. **Responsibilities for Informing Sub-recipients and Sub-contractors.** Recipients will be required to separately identify each sub-recipient and sub-contractor, and at the times of sub-award and disbursement of funds, document the Federal award number, CFDA number, and amount of Recovery Act funds.
7. **Chief Executive Officer Certification.** The Recovery Act, Sec. 1511, states that with respect to covered funds made available to state or local governments for infrastructure investments, the Governor, mayor, or other chief executive shall certify that the infrastructure investment has received the full review and vetting required by law and the chief executive accepts responsibility that the infrastructure investment is an appropriate use of taxpayer dollars. If applicable to your project, this certification will be required prior to award of an agreement.
8. **Financial Assistance Standard Terms and Conditions.** Recipients must comply with standard terms and conditions for financial assistance which are available at <www.usbr.gov/mso/aamd/downloads/Standard_Terms_Agreements_06_2006.doc>.

E. Standard Notifications for Funding Opportunity Announcements for the American Recovery and Reinvestment Act Of 2009

1. 2 CFR §176.150 – REQUIRED USE OF AMERICAN IRON, STEEL, AND MANUFACTURED GOODS—SECTION 1605 OF THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

(a) Definitions. “Manufactured good,” “public building and public work,” and “steel,” as used in this notice, are defined in the 2 CFR 176.140.

(b) **Requests for determinations of inapplicability.** A prospective applicant requesting a determination regarding the inapplicability of section 1605 of the American Recovery and Reinvestment Act of 2009 (Pub.L. 111-5) (Recovery Act) should submit the request to the award official in time to allow a determination before submission of applications or proposals. The prospective applicant shall include the information and applicable supporting data required by paragraphs (c) and (d) of the award term and condition at 2 CFR 176.140 in the request. If an applicant has not requested a determination regarding the inapplicability of 1605 of the Recovery Act before submitting its application or proposal, or has not received a response to a previous request, the applicant shall include the information and supporting data in the application or proposal.

(c) *Evaluation of project proposals.*

If the Federal government determines that an exception based on unreasonable cost of domestic iron, steel, and/or manufactured goods applies, the Federal Government will evaluate a project requesting exception to the requirements of section 1605 of the Recovery Act by adding to the estimated total cost of the project 25 percent of the project cost, if foreign iron, steel, or manufactured goods are used in the project based on unreasonable cost of comparable manufactured domestic iron, steel, and/or manufactured goods.

(d) Alternate project proposals.

(1) When a project proposal includes foreign iron, steel, and/or manufactured goods not listed by the Federal Government at paragraph (b)(2) of the award term and condition at 2 CFR 176.140, the applicant also may submit an alternate proposal based on use of equivalent domestic iron, steel, and/or manufactured goods.

(2) If an alternate proposal is submitted, the applicant shall submit a separate cost comparison table prepared in accordance with paragraphs (c) and (d) of

the award term and condition at 2 CFR 176.140 for the proposal that is based on the use of any foreign iron, steel, and/or manufactured goods for which the Federal Government has not yet determined an exception applies.

(3) If the Federal government determines that a particular exception requested in accordance with paragraph (b) of the award term and condition at 2 CFR 176.140 does not apply, the Federal Government will evaluate only those proposals based on use of the equivalent domestic iron, steel, and/or manufactured goods, and the applicant shall be required to furnish such domestic items.

(End of notice)

2. 2 CFR §176.170 – NOTICE OF REQUIRED USE OF AMERICAN IRON, STEEL, AND MANUFACTURED GOODS (COVERED UNDER INTERNATIONAL AGREEMENTS)—SECTION 1605 OF THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

(a) Definitions. “Designated country iron, steel, and/or manufactured goods,” “foreign iron, steel, and/or manufactured good,” “manufactured good,” “public building and public work,” and “steel,” as used in this provision, are defined in 2 CFR 176.160(a).

(b) Requests for determinations of inapplicability. A prospective applicant requesting a determination regarding the inapplicability of section 1605 of the American Recovery and Reinvestment Act of 2009 (Pub.L. 111-5) (Recovery Act) should submit the request to the award official in time to allow a determination before submission of applications or proposals. The prospective applicant shall include the information and applicable supporting data required by paragraphs (c) and (d) of the award term and condition at 2 CFR 176.160 in the request. If an applicant has not requested a determination regarding the inapplicability of 1605 of the Recovery Act before submitting its application or proposal, or has not received a response to a previous request, the applicant shall include the information and supporting data in the application or proposal.

(c) Evaluation of project proposals.

If the Federal government determines that an exception based on unreasonable cost of domestic iron, steel, and/or manufactured goods applies, the Federal Government will evaluate a project requesting exception to the requirements of section 1605 of the Recovery Act by adding to the estimated total cost of the project 25 percent of the project cost if foreign iron, steel, or manufactured goods are used based on unreasonable cost of comparable domestic iron, steel, or manufactured goods.

(d) Alternate project proposals.

(1) When a project proposal includes foreign iron, steel, and/or manufactured goods, other than designated country iron, steel, and/or manufactured goods, that are not listed by the Federal Government in this Buy American notice in the request for applications or proposals, the applicant may submit an alternate proposal based on use of equivalent domestic or designated country iron, steel, and/or manufactured goods.

(2) If an alternate proposal is submitted, the applicant shall submit a separate cost comparison table prepared in accordance with paragraphs (c) and (d) of the award term and condition at 2 CFR 176.160 for the proposal that is based on the use of any foreign iron, steel, and/or manufactured goods for which the Federal Government has not yet determined an exception applies.

(3) If the Federal government determines that a particular exception requested in accordance with paragraph (b) of the award term and condition at 2 CFR 176.160 does not apply, the Federal Government will evaluate only those proposals based on use of the equivalent domestic or designated country iron, steel, and/or manufactured goods, and the applicant shall be required to furnish such domestic or designated country items.

(End of notice)

3. 2 CFR §176.190 – WAGE RATE REQUIREMENTS UNDER SECTION 1606 OF THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

a) Section 1606 of the Recovery Act requires that all laborers and mechanics employed by contractors and subcontractors on projects funded directly by or assisted in whole or in part by and through the Federal Government pursuant to the Recovery Act shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code.

Pursuant to Reorganization Plan No. 14 and the Copeland Act, 40 U.S.C. 3145, the Department of Labor has issued regulations at 29 CFR Parts 1, 3, and 5 to implement the Davis-Bacon and related Acts. Regulations in 29 CFR 5.5 instruct agencies concerning application of the standard Davis-Bacon contract clauses set forth in that section. Federal agencies providing grants, cooperative agreements, and loans under the Recovery Act shall ensure that the standard Davis-Bacon contract clauses found in 29 CFR 5.5(a) are incorporated in any resultant covered contracts that are in excess of \$2,000 for construction, alteration or repair (including painting and decorating).

(b) For additional guidance on the wage rate requirements of section 1606, contact your awarding agency. Recipients of grants, cooperative agreements and loans should direct their initial inquiries concerning the application of Davis-Bacon requirements to a particular federally assisted project to the Federal agency funding the project. The Secretary of Labor retains final coverage authority under Reorganization Plan Number 14.

F. Standard Terms and Conditions for Financial Assistance Awards Funded by the American Recovery and Reinvestment Act of 2009

1. 2 CFR §176.50 – REPORTING AND REGISTRATION REQUIREMENTS UNDER SECTION 1512 OF THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009, PUBLIC LAW 111-5

(a) This award requires the recipient to complete projects or activities which are funded under the American Recovery and Reinvestment Act of 2009 (“Recovery Act”) and to report on use of Recovery Act funds provided through this award. Information from these reports will be made available to the public.

(b) The reports are due no later than ten calendar days after each calendar quarter in which the recipient receives the assistance award funded in whole or in part by the Recovery Act.

(c) Recipients and their first-tier recipients must maintain current registrations in the Central Contractor Registration (www.ccr.gov) at all times during which they have active federal awards funded with Recovery Act funds. A Dun and Bradstreet Data Universal Numbering System (DUNS) Number (www.dnb.com) is one of the requirements for registration in the Central Contractor Registration.

(d) The recipient shall report the information described in section 1512(c) using the reporting instructions and data elements that will be provided online at www.FederalReporting.gov and ensure that any information that is pre-filled is corrected or updated as needed.

(End of award term)

2. 2 CFR §176.140 – REQUIRED USE OF AMERICAN IRON, STEEL, AND MANUFACTURED GOODS—SECTION 1605 OF THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

(a) **Definitions.** As used in this award term and condition—
“Manufactured good” means a good brought to the construction site for incorporation into the building or work that has been --

(1) Processed into a specific form and shape; or

(2) Combined with other raw material to create a material that has different properties than the properties of the individual raw materials.

“Public building” and “public work” means a public building of, and a public work of, a governmental entity (the United States; the District of Columbia; commonwealths, territories, and minor outlying islands of the United States; State and local governments; and multi-State, regional, or interstate entities which have governmental functions). These buildings and works may include, without limitation, bridges, dams, plants, highways, parkways, streets, subways, tunnels, sewers, mains, power lines, pumping stations, heavy generators, railways, airports, terminals, docks, piers, wharves, ways, lighthouses, buoys, jetties, breakwaters, levees, and canals, and the construction, alteration, maintenance, or repair of such buildings and works.

“Steel” means an alloy that includes at least 50 percent iron, between .02 and 2 percent carbon, and may include other elements.

(b) *Domestic preference.*

(1) This award term and condition implements Section 1605 of the American Recovery and Reinvestment Act of 2009 (Recovery Act)(Pub. L. 111-5), by requiring that all iron, steel, and manufactured goods used in the project are produced in the United States except as provided in paragraph (b)(3) and (b)(4) of this term and condition.

(2) This requirement does not apply to the material listed by the Federal Government as follows:

[Award official to list applicable excepted materials or indicate “none”]

(3) The award official may add other iron, steel, and/or manufactured goods to the list in paragraph (b)(2) of this term and condition if the Federal government determines that—

(i) The cost of the domestic iron, steel, and/or manufactured goods would be unreasonable. The cost of domestic iron, steel, or manufactured goods used in

the project is unreasonable when the cumulative cost of such material will increase the cost of the overall project by more than 25 percent;

(ii) The iron, steel, and/or manufactured good is not produced, or manufactured in the United States in sufficient and reasonably available quantities and of a satisfactory quality; or

(iii) The application of the restriction of section 1605 of the Recovery Act would be inconsistent with the public interest.

(c) Request for determination of inapplicability of Section 1605 of the Recovery Act.

(1)(i) Any recipient request to use foreign iron, steel, and/or manufactured goods in accordance with paragraph (b)(3) of this term and condition shall include adequate information for Federal Government evaluation of the request, including—

(A) A description of the foreign and domestic iron, steel, and/or manufactured goods;

(B) Unit of measure;

(C) Quantity;

(D) Cost;

(E) Time of delivery or availability;

(F) Location of the project;

(G) Name and address of the proposed supplier; and

(H) A detailed justification of the reason for use of foreign iron, steel, and/or manufactured goods cited in accordance with paragraph (b)(3) of this term and condition.

(ii) A request based on unreasonable cost shall include a reasonable survey of the market and a completed cost comparison table in the format in paragraph (d) of this term and condition.

(iii) The cost of iron, steel, and/or manufactured goods material shall include all delivery costs to the construction site and any applicable duty.

(iv) Any recipient request for a determination submitted after Recovery Act funds have been obligated for a project for construction, alteration,

maintenance, or repair shall explain why the recipient could not reasonably foresee the need for such determination and could not have requested the determination before the funds were obligated. If the recipient does not submit a satisfactory explanation, the award official need not make a determination.

(2) If the Federal government determines after funds have been obligated for a project for construction, alteration, maintenance, or repair that an exception to section 1605 of the Recovery Act applies, the award official will amend the award to allow use of the foreign iron, steel, and/or relevant manufactured goods. When the basis for the exception is nonavailability or public interest, the amended award shall reflect adjustment of the award amount, redistribution of budgeted funds, and/or other actions taken to cover costs associated with acquiring or using the foreign iron, steel, and/or relevant manufactured goods. When the basis for the exception is the unreasonable cost of the domestic iron, steel, or manufactured goods, the award official shall adjust the award amount or redistribute budgeted funds by at least the differential established in 2 CFR 176.110(a).

(3) Unless the Federal Government determines that an exception to section 1605 of the Recovery Act applies, use of foreign iron, steel, and/or manufactured goods is noncompliant with section 1605 of the American Recovery and Reinvestment Act.

(d) **Data.** To permit evaluation of requests under paragraph (b) of this term and condition based on unreasonable cost, the Recipient shall include the following information and any applicable supporting data based on the survey of suppliers:

FOREIGN AND DOMESTIC ITEMS COST COMPARISON			
Description	Unit of Measure	Quantity	Cost (Dollars)*
Item 1:			
Foreign steel, iron, or manufactured good			
Domestic steel, iron, or manufactured good			
Item 2:			
Foreign steel, iron, or manufactured good			
Domestic steel, iron, or manufactured good			

[List name, address, telephone number, email address, and contact for suppliers surveyed. Attach copy of response; if oral, attach summary.]

[Include other applicable supporting information.]
[* Include all delivery costs to the construction site.]

(End of Award Term)

3. 2 CFR §176.160 – REQUIRED USE OF AMERICAN IRON, STEEL, AND MANUFACTURED GOODS (COVERED UNDER INTERNATIONAL AGREEMENTS)—SECTION 1605 OF THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009.

(a) **Definitions.** As used in this award term and condition—
“Designated country” --

(1) A World Trade Organization Government Procurement Agreement country (Aruba, Austria, Belgium, Bulgaria, Canada, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hong Kong, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea (Republic of), Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Singapore, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, and United Kingdom;

(2) A Free Trade Agreement (FTA) country (Australia, Bahrain, Canada, Chile, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Israel, Mexico, Morocco, Nicaragua, Oman, Peru, or Singapore); or

(3) A United States-European Communities Exchange of Letters (May 15, 1995) country: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden, and United Kingdom.

“Designated country iron, steel, and/or manufactured goods” --

(1) Is wholly the growth, product, or manufacture of a designated country; or

(2) In the case of a manufactured good that consist in whole or in part of materials from another country, has been substantially transformed in a designated country into a new and different manufactured good distinct from the materials from which it was transformed.

"Domestic iron, steel, and/or manufactured good" --

(1) Is wholly the growth, product, or manufacture of the United States; or

(2) In the case of a manufactured good that consists in whole or in part of materials from another country, has been substantially transformed in the United States into a new and different manufactured good distinct from the materials from which it was transformed. There is no requirement with regard to the origin of components or subcomponents in manufactured goods or products, as long as the manufacture of the goods occurs in the United States.

“Foreign iron, steel, and/or manufactured good” means iron, steel and/or manufactured good that is not domestic or designated country iron, steel, and/or manufactured good.

“Manufactured good” means a good brought to the construction site for incorporation into the building or work that has been--

(1) Processed into a specific form and shape; or

(2) Combined with other raw material to create a material that has different properties than the properties of the individual raw materials.

“Public building” and “public work” means a public building of, and a public work of, a governmental entity (the United States; the District of Columbia; commonwealths, territories, and minor outlying islands of the United States; State and local governments; and multi-State, regional, or interstate entities which have governmental functions). These buildings and works may include, without limitation, bridges, dams, plants, highways, parkways, streets, subways, tunnels, sewers, mains, power lines, pumping stations, heavy generators, railways, airports, terminals, docks, piers, wharves, ways, lighthouses, buoys, jetties, breakwaters, levees, and canals, and the construction, alteration, maintenance, or repair of such buildings and works.

“Steel” means an alloy that includes at least 50 percent iron, between .02 and 2 percent carbon, and may include other elements.

(b) *Iron, steel, and manufactured goods.*

(1) This award term and condition implements

(i) Section 1605(a) of the American Recovery and Reinvestment Act of 2009 (Pub. L. 111-5) (Recovery Act), by requiring that all iron, steel, and manufactured goods used in the project are produced in the United States; and

(ii) Section 1605(d), which requires application of the Buy American requirement in a manner consistent with U.S. obligations under international agreements. The restrictions of section 1605 of the Recovery Act do not apply to designated country iron, steel, and/or manufactured goods. The Buy American requirement in section 1605 shall not be applied where the iron,

steel or manufactured goods used in the project are from a Party to an international agreement that obligates the recipient to treat the goods and services of that Party the same as domestic goods and services. This obligation shall only apply to projects with an estimated value of \$7,443,000 or more.

(2) The recipient shall use only domestic or designated country iron, steel, and manufactured goods in performing the work funded in whole or part with this award, except as provided in paragraphs (b)(3) and (b)(4) of this term and condition.

(3) The requirement in paragraph (b)(2) of this term and condition does not apply to the iron, steel, and manufactured goods listed by the Federal Government as follows:

[Award official to list applicable excepted materials or indicate “none”]

(4) The award official may add other iron, steel, and manufactured goods to the list in paragraph (b)(3) of this award term and condition if the Federal government determines that—

(i) The cost of domestic iron, steel, and/or manufactured goods would be unreasonable. The cost of domestic iron, steel, and/or manufactured goods used in the project is unreasonable when the cumulative cost of such material will increase the overall cost of the project by more than 25 percent;

(ii) The iron, steel, and/or manufactured goods is not produced, or manufactured in the United States in sufficient and reasonably available commercial quantities of a satisfactory quality; or

(iii) The application of the restriction of section 1605 of the Recovery Act would be inconsistent with the public interest.

(c) Request for determination of inapplicability of section 1605 of the Recovery Act or the Buy American Act.

(1)(i) Any recipient request to use foreign iron, steel, and/or manufactured goods in accordance with paragraph(b)(4) of this term and condition shall include adequate information for Federal Government evaluation of the request, including—

(A) A description of the foreign and domestic iron, steel, and/or manufactured goods;

(B) Unit of measure;

(C) Quantity;

(D) Cost;

(E) Time of delivery or availability;

(F) Location of the project;

(G) Name and address of the proposed supplier; and

(H) A detailed justification of the reason for use of foreign iron, steel, and/or manufactured goods cited in accordance with paragraph (b)(4) of this term and condition.

(ii) A request based on unreasonable cost shall include a reasonable survey of the market and a completed cost comparison table in the format in paragraph (d) of this term and condition.

(iii) The cost of iron, steel, or manufactured goods shall include all delivery costs to the construction site and any applicable duty.

(iv) Any recipient request for a determination submitted after Recovery Act funds have been obligated for a project for construction, alteration, maintenance, or repair shall explain why the recipient could not reasonably foresee the need for such determination and could not have requested the determination before the funds were obligated. If the recipient does not submit a satisfactory explanation, the award official need not make a determination.

(2) If the Federal government determines after funds have been obligated for a project for construction, alteration, maintenance, or repair that an exception to section 1605 of the Recovery Act applies, the award official will amend the award to allow use of the foreign iron, steel, and/or relevant manufactured goods. When the basis for the exception is nonavailability or public interest, the amended award shall reflect adjustment of the award amount, redistribution of budgeted funds, and/or other appropriate actions taken to cover costs associated with acquiring or using the foreign iron, steel, and/or relevant manufactured goods.. When the basis for the exception is the unreasonable cost of the domestic iron, steel, or manufactured goods, the award official shall adjust the award amount or redistribute budgeted funds, as appropriate, by at least the differential established in 2 CFR 176.110(a).

(3) Unless the Federal Government determines that an exception to the section 1605 of the Recovery Act applies, use of foreign iron, steel, and/or manufactured goods other than designated country iron, steel, and/or manufactured goods is noncompliant with the applicable Act.

(d) **Data.** To permit evaluation of requests under paragraph (b) of this term and condition based on unreasonable cost, the applicant shall include the following information and any applicable supporting data based on the survey of suppliers:

FOREIGN AND DOMESTIC ITEMS COST COMPARISON			
Description	Unit of Measure	Quantity	Cost (Dollars)*
Item 1:			
Foreign steel, iron, or manufactured good			
Domestic steel, iron, or manufactured good			
Item 2:			
Foreign steel, iron, or manufactured good			
Domestic steel, iron, or manufactured good			

[List name, address, telephone number, email address, and contact for suppliers surveyed. Attach copy of response; if oral, attach summary.]
 [Include other applicable supporting information.]
 [* Include all delivery costs to the construction site.]

(End of Award Term)

4. 2 CFR §176.210 – RECOVERY ACT TRANSACTIONS LISTED IN SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND RECIPIENT RESPONSIBILITIES FOR INFORMING SUB-RECIPIENTS

(a) To maximize the transparency and accountability of funds authorized under the American Recovery and Reinvestment Act of 2009 (Public Law 111-5)(Recovery Act) as required by Congress and in accordance with 2 CFR 215, subpart __. 21 “Uniform Administrative Requirements for Grants and Agreements” and OMB A-102 Common Rules provisions, recipients agree to maintain records that identify adequately the source and application of Recovery Act funds.

(b) For recipients covered by the Single Audit Act Amendments of 1996 and OMB Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations,” recipients agree to separately identify the expenditures for Federal awards under the Recovery Act on the Schedule of Expenditures of

Federal Awards (SEFA) and the Data Collection Form (SF-SAC) required by OMB Circular A-133. This shall be accomplished by identifying expenditures for Federal awards made under Recovery Act separately on the SEFA, and as separate rows under Item 9 of Part III on the SF-SAC by CFDA number, and inclusion of the prefix “ARRA-” in identifying the name of the Federal program on the SEFA and as the first characters in Item 9d of Part III on the SF-SAC.

(c) Recipients agree to separately identify to each sub-recipient, and document at the time of sub-award and at the time of disbursement of funds, the Federal award number, CFDA number, and amount of Recovery Act funds. When a recipient awards Recovery Act funds for an existing program, the information furnished to sub-recipients shall distinguish the sub-awards of incremental Recovery Act funds from regular sub-awards under the existing program.

(d) Recipients agree to require their sub-recipients to include on their SEFA information to specifically identify Recovery Act funding similar to the requirements for the recipient SEFA described above. This information is needed to allow the recipient to properly monitor sub-recipient expenditure of ARRA funds as well as oversight by the Federal awarding agencies, Offices of Inspector General and the Government Accountability Office

(End of award term)

5. 29 CFR §5.5 – WAGE RATE REQUIREMENTS - SECTION 1605 OF THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009.

The Recipient shall comply with the following wage rate requirements. In the context of these provisions of this agreement, the following terms are held to be equivalent:

“Contracting Officer” and “Grants Officer”

Contract provisions and related matters

(1) Minimum wages. (i) All laborers and mechanics employed or working upon the site of the work (or under the United States Housing Act of 1937 or under the Housing Act of 1949 in the construction or development of the project), will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof,

regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics.

Contributions made or costs reasonably anticipated for bona fide fringe benefits under section 1(b)(2) of the Davis-Bacon Act on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions of paragraph (a)(1)(iv) of this section; also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period. Such laborers and mechanics shall be paid the appropriate wage rate and fringe benefits on the wage determination for the classification of work actually performed, without regard to skill, except as provided in §5.5(a)(4). Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein: Provided, That the employer's payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classification and wage rates conformed under paragraph (a)(1)(ii) of this section) and the Davis-Bacon poster (WH-1321) shall be posted at all times by the contractor and its subcontractors at the site of the work in a prominent and accessible place where it can be easily seen by the workers.

(ii)(A) The contracting officer shall require that any class of laborers or mechanics, including helpers, which is not listed in the wage determination and which is to be employed under the contract shall be classified in conformance with the wage determination. The contracting officer shall approve an additional classification and wage rate and fringe benefits therefore only when the following criteria have been met:

(1) The work to be performed by the classification requested is not performed by a classification in the wage determination; and

(2) The classification is utilized in the area by the construction industry; and

(3) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

(B) If the contractor and the laborers and mechanics to be employed in the classification (if known), or their representatives, and the contracting officer agree on the classification and wage rate (including the amount designated for fringe benefits where appropriate), a report of the action taken shall be sent by the contracting officer to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, DC 20210. The Administrator, or an authorized representative,

will approve, modify, or disapprove every additional classification action within 30 days of receipt and so advise the contracting officer or will notify the contracting officer within the 30-day period that additional time is necessary.

(C) In the event the contractor, the laborers or mechanics to be employed in the classification or their representatives, and the contracting officer do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate), the contracting officer shall refer the questions, including the views of all interested parties and the recommendation of the contracting officer, to the Administrator for determination. The Administrator, or an authorized representative, will issue a determination within 30 days of receipt and so advise the contracting officer or will notify the contracting officer within the 30-day period that additional time is necessary.

(D) The wage rate (including fringe benefits where appropriate) determined pursuant to paragraphs (a)(1)(ii) (B) or (C) of this section, shall be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.

(iii) Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the contractor shall either pay the benefit as stated in the wage determination or shall pay another bona fide fringe benefit or an hourly cash equivalent thereof.

(iv) If the contractor does not make payments to a trustee or other third person, the contractor may consider as part of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program, Provided, That the Secretary of Labor has found, upon the written request of the contractor, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the contractor to set aside in a separate account assets for the meeting of obligations under the plan or program.

(2) Withholding. The (Recipient) shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld from the contractor under this contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to Davis-Bacon prevailing wage requirements, which is held by the same prime contractor, so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics, including apprentices, trainees, and helpers, employed by the contractor or any subcontractor the full amount of wages required by the contract. In the event of failure to pay any laborer or mechanic, including any apprentice,

trainee, or helper, employed or working on the site of the work (or under the United States Housing Act of 1937 or under the Housing Act of 1949 in the construction or development of the project), all or part of the wages required by the contract, the **Department of the Interior, Bureau of Reclamation (Reclamation)** may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds until such violations have ceased.

(3) Payrolls and basic records. (i) Payrolls and basic records relating thereto shall be maintained by the contractor during the course of the work and preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work (or under the United States Housing Act of 1937, or under the Housing Act of 1949, in the construction or development of the project). Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made and actual wages paid. Whenever the Secretary of Labor has found under 29 CFR 5.5(a)(1)(iv) that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in section 1(b)(2)(B) of the Davis-Bacon Act, the contractor shall maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.

(ii)(A) The contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to **Reclamation** if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the payrolls to the applicant, sponsor, or owner, as the case may be, for transmission to **Reclamation**. The payrolls submitted shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i), except that full social security numbers and home addresses shall not be included on weekly transmittals. Instead the payrolls shall only need to include an individually identifying number for each employee (e.g. , the last four digits of the employee's social security number). The required weekly payroll information may be submitted in any form desired. Optional Form WH-347 is available for this purpose from the Wage

and Hour Division Web site at <http://www.dol.gov/esa/whd/forms/wh347instr.htm> or its successor site. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors. Contractors and subcontractors shall maintain the full social security number and current address of each covered worker, and shall provide them upon request to **Reclamation** if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit them to the applicant, sponsor, or owner, as the case may be, for transmission to **Reclamation**, the contractor, or the Wage and Hour Division of the Department of Labor for purposes of an investigation or audit of compliance with prevailing wage requirements. It is not a violation of this section for a prime contractor to require a subcontractor to provide addresses and social security numbers to the prime contractor for its own records, without weekly submission to the sponsoring government agency (or the applicant, sponsor, or owner).

(B) Each payroll submitted shall be accompanied by a “Statement of Compliance,” signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following:

(1) That the payroll for the payroll period contains the information required to be provided under §5.5 (a)(3)(ii) of Regulations, 29 CFR part 5, the appropriate information is being maintained under §5.5 (a)(3)(i) of Regulations, 29 CFR part 5, and that such information is correct and complete;

(2) That each laborer or mechanic (including each helper, apprentice, and trainee) employed on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in Regulations, 29 CFR part 3;

(3) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract.

(C) The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH-347 shall satisfy the requirement for submission of the “Statement of Compliance” required by paragraph (a)(3)(ii)(B) of this section.

(D) The falsification of any of the above certifications may subject the contractor or subcontractor to civil or criminal prosecution under section 1001 of title 18 and section 231 of title 31 of the United States Code.

(iii) The contractor or subcontractor shall make the records required under paragraph (a)(3)(i) of this section available for inspection, copying, or transcription by authorized representatives of **Reclamation** or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. If the contractor or subcontractor fails to submit the required records or to make them available, the Federal agency may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12.

(4) Apprentices and trainees —(i) Apprentices. Apprentices will be permitted to work at less than the predetermined rate for the work they performed when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Office of Apprenticeship Training, Employer and Labor Services, or with a State Apprenticeship Agency recognized by the Office, or if a person is employed in his or her first 90 days of probationary employment as an apprentice in such an apprenticeship program, who is not individually registered in the program, but who has been certified by the Office of Apprenticeship Training, Employer and Labor Services or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice. The allowable ratio of apprentices to journeymen on the job site in any craft classification shall not be greater than the ratio permitted to the contractor as to the entire work force under the registered program. Any worker listed on a payroll at an apprentice wage rate, who is not registered or otherwise employed as stated above, shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any apprentice performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. Where a contractor is performing construction on a project in a locality other than that in which its program is registered, the ratios and wage rates (expressed in percentages of the journeyman's hourly rate) specified in the contractor's or subcontractor's registered program shall be observed. Every apprentice must be paid at not less than the rate specified in the registered program for the apprentice's level of progress, expressed as a percentage of the journeymen hourly rate specified in the applicable wage determination. Apprentices shall be paid fringe benefits in accordance with the provisions of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be

paid the full amount of fringe benefits listed on the wage determination for the applicable classification. If the Administrator determines that a different practice prevails for the applicable apprentice classification, fringes shall be paid in accordance with that determination. In the event the Office of Apprenticeship Training, Employer and Labor Services, or a State Apprenticeship Agency recognized by the Office, withdraws approval of an apprenticeship program, the contractor will no longer be permitted to utilize apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(ii) Trainees. Except as provided in 29 CFR 5.16, trainees will not be permitted to work at less than the predetermined rate for the work performed unless they are employed pursuant to and individually registered in a program which has received prior approval, evidenced by formal certification by the U.S. Department of Labor, Employment and Training Administration. The ratio of trainees to journeymen on the job site shall not be greater than permitted under the plan approved by the Employment and Training Administration. Every trainee must be paid at not less than the rate specified in the approved program for the trainee's level of progress, expressed as a percentage of the journeyman hourly rate specified in the applicable wage determination. Trainees shall be paid fringe benefits in accordance with the provisions of the trainee program. If the trainee program does not mention fringe benefits, trainees shall be paid the full amount of fringe benefits listed on the wage determination unless the Administrator of the Wage and Hour Division determines that there is an apprenticeship program associated with the corresponding journeyman wage rate on the wage determination which provides for less than full fringe benefits for apprentices. Any employee listed on the payroll at a trainee rate who is not registered and participating in a training plan approved by the Employment and Training Administration shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any trainee performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. In the event the Employment and Training Administration withdraws approval of a training program, the contractor will no longer be permitted to utilize trainees at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(iii) Equal employment opportunity. The utilization of apprentices, trainees and journeymen under this part shall be in conformity with the equal employment opportunity requirements of Executive Order 11246, as amended, and 29 CFR part 30.

(5) Compliance with Copeland Act requirements. The contractor shall comply with the requirements of 29 CFR part 3, which are incorporated by reference in this contract.

(6) Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses contained in 29 CFR 5.5(a)(1) through (10) and such other clauses as **Reclamation** may by appropriate instructions require, and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all the contract clauses in 29 CFR 5.5.

(7) Contract termination: debarment. A breach of the contract clauses in 29 CFR 5.5 may be grounds for termination of the contract, and for debarment as a contractor and a subcontractor as provided in 29 CFR 5.12.

(8) Compliance with Davis-Bacon and Related Act requirements. All rulings and interpretations of the Davis-Bacon and Related Acts contained in 29 CFR parts 1, 3, and 5 are herein incorporated by reference in this contract.

(9) Disputes concerning labor standards. Disputes arising out of the labor standards provisions of this contract shall not be subject to the general disputes clause of this contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR parts 5, 6, and 7. Disputes within the meaning of this clause include disputes between the contractor (or any of its subcontractors) and the contracting agency, the U.S. Department of Labor, or the employees or their representatives.

(10) Certification of eligibility. (i) By entering into this contract, the contractor certifies that neither it (nor he or she) nor any person or firm who has an interest in the contractor's firm is a person or firm ineligible to be awarded Government contracts by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

(ii) No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

(iii) The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 U.S.C. 1001.

(End of award term)

Section VII—Agency Contacts

There will be no pre-application conference. Organizations or individuals interested in submitting applications in response to this Announcement may direct questions to Reclamation in writing. Questions may be submitted to the attention of Stephanie Bartlett, Grants Officer, as follows:

By mail:

Bureau of Reclamation
Acquisition Operations Group
Attn: Stephanie Bartlett
Mail Code: 84-27810
PO Box 25007
Denver CO 80225

Overnight mail:

Bureau of Reclamation
Attn: Stephanie Bartlett
Mail Code: 84-27810
Denver Federal Center, Bldg. 67 Rm. 152
6th and Kipling Street
Denver CO 80225

By e-mail:

sbartlett@usbr.gov

Section VIII—Other Information

A. Performance Measures

All applicants for the Water Marketing and Efficiency grants are required to propose a method (or “performance measure”) of quantifying the actual benefits of their project once it is completed. Actual benefits are defined as water actually conserved, marketed, or better managed, as a direct result of the project. A provision will be included in all assistance agreements with Water Marketing and Efficiency grant recipients describing the performance measure, and requiring the recipient to quantify the actual project benefits in their final report to Reclamation upon completion of the project. Quantification of project benefits is an important means of determining the relative effectiveness of various water management efforts, as well as the overall effectiveness of the Challenge Grant Program.

The following information is intended to provide applicants with examples of some acceptable performance measures that may be used to estimate pre-project benefits and to verify water saved or marketed after the project is completed. **However, the following is not intended to be an exclusive list of acceptable performance measures. Applicants are encouraged to propose alternatives to the measures listed below if another measure is more effective for the particular project.** Reclamation understands that, in some cases, baseline information may not be available, and that methods other than those suggested below may need to be employed. If an alternative performance measure is suggested, the applicant must provide information supporting the effectiveness of the proposed measure as applied to the proposed project.

1. Canal Lining or Piping

Canal lining or piping projects are implemented to decrease canal seepage and evaporation.

Pre-project estimations of baseline data:

To calculate potential water savings, physical measurements of seepage losses are necessary. Two testing procedures which can be used are listed below:

- Ponding tests: Conduct ponding tests along canal reaches proposed for lining or piping.
- Inflow/Outflow testing: Measure water flowing in and out of the canal reach, taking evaporation into consideration.

- If ponding or inflow/outflow tests cannot be performed, document the estimated historical seepage and evaporation rates for the canal reach based on historical knowledge.

Postproject methods for quantifying the benefits of canal lining or piping projects:

- Using tests listed above, compare preproject and postproject test results to calculate water savings. For inflow and outflow testing, remember to consider losses from evaporation.
- If ponding or inflow/outflow tests cannot be performed, benefits can be calculated by comparing the estimated historic seepage and evaporation rates for the canal reach to the post project seepage and evaporation.
- Results can be verified using a ratio of historic diversion-delivery rates. Also include a comparison of historical canal efficiencies and current canal efficiencies. For example, if an irrigation district needed to divert 6 acre-feet of water to deliver 2 acre-feet of water to a field through an unlined or unlined canal, this would be a 67-percent inefficiency ($[100\% - (2 \text{ acre-feet} / 6 \text{ acre-feet} * 100)] = 67\%$ inefficiency). If after lining or piping the canal, the irrigation district only needed to divert 4 acre-feet of water to deliver the 2 acre-feet; this would be a 17-percent improvement in efficiency ($[100\% - (2 \text{ acre-feet} / 4 \text{ acre-feet} * 100)] = 50\%$ inefficiency).
- Record reduction in water purchases by shareholders and compare to historical water purchases. Use of this method would require consideration and explanation of other potential reasons for decreased water purchases.

For more information regarding canal seepage monitoring and verification, visit <http://www.agwatercouncil.org/Monitoring-Protocols/Monitoring-Protocols/menu-id-61.html>.

2. Measuring Devices

Good water management requires accurate water measurement. Potential benefits derived from measurement include:

- Quantification of system losses between measurement locations.
- Accurate billing of customers for the actual amount of water used.
- Facilitation of accurate and equitable distribution of water within a district.

- Implementation of future system improvements such as remote flow monitoring and canal operation automation.

Installation of measuring devices may include but are not limited to the following:

- Flow meters
- Weirs
- Flumes
- Meter gates

Preproject estimations of baseline data:

Preproject flows are difficult to estimate without a measuring device in place. However, the applicant may be able to use data from measurement devices located elsewhere in the delivery system (if available). Otherwise, the applicant may have to rely on other historical data.

Postproject methods for quantifying the benefits of projects to install measuring devices:

- Compare postproject water measurement (deliveries or consumption) data to preproject water uses.
- Compare preproject and postproject consumptive use by crop via remote-sensing information.
- Survey users to determine utility of the devices for decision making.
- Document the benefits of any rate structure changes made possible by the installation of measuring devices. For example, if districts are able to convert from billing water users at a flat rate to billing for actual water use using a volumetric or tiered water pricing structure. (Assumes nonmetered to metered district.)

3. New Technologies for Improved Water Management

a. Data Acquisition

Proposals may involve the installation or expansion of a SCADA system that monitors flows in an individual district or in a basin including several districts. SCADA systems provide water managers with real-time data on the flow and volume of water at key points along a water delivery system. Access to such data allows water managers to make accurate and timely deliveries of water, reducing overdeliveries and spillage at the end of the canal.

Preproject estimations of baseline data:

- Collect data on diversions and deliveries to water users, making estimates if necessary.
- Document employee time spent preproject on ditch/canal monitoring and water control.

Postproject methods for quantifying benefits of SCADA system projects:

- Calculate amount of increased carryover storage in associated reservoirs. This is a long-term measure which will be more meaningful over a period of years.
- Track and record the diversions to water users and compare to preproject diversions. This would show results of improved management if yearly fluctuations in weather are accounted for.
- Report delivery improvements (i.e., changes in supply, duration, or frequency that are available to end users because of SCADA).
- Document other benefits such as less mileage by operators on dusty roads (which saves time and influences air quality) and less damage to canal banks due to fluctuating water levels in canals.

b. System Control

Proposals may include system automaton projects aimed at *preventing* spillage from canals, or drainage capture/reuse projects focused on *intercepting* spills and redirecting them to drains, canals, or reregulation reservoirs for reuse.

(1) Spillage Reduction through System Automation.

Preproject estimations of baseline data:

- Establish baseline data by measuring existing spillage or document historic spillage. A rated measuring device should be positioned to measure spillage losses. To account for temporal variations, a minimum of 1-year history of preproject measurements is desirable for future comparison to postproject water usage. Spillage volumes can vary substantially between wet and dry years; therefore, some multiyear estimates of spillage may be necessary.
- Track preproject water diversions using district or State diversion records.

Postproject methods for quantifying benefits of spillage reduction projects:

- Using rated devices, measure postproject flows. Gather enough data to account for seasonal and temporal variations. Using baseline and postproject data, calculate savings using the following formula: Savings = (Spillage)_{w/o project} – (Spillage)_{w/project}.

- Track postproject changes in the amount of water diverted and compare to preproject diversion data.
- Compare estimated historic spills from district/project boundaries to postproject spills.
- Document how the additional water resulting from the reduction in spillage was used (i.e., water retained in the river to support riparian habitat, transferred for another use, or used to meet normal water demands in times of drought).
- Report specific volume changes to spills, diversions, or deliveries due to system automation.

For more information regarding canal seepage monitoring and verification, visit <http://www.agwatercouncil.org/resources/monitoring-protocols/monitoring-protocols.html>

(2) Drainage Reuse Projects. Drain water reuse can be a district level or regional conservation effort that consists of recovering residual irrigation water from drains and returning it to the water supply system for delivery to users.

Several types of projects can focus on drainage and reuse including:

- Pump stations with constant flow rates
- Variable speed pump stations without SCADA controls
- Variable pump stations with SCADA controls
- Storage reservoirs with pump stations and constant flow rates
- Storage reservoirs with variable speed pump stations and SCADA controls

Preproject estimations of baseline data:

- A rated measuring device should be positioned to measure drain water losses. To account for temporal variations, a minimum of 1-year history of preproject measurements is desirable for future comparison to postproject water usage. Drainage volumes can vary substantially between wet and dry years; therefore, some multiyear measurements of drain water losses may be necessary.

Postproject methods for quantifying benefits of drainage reuse projects:

- Using rated devices, measure post-project flows. Gather enough data to account for seasonal and temporal variations. Using baseline data and post-project data, calculate savings using the following formula:

$$\text{Savings} = (\text{Drainage}_{\text{w/o project}} - \text{Drainage}_{\text{w/project}}) + (\text{Spillage}_{\text{w/o project}} - \text{Spillage}_{\text{w/project}}).$$

- Take readings from measuring devices positioned to measure drain water loss. A system analysis can be done with the following equation:

$$\text{Drainage}_{w/\text{project}} = (1 - \% \text{Reuse}) * \text{Drainage}_{w/o \text{ project}}$$
- Measure and record post-project water deliveries to fields, tailwater volumes entering reservoirs and tailwater volumes recycled to fields. Compare this data to previous history.
- Estimate any benefits to farmers, such as improved flexibility in water management, reduction in shortages of supply to tailenders, etc. If it is not possible to quantify these benefits in acre-feet, a narrative explanation is acceptable.

For more information regarding drainage reuse monitoring and verification, visit < <http://www.agwatercouncil.org/Monitoring-Protocols/Monitoring-Protocols/menu-id-61.html> >

c. ET Controllers

An ET controller automatically adjusts the amount of water applied to landscape based on weather conditions. The “smart” ET controller receives radio, pager, or Internet signals with evapotranspiration information, so that watering is limited to the replacement of only the moisture that the landscape lost due to heat, humidity, and wind. Other controllers use historical data to adjust the watering program.

Preproject estimations of baseline data:

Domestic (interior) water usage: In many cases, landscape water use and domestic water use are measured together. In these cases, domestic water use can be estimated and then subtracted from the total water use to estimate landscape water use using one of the following methods:

- Domestic water use can be estimated based on the number of persons in the household and type of plumbing (low flow or not).
- Domestic usage can also be estimated using the assumption that landscape water is negligible during certain parts of the year, and therefore,

$$\text{Domestic Usage} = (\text{Average Use per Capita})_{\text{determined non-irrigation season}}$$

Once the domestic usage value is obtained, landscape water applied can be calculated using the following formula:

$$(\text{Landscape water applied})_{w/o \text{ ET Controllers}} = \text{Total water use} - \text{Domestic Water}$$

Postproject suggested methods for quantifying benefits of ET controllers:

- To calculate water savings, the following formula can be applied:
Estimated Savings = N [(Average amount of landscape water applied per participant) _{w/o ET Controller} – (Average amount of landscape water applied per participant) _{w/ ET Controller}]
N = number of participants (households or landscapes)
- Compare meter readings prior to ET controller installation and postinstallation.
- Compare actual water applied postproject to estimated water application if only using sprinkler controller on a set timer application.

For more information regarding ET controller monitoring and verification, visit <http://www.agwatercouncil.org/Monitoring-Protocols/Monitoring-Protocols/menu-id-61.html> >

d. On-Farm System Improvements

On-farm system improvements increase the efficiency of the irrigation system by reducing water losses from deep percolation and unrecoverable tailwater.

Irrigation system improvements may include:

- Converting to more efficient irrigation systems based on crops, soil, terrain, and weather conditions.
- Upgrading existing irrigation systems (i.e., shifting sprinkler nozzle size, upgrading to surge irrigation).
- Improving irrigation scheduling, management, or delivery methods.

Preproject estimations of baseline data:

Documentation of water savings based on delivered water is complicated by the fact that crops are rotated from year to year, and weather patterns and water availabilities also change. However, one should record on-farm water deliveries and crop ET of irrigation water to make post-project comparisons possible.

Postproject methods for quantifying the benefits of on-farm improvements:

- Record postproject on-farm water deliveries and crop ET of irrigation water and apply the following formula:
Savings = [(On-farm delivery)/(Crop ET of irrigation water) _{w/o project}] – [(On-farm delivery)/(Crop ET of irrigation water)] _{w/project}
- Monitor delivery to affected fields and calculate water savings using delivery records and formula above.

- Compare postproject volume of water applied and runoff with the historical water volume applied and runoff.
- Document the Distribution Uniformity (DU) of the original system and compare it to the new system DU because yield and water savings may be difficult to document over a 1-year study period due to yearly and crop variations.

For more information regarding canal seepage monitoring and verification visit <http://www.agwatercouncil.org/Monitoring-Protocols/Monitoring-Protocols/menu-id-61.html> >

4. Water Banks and Water Markets

a. Water Marketing (Transfers)

Water marketing is the temporary or long-term transfer of the right to use water from one user to another, by sale, lease, or other form of exchange, as allowed under State laws. Water marketing is a method of moving water supplies to areas of greatest financial value and can be a useful mechanism to increase the beneficial use of existing water supplies. Depending on the State laws, there are various methods in which a seller can make water available for transfer.

Examples are as follows:

1. Ground water substitution is one method in which a seller uses their ground water resources in-lieu of receiving surface water. This frees up the surface water for transfer.
2. Crop idling or shifting, whereby sellers agree to idle fields or shift from higher to lower water using crops, can make water available for transfer. The seller is then able to transfer water based on the difference in crop consumption that is realized from the idling or shifting.
3. Conserved water made available through canal modernization or other conservation projects may also be available for transfer, depending on State laws.

To identify other methods that can be used by a seller to transfer water, consult State law.

Preproject estimations of baseline data:

- Collect preproject monthly ground water pumping, water consumption, water quality, diversion, and cropping information, using measuring devices and/or historical data.

Postproject methods for quantifying benefits of water marketing projects:

(1) Ground Water Substitution Transfers

- Track monthly diversions, by year and type of use (agriculture, municipal, environmental, etc.), for both the buyer and seller of the marketed water and compare to preproject diversions.
- For all wells utilized in the transfer, track monthly ground water pumping, by year and type of use and compare to preproject pumping volumes. This should be done with inline flowmeters.
- Provide a map indicating location of ground water wells and all features of the underlying aquifer to ensure that the ground water is not impacting streamflows.
- Compare postproject ground water pumping costs, including capital and O&M costs to preproject costs.

(2) Crop Shifting or Idling Transfers

- Track monthly diversions by year and type of use and/or crop, before and after project implementation, for both the buyer and seller of the marketed water.
- Compare cropping records by year and crop type, and compare preproject and postproject records for seller of the marketed water.
- Devise a field monitoring procedure to verify that fields remain fallowed.
- Utilize remote-sensing technology to verify fallowed fields, crop water consumption, and uniformity of crop water consumption on seller's fields.

(3) Other Transfers

- Compare prewater market streamflow measurements with streamflow measurements during the water market period.
- Compare pre- and post-water market effects in terms of the length of the irrigation season. Determine whether or not water marketing helped extend the irrigation season.
- Compare pre- and post-water balances that are associated with the seller's transfer where the differences were used or stored. The water balance should include all water supplies, uses, and losses associated with the water that was transferred.
- Measure the benefits resulting from the application of the transferred water. For example, state how many acres were irrigated that could not

otherwise have been irrigated or whether the transfer had environmental benefits, such as providing flows for endangered fish or aquatic species or maintaining wetland areas.

- Compare pre-water market stream water quality measurements with measurements during the water market period. This may include pre/post changes in water temperature during critical months, pathogens, bacteria count, etc.
- Document local economic impacts of transfer.

b. Ground Water Banking (Conjunctive Use)

Some districts are implementing programs regarding ground water banking to control water quantity and quality issues. Program elements may address:

- Active accounting of water supply and monitoring of water quality.
- Rules regulating ground water deposits and withdrawals including production limits.
- Creation or expansion of recharge and/or recharge capabilities.
- Pricing incentives for users to utilize conjunctive use of water supplies.
- Securing reliable surface water supply.

Preproject estimations of baseline data:

- Establish a baseline with historical data from existing wells, including pumping volumes (amount, duration, and timing) and depth to ground water elevations.
- Document streamflows and spring discharges.

Postproject methods for quantifying the benefits of ground water banking projects:

- Compare preproject and postproject recharge and/or pumping volumes.
- Compare preproject and postproject changes (amount, duration, and timing) in affected streamflows or changes in spring discharge related to ground water banking.
- Compare preproject and postproject depth to ground water elevations.
- Determine changes in net ground water use through a water table-specific yield method coupled with a detailed sub-basin hydrologic balance.

B. Environmental Compliance Requirements

Before approving expenditures for the implementation of a *Challenge Grant* Water Marketing and Efficiency project, Reclamation is required to comply with applicable environmental laws. Such compliance requires the participation and cooperation of both Reclamation and *Challenge Grant* grant recipients. This information is intended to inform applicants about the environmental compliance process associated with Challenge Grant Water Marketing and Efficiency projects and to summarize the requirements of certain Federal environmental laws.

Reclamation addresses environmental compliance issues in *two steps* in the evaluation of *Challenge Grant* Water Marketing and Efficiency grant proposals. First, as part of the initial recommendation process, Reclamation evaluates the appropriateness of the amount budgeted for environmental compliance. Reclamation also examines the proposal to determine whether any significant environmental issues are involved in the project. Second, once a proposal has been initially recommended for funding, Reclamation undertakes a more detailed examination of environmental issues associated with the proposed project to comply with applicable law.

1. Step One – The Proposal Evaluation Process

In the evaluation and selection process, Reclamation performs an initial review of the Water Marketing and Efficiency grant proposal for potential environmental issues. At this stage, Reclamation's review is focused on: (1) whether the applicant has budgeted appropriately for environmental compliance; and (2) whether any significant environmental issues (i.e., issues that would make the project infeasible) are apparent.

Applicants for Water Marketing and Efficiency grant funding must include a line item in their budget estimating the cost of environmental compliance for their project. The amount budgeted should be based on the actual expected environmental compliance costs, but should be equal to *at least* 2 percent of the total project costs. If less than 2 percent is budgeted, applicants must provide justification. Proposals will be scored based on whether the amount budgeted appears reasonable.

Environmental compliance costs that are included in the applicant's budget proposal are considered project costs and may be cost shared by the recipient and Reclamation. Any actual costs above the amount budgeted for by the applicant

must generally be paid for solely by the applicant. If too much is budgeted for environmental compliance, any remaining funding may generally be reallocated to cover other project costs.

Environmental compliance costs have varied greatly for past projects. A minimal number of projects have incurred environmental compliance costs in excess of the 2-percent budgeted amount. In each of those cases, the overage has been the result of issues involving historic properties, the presence of endangered species, or other compliance concerns requiring a more lengthy assessment of specific issues.

In addition to budgeting for environmental costs, the Announcement requests that applicants for *Challenge Grant* project funding answer a series of questions about the potential environmental impacts of their proposed project. In general, proposals will not be scored lower in this first step of the environmental review based on the significance of the environmental issues involved. Rather, the information about environmental impacts is used by Reclamation primarily to determine if the applicant has budgeted appropriately. However, in some extreme cases, a proposal may be eliminated from further consideration at this stage if the magnitude of the environmental issues would make the project infeasible.

2. Step Two – Initially Recommended Projects

If a proposal is initially recommended for funding, a detailed analysis will be performed to determine the actual environmental impacts of the project, to agree on any mitigation measures needed, and to document environmental compliance. The recipient will then work with Reclamation to provide the information necessary for Reclamation to complete the environmental compliance work.

To the extent possible, environmental compliance will be completed before a cooperative agreement is signed by the parties. In all other cases, **the award will be made contingent on completion of environmental compliance**, and the assistance agreement will describe how compliance will be carried out and how it will be paid for. *Challenge Grant* funding may not be applied to construction or implementation of the project itself unless and until this second level of environmental analysis is completed to comply with all applicable environmental laws.

3. Overview of Relevant Environmental Laws

Following is a brief overview of NEPA, the NHPA, and the ESA. While these statutes are not the only environmental laws that may apply to *Challenge Grant* projects, they are the Federal laws that most frequently do apply. Compliance

with all applicable environmental laws will be initiated by Reclamation concurrently, immediately following the initial recommendation of a Water Marketing and Efficiency grant proposal for award.

The descriptions below are intended to provide applicants with information about the environmental compliance issues that may apply to their projects and to help applicants budget appropriately for the associated compliance costs.

a. National Environmental Policy Act

The National Environmental Policy Act requires Federal agencies such as Reclamation to evaluate—during the decision-making process—the potential environmental effects of a proposed action and any reasonable mitigation measures. Before Reclamation can make a decision to fund a project under the *Challenge Grant Program*, Reclamation must comply with NEPA.

Compliance with NEPA can be accomplished in several ways, depending upon the degree and significance of environmental impacts associated with the proposal:

- Some projects may fit within a recognized **Categorical Exclusion (CE)** to NEPA (i.e., one of the established categories of activities that generally do not have significant impacts on the environment). If a project fits within a CE, no further NEPA compliance measures are necessary. Use of a CE can involve simple identification of an applicable **Departmental CE** or documentation of a **Reclamation CE** using a **Categorical Exclusion Checklist (CEC)**. If a CE is being considered, Reclamation will have to determine the applicability of the CE and whether extraordinary circumstances (i.e., reasons that the CE cannot be applied) exist. That process takes anywhere from 1 day to about 30 days, depending upon the specific situation.
- If the project does not fit within a CE, compliance with NEPA might require preparation of an **Environmental Assessment/Finding of No Significant Impact (EA/FONSI)**. Generally, where no CE applies but there are not believed to be any significant impacts associated with the proposed action, an EA will be required. The EA is used to determine whether any potentially significant effects exist (which would trigger the further step of an Environmental Impact Statement, below). If no potentially significant effects are identified, the EA process ends with the preparation of a FONSI. The EA/FONSI process is more detailed than the CE/CEC process and can take weeks or even months to complete. Consultation with other agencies and public notification are part of the EA process.
- The most detailed form of NEPA compliance, where a proposed project has potentially significant environmental effects, is completion of an

Environmental Impact Statement (EIS) and Record of Decision. An EIS requires months or years to complete, and the process includes considerable public involvement, including mandatory public reviews of draft documents. Projects proposed for completion under *Challenge Grants* rarely require completion of an EIS.

During the NEPA process, potential impacts of a project are evaluated in context and in terms of intensity (e.g., will the proposed action affect the only native prairie in the county? Will the proposed action reduce water supplied to a wetland by 1 percent? or 95 percent?) The best source of information concerning the potentially significant issues in a project area is the local Reclamation staff, who have experience in evaluating effects in context and by intensity. You are encouraged to contact your local Reclamation office with questions regarding NEPA compliance issues.

b. National Historic Preservation Act

To comply with Section 106 of the NHPA, Reclamation must consider whether a proposed project has the *potential to cause effects to historic properties*, before it can award a *Water for America* grant. **“Historic properties”** are cultural resources (historic or prehistoric districts, sites, buildings, structures, or objects) that qualify for inclusion in the National Register of Historic Places. In some cases, **water delivery infrastructure that is over 50 years old** can be considered a “historic property” that is subject to review.

If a proposal is selected for initial award, Challenge Grant recipients will work with Reclamation to complete the Section 106 process. Compliance can be accomplished in several ways, depending on how complex the issues are, outlined as follows:

- If Reclamation determines that the project does *not* have the potential to cause effects to historic properties, then Reclamation will document its findings and the Section 106 process will be concluded. This can take anywhere from a couple of days to 1 month.
- If Reclamation determines that the proposed project *could* have effects on historic properties, a multi-step process, involving consultation with the State Historic Preservation Officer and other entities, will follow. Depending on the nature of the project and impacts to cultural resources, consultation can be complex and time consuming. The process includes a determination as to whether additional information is necessary; evaluation of the significance of identified cultural resources; assessment of the effect of the project on historic properties; and, if the project would have an adverse effect, evaluation of alternatives or modifications to avoid, minimize, or mitigate the effects. A Memorandum of Agreement is then used to record and implement any necessary measures. At a minimum, completion of the multi-step Section 106 process takes about 2 months.

Among the types of historic properties that might be affected by *Challenge Grants* are **historic irrigation systems** and **archaeological sites**. An irrigation system or a component of an irrigation system (e.g., a canal or headgate) is more likely to qualify as historic if it is more than 50 years old, if it is the oldest or an early system/component in the surrounding area, and if the system/component has not been significantly altered or modernized. In general, *Challenge Grant* projects that involve ground disturbance, or the alteration of existing older structures, are more likely to have the potential to affect cultural resources. However, the level of cultural resources compliance required, and the associated cost, depends on a case-by-case review of the circumstances presented by each proposal.

Applicants should contact their State Historic Preservation Office and their local Reclamation office's cultural resources specialist to determine what, if any, cultural resources surveys have been conducted in the project area. If an applicant has previously received Federal financial assistance, it is possible that a cultural resources survey has already been completed.

c. Endangered Species Act

Pursuant to Section 7 of the ESA, each Federal agency is required to consult with the U.S. Fish and Wildlife Service (USFWS) or the National Oceanic and Atmospheric Administration (NOAA) Fisheries Service to ensure any action it authorizes, funds, or carries out is not likely to *jeopardize the continued existence of any endangered or threatened species or destroy or adversely modify any designated critical habitat*.

Before Reclamation can approve funding for the implementation of a *Challenge Grant* project, it is required to comply with Section 7 of the ESA. The steps necessary for ESA compliance vary, depending on the presence of endangered or threatened species and the effects of the project. A rough overview of the possible course of ESA compliance is as follows:

- If Reclamation can determine that there are no endangered or threatened species or designated critical habitat in the project area, the ESA review is complete and no further compliance measures are required. This process can take anywhere from 1 day to 1 month.
- If Reclamation determines that endangered or threatened species may be affected by the project, then a **“Biological Assessment”** must be prepared by Reclamation. The Biological Assessment is used to help determine whether a proposed action may affect a listed species or its designated critical habitat. The Biological Assessment may result in a determination that a proposed action *is not likely to adversely affect* any endangered or threatened species. If the USFWS/NOAA Fisheries Service concurs in writing, then no further consultation is required and ESA compliance is complete. Depending on the scope and complexity of the proposed action,

preparation of a Biological Assessment can range from days to weeks or even months. The USFWS/NOAA Fisheries Service generally respond to requests for concurrence within 30 days.

- If it is determined that the project *is likely to adversely affect* listed species, further consultation (“**formal consultation**”) with USFWS or NOAA Fisheries Service is required to comply with the ESA. The process includes the creation of a **Biological Opinion** by the USFWS/NOAA Fisheries Service, including a determination of whether the project would “**jeopardize**” listed species and, if so, whether any **reasonable and prudent** alternatives to the proposed project are necessary to avoid jeopardy. Nondiscretionary **reasonable and prudent measures and terms and conditions** to minimize the impact of incidental take may also be included. Under the timeframes established in the ESA regulations, the Biological Opinion is issued within 135 days from the date that formal consultation was initiated, unless an extension of time is agreed upon.

Obviously, the time, cost, and extent of the work necessary to comply with the ESA depends upon whether endangered or threatened species are present in the project area and, if so, whether the project might have effects on those species significant enough to require formal consultation.

ESA compliance is often conducted parallel to the NEPA compliance process and, as in the case of categorical exclusion checklists, documented simultaneously. The best source of information concerning the compliance with the ESA in a particular project area is the local Reclamation environmental staff, who can be helpful in determining the presence of listed species and possible effects that would require consultation with the USFWS or National Marine Fisheries Service. You are encouraged to contact your local Reclamation office with questions regarding ESA compliance issues.

C. General Provisions

General provisions applicable to this agreement are available at:
<http://www.usbr.gov/mso/aamd/downloads/Standard_Terms_Agreements_06_2006.doc>.

D. Electronic Application

Applicants are advised to review 43 CFR 12 for further guidance relating to the administration of an anticipated agreement beyond the point of award.

NOTE: Some applicants have recently experienced difficulties when attempting to submit their applications electronically through Grants.gov. If you encounter problems with the Grants.gov application submission process,

you must contact the Grants.gov Help Desk to obtain a “Case Number.” This will provide evidence of your attempt to submit an application prior to the submission deadline.

1. Applying for Funds Online at Grants.gov

Reclamation is participating in the grants.gov initiative that provides the grant community with a single Web site to find and apply for grant funding opportunities. Grants.gov allows applicants to download the application package, instructions and forms that are incorporated in the instructions, and work off line. Reclamation encourages applicants to submit their applications for funding electronically through <<http://www.grants.gov/Apply>>. A full set of instructions for completing and submitting applications online is available at: <http://www.grants.gov/applicants/apply_for_grants.jsp>.

Simple guidance for using the grants.gov/Apply Web site appears below. Please read the following instructions carefully and completely.

a. Step One: Registering at Grants.Gov

Prior to submitting an application for funding through the grants.gov Web site, you must first register with grants.gov. The information applicants need to register can be found at <http://www.grants.gov/applicants/get_registered.jsp>. The Web site also contains registration checklists and user guides to help you walk through the registration process. Reclamation recommends that you download the checklists and prepare the information requested before beginning the registration process. Reviewing and assembling required information before beginning the registration process will make the process quicker and will save time. The registration process may take from 7 to 21 days.

(1) Obtaining a Required DUNS Number. All applicants applying for funding, including renewal funding, must have a Dun and Bradstreet Universal Data Numbering System (DUNS) number. The DUNS number must be included in the data entry field labeled “Organizational Duns” on the form SF-424. Instructions for obtaining a DUNS number can be found at the following Web site: <http://www.grants.gov/applicants/get_registered.jsp>.

(2) Central Contractor Registry and Credentialing. In addition to having a DUNS number, applicants applying electronically through grants.gov must register with the Federal Central Contractor Registry and receive credentials from the grants.gov credential provider. The Web site at <http://www.grants.gov/applicants/get_registered.jsp> provides step-by-step instructions on how to do so. Failure to register with the Federal Central Contractor Registry and credential provider will result in your application being rejected by the grants.gov portal.

The registration process is a separate process from submitting an application. **Applicants are, therefore, encouraged to register early.** The registration process can take approximately two weeks to be completed. Therefore, registration should be done in sufficient time to ensure it does not impact your ability to meet required submission deadlines. You will be able to submit your application online anytime after you receive your e-authentication credentials.

(3) Electronic Signature. Applications submitted through grants.gov constitute submission as electronically signed applications. The registration and e-authentication process establishes the Authorized Organization Representative (AOR). When you submit the application through grants.gov, the name of your AOR on file will be inserted into the signature line of the application. **Applicants must register the individual who is able to make legally binding commitments for the applicant organization as the AOR.**

b. Step Two: Submitting the Application Electronically

(1) Filling out the Application. A full set of instructions for completing and submitting applications online can be found at:
<http://www.grants.gov/applicants/apply_for_grants.jsp>.

(2) Timely Submission of Application and Proof of Receipt. All online applications for funding must be submitted through <http://www.grants.gov/applicants/apply_for_grants.jsp> and received by (4:00 pm) Mountain Daylight Time on the due date listed in the funding announcement. Proof of timely submission is automatically recorded by grants.gov. An electronic time stamp is generated within the system when the application is successfully received by grants.gov. The applicant will receive an acknowledgement of receipt and a tracking number from grants.gov with the successful transmission of their application. Applicants should print this receipt and save it, along with facsimile receipts for information provided by facsimile, as proof of timely submission.

When Reclamation successfully retrieves the application from grants.gov, grants.gov will provide an electronic acknowledgment of receipt to the e-mail address of the AOR. Proof of timely submission shall be the date and time that grants.gov receives your application. Applications received by grants.gov after the established due date for the program will be considered late and will not be considered for funding by Reclamation.

(3) Customer Support

The grants.gov Web site provides customer support via (800) 518-GRANTS (this is a toll-free number) or through e-mail at support@grants.gov. The customer support center is open from 7 a.m. to 9 p.m. Eastern time, Monday through Friday, except Federal holidays, to address grants.gov technology issues. For technical assistance on program related questions, contact Randale Jackson with the Bureau of Reclamation.

Reclamation suggests that applicants submit their applications during the operating hours of the grants.gov support desk, so that if there are questions concerning transmission, operators will be available to walk you through the process. Submitting your application during support desk hours will also ensure that you have sufficient time for the application to complete its transmission prior to the application deadline. Applicants using dial-up connections should be aware that transmission should take some time before grants.gov receives it.

Grants.gov will provide either an error or a successfully received transmission message. The grants.gov support desk reports that some applicants abort the transmission because they think that nothing is occurring during the transmission process. Please be patient and give the system time to process the application. Uploading and transmitting many files, particularly electronic forms with associated XML schemas, will take some time to be processed.