

Reclamation Manual

Directives and Standards

Subject: Transfer of Operation and Maintenance (O&M) Responsibility of Project Works

Purpose: To establish procedures and requirements for transferring O&M of project works, including Safety of Dams (SOD) modifications, from:

! Construction status to Reclamation O&M status or

! Construction status or Reclamation O&M status to water user organization O&M status

Authority: Reclamation Project Act of June 17, 1902, Section 6 and Reclamation Extension Act of August 13, 1914, Section 5.

Contact: Water Resources Office, D-5500

1. **Background.** Section 5 of the Reclamation Extension Act of August 13, 1914, states: "...That, whenever any legally organized water users' association or irrigation district shall so request, the Secretary of the Interior is authorized, in his discretion, to transfer to such water users' associations or irrigation districts the care, operation, and maintenance of all or any part of the project works, subject to such rules and regulations as he may prescribe."
2. **Types of Transfers.**
 - A. **Transfer From Construction Status to Reclamation O&M Status.** Effective with the transfer of a facility from construction to Reclamation O&M status, responsibility for O&M passes from the head of the construction activity to the head of the O&M activity. Title to all project works will remain with the United States unless and until the Congress of the United States provides otherwise. The transfer will not preclude later charges to the principal obligation for completions and corrections found necessary and documented during transfer inspections.
 - B. **Transfer From Construction Status or Reclamation O&M Status to Water User Organization O&M Status.** Reclamation law provides for the transfer of the responsibility for O&M of constructed facilities to water users or other legally authorized organizations. Title to all project works will remain with the United States unless and until the Congress of the United States provides otherwise. The transfer will not preclude later charges to the principal obligation for completions and corrections found necessary and documented during transfer inspections.
3. **Facilities, Equipment, and Supplies.** As project works move from construction through Reclamation O&M to water user O&M, fixed facilities (dam, appurtenant structures,

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associated buildings, etc.) and equipment, essential for the O&M of project works, will be transferred with the O&M of the facilities. Title to the facilities will remain with the United States unless and until the Congress of the United States provides otherwise. Title to equipment and supplies may be transferred provided appropriate arrangements for repayment are made. Under certain conditions, some facilities may be held as "reserved works" (i.e., those required for protection of Government works or those serving multiple purposes or several irrigation entities), and it may be appropriate to hold some of the equipment for the same reasons. When not required for reserved works, equipment may be used by a water user organization for O&M of facilities placed in its care under rental agreements or other appropriate controls to ensure proper cost distribution among the different purposes or entities. Replacement cost of O&M equipment during Reclamation O&M will be charged to construction or O&M accounts, as appropriate. If used jointly, the cost will be assigned in proportion to use. When equipment is transferred to a water user organization, replacement is the responsibility of that organization. If there are power contracts which relate to the facilities, they will be revised or created as necessary.

4. **When to Transfer.** The transfer from construction status to O&M status will occur as soon as the facility, unit of a new project, or extension to an existing project is substantially complete and stabilized, reservoir filling and monitoring criteria are in place, and the water user organization has a competent staff and is financially able to operate and maintain the works, or, in the case of a SOD modification, when the design intent is met. However, there are two exceptions to this requirement:
 - A. **Before Completion of Construction.** Operations may be necessary before construction is complete and will usually be under the immediate administrative supervision of the official in charge of the construction activities.
 - B. **Special Circumstances.** In some instances, because of factors such as the type and location of the structure, unstable conditions, operating relationships with other project features, environmental considerations, the scope of the construction contract, or relationships with the contractor, water users, managing partners, and others, it may not be possible to immediately transfer the completed works to O&M status. In these instances, the completed works will remain in construction status, but operation of these works may be desirable for providing limited water service to water users or others.
5. **Transfer Process.** Once consensus is reached between Reclamation offices and the receiving organization, a transfer inspection will be completed prior to the official transfer. The following steps will be followed:
 - A. **Transfer Inspection Initiation.** For transfers from construction status or for facilities modified under the SOD Program, the Reclamation office in charge of construction will

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be responsible for initiating the transfer. For transfers involving O&M responsibility, the official transfer inspection will be initiated and scheduled by the area office having jurisdiction over the facility being transferred.

Initiation of the transfer process begins with a memorandum to appropriate offices in the regional and area offices (construction, O&M, SOD). For work performed under Denver-issued specifications, the following groups or offices in Denver should be notified of the transfer inspection: the principal designer, the Construction Management Group (D-8160), the Operation and Structural Safety Group (D-8470), and the Commissioner's Program Analysis Office (D-5500); and any other Reclamation office needing to be aware of the transfer. The memorandum will include a description of the facility to be transferred, important or unusual problems, such as contract considerations, and the date(s) of the transfer inspection. If the transfer involves a SOD modification, information on the design intent will be included.

- B. Transfer Inspection Participants.** Participation in a transfer inspection will be determined by the office in charge of construction or Reclamation area office based on whether the facility was a SOD modification, constructed under Denver- or regional-issued specifications, or in Reclamation O&M status. The person responsible for the design will participate in the transfer inspection, if applicable.
- C. Transfer Inspection Report Contents.** Following the transfer inspection, the office which initiated the inspection will prepare an inspection report which includes the following information:
- (1) A general description of the facility being transferred, including equipment and buildings. If a SOD modification, state purpose.
 - (2) The specifications number.
 - (3) The original transfer date and O&M history of the facilities, citation of project authority, authority for transfer, contract number, and/or effective date of any repayment contract, as appropriate. (It should be noted that contracts for repayment of construction costs for specific project works describe the responsibilities and liabilities of each party relative to O&M of the project works.)
 - (4) The Reclamation office or water user organization to which the facility is being transferred.
 - (5) The date of the transfer inspection.

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- (6) The effective date of the transfer.
 - (7) A description of the general condition and sufficiency of the structures and equipment being transferred.
 - (8) The availability of necessary equipment and instructions, required construction documentation, including Designers' Operating Criteria, Design Summary, revised Standing Operating Procedures, Emergency Action Plan, first filling and monitoring criteria, and other appropriate operating documents. Where the required instructions and documentation are not completed, a schedule for their completion will be included.
 - (9) The status of "as-built" drawings and a construction report. These documents are to be finalized within 3 months of completion of construction. The cost to prepare the drawings and report will be charged to construction funding. If the drawings and construction report are not completed at the time of transfer, a schedule for their completion will be included.
 - (10) Deficiencies found during the inspection with information on which organization is responsible for correcting each deficiency and the funds to be used in accordance with existing budgetary policies. Include work items needing completion, recommendations made during the transfer inspection, observations not considered construction deficiencies but which would be valuable information for future examiners, and photographs of newly constructed or modified features as well as other items noted in the inspection report for future reference.
- D. **Transfer Inspection Report Routing and Copies.** The office responsible for construction or the associated area office will prepare and process the inspection report for concurrence by the responsible Regional Director and operating office or water user organization. After concurrence signatures of the Regional Director, Area Manager, and water user organization official(s), if appropriate, the area office will send a copy of the inspection report to the Commissioner, Attention: D-5500, within 60 days of the inspection. Copies of the report will also be sent to specific offices within the region and area offices which need to be aware of the official transfer, to the water user organization, if appropriate, and to those who participated in the transfer inspection. An example of a transfer concurrence memorandum is attached as appendix A.
6. **Cost of a Transfer Inspection.** For a facility being transferred from construction status to Reclamation or water user O&M status, the cost for conducting the transfer inspection will be charged to construction funding. For a facility being transferred from Reclamation O&M

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status to water user O&M status, the cost for conducting the transfer inspection will be treated as a project-specific O&M cost.

7. **Divergence From Directives.** Implementation of Reclamation Manual (RM) Policy and Directives and Standards may not be feasible or appropriate at all field levels. These conditions are discussed in RM CMP 01-02 and may permit the Reclamation Regional Director or Area Manager to diverge from this directive.

8. **References.**

- A. Fact Finders' Act, Subsection G, dated December 5, 1924;
- B. Transfer Title to Movable Property to Irrigation Districts Act of July 29, 1954, and amendments;
- C. Reclamation Project Act of 1939 (August 4, 1939);
- D. May 19, 1993, memorandum from Acting Commissioner Hancock to all regional directors, subject: "Policy for Terms of Contracts;"
- E. January 4, 1994, memorandum from Commissioner Beard to all regional directors, subject: "Basis of Negotiations for New and/or Amended Water Service, Repayment and Related Contracts;"
- F. Cultural Resources Management Directive, LND-02-01; and
- G. Resource Management Records Directive (in draft).