

# Reclamation Manual

## Directives and Standards

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- Subject:** Collection of Operation and Maintenance (O&M) Costs Associated With the Administration of Water-Related Contracting Activities
- Purpose:** To set forth Reclamationwide Directives and Standards for implementation of an equitable fee structure to collect O&M costs for water-related contracting activities.
- Authority:** The Reclamation Act of 1902 (Act of June 17, 1902; 32 Stat. 388); Reclamation Extension Act (Act of August 13, 1914; 38 Stat. 686); Fact Finders Act of 1924, Subsection N (Act of December 5, 1924; 43 Stat. 704); The Omnibus Adjustment Act (Act of May 25, 1926; 44 Stat. 636); and Reclamation Project Act of 1939 (Act of August 4, 1939; 53 Stat. 1187).
- Contact:** Contract Services Office, D-5600
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1. **Scope of Charges.** Prior to entering reimbursable contract activities, regional offices will collect estimated costs in advance of incurrence of expense. The total costs of a contract activity are not necessarily required to be paid in one lump sum. The requirement is that such costs are paid in advance of the charges incurred. This could be monthly, quarterly, or annually. Further, only those costs associated with the contract activity should be collected from the beneficiary. This guidance does not intend that Reclamation collect costs from contractors for a full range of activities performed as a part of a narrower contract action. For example, if an environmental assessment suffices for a contract activity, but an environmental impact statement is performed to include a broader range of issues, only costs associated with the cost of an environmental assessment should be collected. However, if an environmental impact statement is required for the contract activity, then associated costs should be collected.
2. **Direct Charge.** Prior to entering reimbursable contract activities, regional offices will collect estimated costs up front. The direct charge will be comprised of actual costs. Actual costs include salary, overhead, travel, materials, and other costs as applicable. Depending on actual costs, this fee may be adjusted up or down, thereby requiring either additional moneys to be collected up front or a refund to the entity. These rates differ from region to region based on overhead costs. Regional finance offices should be contacted annually to update these rates.
3. **Exemptions.** The fee will not apply in the following situations:
  - A. Where explicitly prohibited by legislation or executive order.
  - B. Right-of-way application, leases, licenses, permits, etc., for the use of project lands and facilities for which fees are covered under a variety of authorities. (Reclamation Manual 08-01, *Land Use Authorizations*, paragraph 9.B. addresses Reclamation's procedures for administrative costs associated with land use authorizations.)

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- C. Where the Government is already committed by statute to perform an activity benefiting the public generally and the costs associated with that activity would be incurred regardless of the fact that specific individuals and entities may be incidentally benefited. Examples include statutorily prescribed land use planning and statutorily prescribed programmatic environmental statements.
  
- D. Where the contract action is being taken for the primary benefit of a party other than the contractor or its beneficiary (e.g., contracts for the acquisition of water for Federal purposes or contracts benefiting the public generally). This exception does not apply where a contract is intended to mitigate harm to the public interest; e.g., a contract providing that a certain percentage of water be used for in-stream flows or a certain amount of habitat be created as a prerequisite for authorizing a contractor to take some action.