

Report to the House and Senate Committees on Appropriations  
Distribution of Additional FY 2012 Funding for  
Water and Related Resources, Bureau of Reclamation  
Discussion of Criteria

Summary:

The Consolidated Appropriations Act of 2012 (P.L. 112-74) provided the Bureau of Reclamation with \$895 million for its Water & Related Resources account. In the accompanying Conference Report (112-331) Congress provided that \$50 million of these funds were unallocated and directed that “Reclamation shall provide to the House and Senate Committees on Appropriations a report delineating how these funds are to be distributed, in which phase the work is to be accomplished, and an explanation of the criteria and rankings used to justify each allocation. This report shall also include the reassessment of allocation among rural water systems as directed by the House.”

The Bureau of Reclamation, following the structure in Conference Report 112-331, has allocated funding to projects within the areas of Rural Water (\$30 million); Fish Passage and Fish Screens (\$5 million); Water Conservation and Delivery Studies, Projects and Activities (\$6 million); Environmental Restoration and Compliance (\$4 million); and Facilities Operation, Maintenance and Rehabilitation (\$5 million). Reclamation will allocate these funds “to advance and complete ongoing work, improve water supply reliability, improve water deliveries, enhance regional or local economic development, promote job growth or for critical backlog maintenance and rehabilitation activities.”

Reclamation based its decisions on a thorough review at the regional, program and national level to ensure a balanced approach that considered projects and programs on the basis of mission priorities, relevance to strategic goals, and program objectives, while adhering to the directions contained in the Conference Report. This funding allows Reclamation to accelerate the selected projects to meet high priority needs sooner than would otherwise be the case, while stimulating regional economies and creating jobs. The overall considerations used in the decision-making included:

- Consideration of program/project capability during the remainder of FY 2012, continued focus on public safety as well as ongoing operation and maintenance requirements;
- Consideration of court ordered requirements, and making progress towards project completion without increasing future budget requirements;
- Support for high priority programs and activities, including America’s Great Outdoors and program requirements;

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- Consideration was given to financial feasibility, such as the acceleration of construction underway, which would achieve more efficient construction schedules, probable cost reductions and an earlier realization of project benefits;
- Consideration was also given to the Bureau's ability to complete discrete segments of the projects.

#### Rural Water Construction (\$30 million)

Reclamation has been working diligently to advance the completion of all of its authorized rural water projects consistent with current fiscal and resource constraints with the goal of delivering potable water to tribal and non-tribal residents within the rural water project areas.

Prior to the additional funds becoming available for allocation to the rural water projects, Reclamation had been conducting studies to modify the existing criteria and develop more comprehensive criteria for ranking the authorized rural water projects so that Reclamation would be able to assign its limited construction dollars in the best possible manner. Although the process for developing the final criteria had not been completed, Reclamation selected and applied the best criteria from the work that had been completed and applied these "interim" criteria to the allocation of the additional \$30 million.

The interim criteria that were developed reflect program goals and objectives by incorporating factors such as time and financial resources committed, regional watershed perspective, urgent and compelling need, Tribal members served, economic impacts, and water use efficiency. Reclamation then allocated the additional funds based on each project's ability to use those funds to complete discrete construction segments which would significantly advance the provision of potable water to people.

As part of the process for developing the final revised criteria, Reclamation will work closely with members of Congress, project partners, and stakeholders to develop a set of measures which would best rank the authorized rural water projects for allocating rural water construction funds in the future.

#### Facilities, Operation, Maintenance & Rehabilitation – Aging Infrastructure (\$5 million)

Reclamation will use these funds to address the aging infrastructure needs of selected projects, which is essential for maintaining system reliability and safety and for supporting sustainable water management by promoting established asset management practices. Limits on available funding in the face of deficit reduction pressures require that innovative procedures and incentives be explored to provide a means of prioritizing funding to address the most urgent of these needs. Reclamation has developed the following draft Extraordinary Operation and Maintenance (XOM) prioritization criteria:

- Engineering Need - The extent to which engineering analyses demonstrate that the facility faces existing or potential conditions that could severely impair its ability to continue delivering project benefits or that could lead to failure of the facility.
- Consequences of Failure - The value of project benefits that would likely be lost in the event of failure of the facility, as well as potential property damages resulting from such failure.
- Efficiency Opportunities - The extent to which the proposed work demonstrates a significant opportunity to substantially reduce future routine O&M costs associated with the facility and improves the Facility Condition Index (FCI).
- Financial Considerations - The extent to which the project beneficiaries responsible for the reimbursable share of the work demonstrate the ability to repay the reimbursable share of the work
- Schedule – The duration of the project activities for design and construction

Fish Passage and Fish Screens (\$5 million), Water Conservation and Delivery Studies, Projects and Activities (\$6 million), and Environmental Restoration and Compliance (\$4 million)

Reclamation continually works to meet the increasing water demands of the West while protecting the environment. Reclamation has an important role in restoring aquatic habitat that was impacted by historic development. The funds have been allocated to projects with a goal to make the western United States' rivers, streams and estuaries environmentally healthy, a requirement in continuing to provide water supply benefits and reliability.

Projects selected for the additional funding in these three areas reflect Reclamation's overall considerations. Funds for these activities were prioritized considering the project's ability to begin and/or complete the work in FY 2012. In addition, consideration was given to the project's ability to resolve water shortage issues in the West, to promote water conservation and improved water management, and to take actions to mitigate adverse environmental impacts of projects. Reclamation gave priority to projects that could make significant progress toward species recovery and protection, and to projects that would maximize and stabilize the water supply benefits to a given basin, while enhancing regional and local economic development and promoting job growth.

This funding was then balanced across programs and activities to ensure the continued delivery of public benefits, the operation and maintenance of facilities in a safe and reliable manner, the protection of the health and safety of the public and Reclamation employees, and compliance with environmental requirements and opportunities for ecosystem restoration.