

# RECLAMATION

*Managing Water in the West*

## Repayment of Extraordinary Operation and Maintenance Costs

**Presented by:**

**Mid-Pacific Region**



U.S. Department of the Interior  
Bureau of Reclamation

# Presentation Overview

- Summary of provisions of PL 111-11
- Repayment alternatives

# Public Law 111-11 – Omnibus Public Land Management Act of March 30, 2009

The Act states:

**“The Secretary or the transferred works operating entity may carry out...any extraordinary operations and maintenance work on a project facility that the Secretary determines to be reasonably required to preserve the structural safety of the project facility.”**

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# What is Extraordinary O&M?

## **“Extraordinary Operations and Maintenance” or “XO&M”**

- **major non-reoccurring maintenance on a project facility that is intended to ensure the safe, dependable, and reliable delivery of authorized project benefits. Excludes work performed under the Safety of Dams Act.**

## **“Emergency Extraordinary Operation and Maintenance “or “EXO&M”**

- **Extraordinary Operations and Maintenance Work that Reclamation determines to be necessary to minimize the risk of imminent harm to public health, safety or property.**

# CVP O&M Expenses

```
graph TD; A[CVP O&M Expenses] --> B[Annual O&M]; A --> C[Extraordinary O&M]; A --> D[Emergency Extraordinary O&M];
```

**Annual  
O&M**

(paid in advance)

**Extraordinary  
O&M**

(up to 50 yrs to repay w/  
interest)

**Emergency  
Extraordinary  
O&M**

(up to 50 yrs to repay  
w/ interest)

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# Reimbursement of Costs

**PL 111-11 identifies repayment requirements for reserved works and transferred works**

## Transferred Works:

- **Secretary authorized to advance the costs, subject to available appropriations**
- **Costs allocated to authorized purposes of the Project. Repayment within 50 years with interest**

# Repayment Requirements of Costs – Reserved Works

**A. Costs will be allocated to authorized purposes of the project**

**B. Term of repayment**

- **Costs to be repaid within 50 years of the date on which the work is declared substantially complete, with interest**

# Contract Requirements – cont.

## C. Interest

- Interest assessed on all costs of EXO&M and XO&M regardless of the purpose to which the costs are allocated.
- The interest to be repaid will consist of both Interest During Construction (IDC) and Interest on Investment (IOI).
- Rate determined by the Secretary of the Treasury that is in effect for the fiscal year in which the XO&M and EXO&M is commenced, corresponding to the length of the repayment term.