

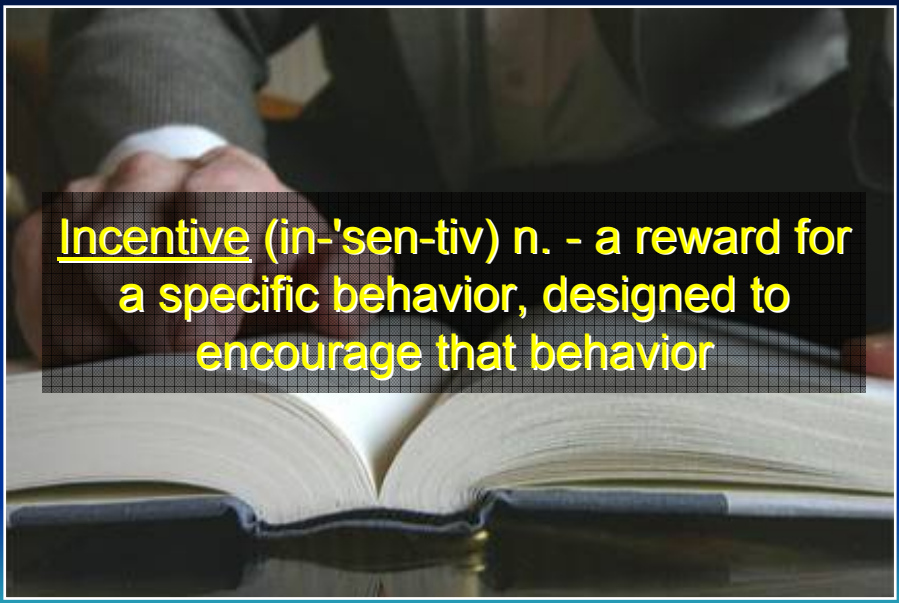


# Incentive-Based Cost Sharing



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Incentive (in-'sen-tiv) n. - a reward for a specific behavior, designed to encourage that behavior

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## CTP Objective

Provide a conceptual look at the positive and negative aspects of implementing an incentive-based approach to cost sharing for the Corps Civil Works Program



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## Briefing Overview

David Bucaro { • History / Current Policy  
• Problems

Naomi Fraenkel { • Precedents  
• Approach

Brian Rast — • Proposed Criteria

Jeff Tripe { • Process  
• Benefits  
• Potential Concerns  
• Recommendation



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## History / Current Policy

- Water Resources Development Act of 1986
  - Fundamental change in Corps CW Program
  - Reduced federal burden per project
  - Increased non-Federal level of responsibility
  - Promoted stronger partnerships
- Predetermined cost sharing by project purpose
- Requires Cooperation Agreements
  - FCSA, PED agreement, PCA



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## Problems

- Fails to promote projects with national, regional and local significance
- Delays implementation of project features that would otherwise be initiated by solely crediting non-Federal investment after execution of PCA
- Provides few incentives for non-Federal sponsors to invest their resources into programs, plans and regulations that are compatible with Corps missions and provide more sustainable Federal projects
- Penalizes non-Federal sponsors who use their resources in advance of Federal participation by including actions in the without-project condition



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# Federal Precedents



Community Rating System (CRS)

Conservation Reserve Program (CRP)



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# Proposed Approach

- Use existing cost sharing for feasibility and design
- Reduce non-Federal cost share for project implementation based on a set of clear, simple and measurable criteria
- Criteria follow three general categories:

**S**ignificance

**I**vestment

**S**ustainability

# SIS



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## Significance Criteria

- Used to credit the local, regional and national importance of a project
  - Existence of threatened/endangered species
  - Evidence of significant cultural resources
  - Presence of significant historic structures
  - Existence of critical habitat
  - Proximity to critical facilities
- Projects with nationally significant resources receive greater cost share reductions
- Provides incentive for sponsors to bring forward significant projects that have inherent value



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## Investment Criteria

- Used to credit non-Federal sponsors for implementing project features in advance of PCA
- Included in total project cost and applied as part of the non-Federal contribution (similar to LERRDs)
- Can be implemented from reconnaissance through execution of PCA; avoids crediting past investments
- Credits determined through study cost estimates
- Appraisal necessary to ensure that project features were constructed as proposed
- Provides incentive for sponsors to implement features with local resources in advance of Federal funds



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# Sustainability Criteria

- Used to credit non-Federal sponsors for actions that the Corps cannot directly implement, but which are compatible with Corps missions
  - Creation of setbacks and zoning ordinances
  - Use of renewable energy sources
  - Development of watershed and stormwater management plans
  - Programmatic use of environmentally sensitive pesticides
- Reduces residual risks to the human and natural environment
- Provides incentive for sponsors to invest their resources into programs, plans and regulations that provide more sustainable Federal projects



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# Proposed Criteria by CW Business Line



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## Coastal Storm Damage Reduction

Significance (S)	Investment (I)	Sustainability (S)
<ul style="list-style-type: none"> <li>• Protects recognized natural coastal areas (coral reefs, barrier islands, wetlands)</li> <li>• Protects recognized cultural resources</li> <li>• Protects critical facilities</li> </ul>	<ul style="list-style-type: none"> <li>• FEMA CRS rating</li> <li>• Evacuation plan</li> <li>• Warning system</li> <li>• Acquisitions</li> <li>• Flood risk mapping</li> <li>• Beach nourishment</li> </ul>	<ul style="list-style-type: none"> <li>• Setbacks / easements</li> <li>• Zoning restrictions for repetitive flood loss areas</li> <li>• Strict building permits</li> <li>• Acquisition plan</li> <li>• Dune protection</li> <li>• Wetland restoration</li> <li>• Best Management Practices (BMPs)</li> </ul>

## Flood Risk Management

Significance (S)	Investment (I)	Sustainability (S)
<ul style="list-style-type: none"> <li>• Protects recognized natural areas</li> <li>• Protects recognized cultural resources</li> <li>• Protects critical facilities</li> </ul>	<ul style="list-style-type: none"> <li>• FEMA CRS class</li> <li>• Evacuation plan</li> <li>• Warning system</li> <li>• Acquisitions</li> <li>• Flood risk mapping</li> </ul>	<ul style="list-style-type: none"> <li>• Setbacks / easements</li> <li>• Zoning restrictions</li> <li>• Strict building permits</li> <li>• Levee / dam safety programs</li> <li>• Watershed management plans</li> <li>• Low Impact Development</li> <li>• Smart Growth</li> <li>• Wetland restoration</li> <li>• BMPs</li> </ul>

## Navigation

Significance (S)	Investment (I)	Sustainability (S)
<ul style="list-style-type: none"> <li>• Market share</li> <li>• Hinterland</li> <li>• Critical facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Land-side access improvements</li> <li>• Beneficial use of dredged material</li> </ul>	<ul style="list-style-type: none"> <li>• Renewable energy sources</li> <li>• Stormwater management plan</li> <li>• “Green” infrastructure</li> <li>• Comprehensive traffic / land use planning</li> <li>• Regional Sediment Management (RSM)</li> <li>• BMPs</li> </ul>

## Ecosystem Restoration

Significance (S)	Investment (I)	Sustainability (S)
<ul style="list-style-type: none"> <li>• Threatened and Endangered species (T&amp;E)</li> <li>• Critical habitat</li> <li>• Essential ecological function</li> </ul>	<ul style="list-style-type: none"> <li>• Erosion control measures</li> <li>• Habitat improvements</li> <li>• Mitigation banking</li> </ul>	<ul style="list-style-type: none"> <li>• Zoning for at-risk habitat</li> <li>• Water harvesting</li> <li>• “Green” programs</li> <li>• Water quality / quantity plans</li> <li>• Educational amenities</li> <li>• Research potential</li> <li>• BMPs</li> </ul>



# ARRIVE Process

**A**ssess existing attributes using established SIS criteria

**R**ecommend additional creditable non-Federal actions

**R**ate attribute scales against established SIS metrics

**I**mplement recommended actions by non-Federal sponsor

**V**erify creditable actions were implemented properly

**E**stablish final cost sharing ratio for project partners



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## Process Example (Ecosystem Restoration)

SIS Category	Attribute / Action	Metric	Scale of Non-Federal Credit
Significance	T&E (Pallid Sturgeon)	(fed)	
	T&E (Blue Sucker)	(state)	
Investment	Wetland Restoration	(\$)	
	Riparian Restoration	(\$)	
	Streambank Stabilization	(\$)	
Sustainability	Sewer Separation	(Y/N)	
	Stormwater Ordinance	(Y/N)	
	Water Harvesting	(Y/N)	



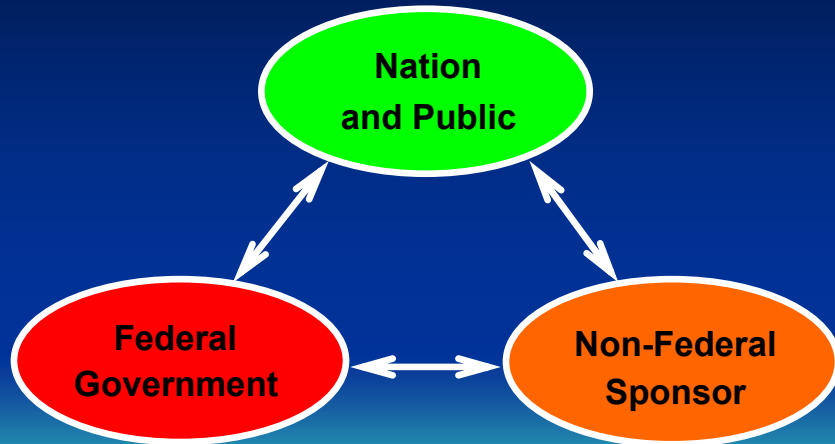
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# Projected Benefits



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# Concerns

- Legality
- Federal Budget
- Resource Limitations
- Misuse and Abuse
- Enforcement
- Monitoring



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# Recommendations

- Further study
  - Address concerns
  - Assess budgetary impacts
  - Formulate criteria / metrics
- Pilot program
  - Gauge stakeholder acceptability
  - Identify strengths / weaknesses
- Congressional implementation
  - WRDA authorization



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Questions?