

## RECLAMATION MANUAL TRANSMITTAL SHEET

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### Reclamation Manual Release Number and Subject

### Summary of Changes

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Filed by: \_\_\_\_\_

Date: \_\_\_\_\_

# Reclamation Manual

Directives and Standards

## **TEMPORARY RELEASE**

*(Expires 06/24/2017)*

<b>Subject:</b>	Financial Assistance Under the Water Conservation Field Services Program
<b>Purpose:</b>	To establish Bureau of Reclamation requirements for reviewing, approving, and administering grants under the Water Conservation Field Services Program (WCFSP). The benefit of this Directive and Standard (D&S) is the establishment of uniform requirements to promote consistency and efficiency in WCFSP implementation.
<b>Authority:</b>	Reclamation Act of June 17, 1902 (ch. 1093, 32 Stat. 388; 43 U.S.C. 371 et seq.), and acts amendatory thereof and supplementary thereto; <i>Reclamation Reform Act</i> of 1982 (96 Stat. 1268; 43 U.S.C. 390jj); and Section 9504 of the <i>Secure Water Act</i> , Subtitle F of Title IX of Pub. L. 111-11, <i>Omnibus Public Lands Management Act</i> of 2009 ( <i>Secure Water Act</i> ) (42 U.S.C. 10364 et seq.).
<b>Approving Official:</b>	Director, Policy and Administration (POLICY)
<b>Contact:</b>	Water Resources and Planning Division, 84-51000

### 1. **Introduction.**

- A. The Secure Water Act provides Reclamation with authority to enter into cost-shared financial assistance agreements with eligible applicants to assist in developing effective water management and conservation plans; designing water management improvements; demonstrating conservation technologies; and conducting an analysis of system-wide efficiency (system optimization reviews).
- B. This D&S sets forth the requirements, responsibilities, and selection processes for grants conducted under the WCFSP. Other Reclamation requirements concerning financial assistance agreements are described in Reclamation Manual (RM) D&S, *Requirements for Award and Administration of Financial Assistance Agreements (Grants and Cooperative Agreements)* (ACM 01-01), and elsewhere in the RM and are applicable to the WCFSP.

2. **Applicability.** This D&S applies to all Reclamation employees engaged in the selection, award, and oversight of grants selected under the WCFSP, including activities that are related to the development of Funding Opportunity Announcements (FOA) under the WCFSP; the review and selection of applications for financial assistance; and award of funding; or the post-award oversight and monitoring of financial assistance agreements under the WCFSP.

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### 3. Definitions.

- A. **Applicant.** An entity that submits an application in response to a WCFSP FOA.
- B. **Application Review Committee (ARC).** The committee established to review and rank all grant applications submitted by eligible applicants for each FOA. The ARC is generally comprised of staff members from Reclamation regional offices, area offices, and field offices. Multiple ARCs may be established to review the applications submitted in response to each WCFSP FOA.
- C. **Area Coordinator.** Reclamation employee assigned by an area office manager to serve as the primary point of contact who provides leadership and coordination for the WCFSP.
- D. **Change of Scope.** Modification of a financial assistance agreement to revise the scope of work provided in the original financial assistance agreement.
- E. **Financial Assistance Agreement.** As defined in ACM 01-01, a financial assistance agreement is an award which provides support in order to accomplish a public purpose authorized by a law or regulation of the United States. Financial assistance awards include grants, cooperative agreements, and other agreements in the form of money or property in lieu of money, by the Federal government to an eligible recipient. The term does not include: technical assistance, provided by Reclamation staff to a local water and/or irrigation district, which provides services instead of money; other assistance in the form of loans, loan guarantees, interest subsidies, or insurance; direct payments of any kind to individuals; or contracts which are required to be entered into and administered under procurement laws and regulations.
- F. **FOA.** A notice on Grants.gov of a competitive Federal grant funding opportunity available to the public.
- G. **Grants Officer.** Reclamation employee who has been delegated signature authority to award and oversee WCFSP financial assistance agreements on behalf of Reclamation.
- H. **Grants Officer Technical Representative (GOTR).** Reclamation employee delegated authority by the Grants Officer to oversee the technical and programmatic aspects of a specific WCFSP financial assistance agreement.
- I. **Non-Federal Cost-Share.** The contributions provided by non-Federal entities or funding partners to fund the non-Federal share of the project. Non-Federal cost-share under the WCFSP is provided through cash or in-kind contributions, which may be in

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the form of real property, equipment, supplies and other expendable property, as well as the value of goods and services directly benefiting and specifically identifiable to a WCFSP project.

- J. **On-the-Ground Improvement Projects.** Projects that involve the installation of fixtures that are intended to be permanent and provide measurable/quantifiable benefits. Often times these projects involve ground-disturbing activity. Examples include canal lining and piping, installation of meters, and turf replacement.
- K. **Pre-Award Costs.** Costs associated with WCFSP projects that are incurred prior to the date of execution of the financial assistance agreement, which are consistent with the FOA and determined allowable, allocable, and reasonable by the Grants Officer.
- L. **Project Costs.** The costs associated with commencing and completing a WCFSP project, including, but not limited to, costs for materials and supplies, and labor costs.
- M. **Recipient.** An entity that is selected to receive funding through the WCFSP and enters into a financial assistance agreement with Reclamation to complete a WCFSP project.
- N. **Red-Flag Review.** The review conducted by Reclamation offices following the results of the ARC review to identify any reasons why a proposed project would not be feasible or otherwise advisable, including permitting issues, legal issues, environmental and/or cultural resources compliance issues, past performance, or financial position, and to address any specific concerns or questions raised by members of the ARC.
- O. **Regional Coordinator.** Reclamation employee assigned by a regional director to serve as the region's primary point of contact who provides leadership and coordination for the WCFSP.
- P. **System Optimization Review (SOR).** A review to assess the potential for water management improvements and to identify a plan of action that contains recommendations for implementing specific improvements that have the potential to enhance water management.
- Q. **WaterSMART Grants.** A competitive grant program within WaterSMART, providing cost-share funding for on-the-ground improvement projects.
- R. **WCFSP Grant.** A Federal financial assistance agreement entered into between Reclamation and a WCFSP Grant recipient that provides funding to assist the recipient in developing effective water management and conservation plans; designing water management improvements; demonstrating conservation technologies; and conducting an analysis of system-wide efficiency (system optimization review).

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#### 4. Responsibilities.

- A. **Commissioner.** The Commissioner is responsible for determining the appropriate emphasis of WCFSP Grants as a mission goal within Reclamation's overall strategic plan and taking such measures as are necessary for the overall implementation of WCFSP Grants.
- B. **POLICY Director.** The POLICY Director is responsible for overseeing the coordination of the WCFSP across Reclamation and taking such measures as are necessary for the overall implementation of the WCFSP. The POLICY Director is also responsible for providing a coordinated response to all requests for red-flag review.
- C. **Regional Directors.** Regional directors are responsible for determining the appropriate emphasis of the WCFSP as a priority within each respective region and taking such measures as are necessary for the overall implementation of the WCFSP. Regional directors are also responsible for overseeing the execution of WCFSP Grants on a programmatic level, in accordance with this D&S, and taking such measures as are necessary for the overall implementation of the WCFSP. The regional directors are also responsible for identifying a regional coordinator.
- D. **Regional Coordinators.** Regional coordinators are responsible for coordinating oversight and management of all WCFSP Grants within their respective regions, including taking such measures as are necessary for implementation of WCFSP Grants within their regions.
- E. **ARC.** The ARC is responsible for reviewing all accepted WCFSP Grant applications and ranking them in accordance with the applicable WCFSP Grant evaluation criteria.
- F. **Grants Officer.** In support of the competitive selection of WCFSP Grants, the Grants Officer is responsible for ensuring that all WCFSP Grant FOAs comply with all financial assistance requirements; posting WCFSP Grant FOAs on Grants.gov; conducting an initial screening of all applications submitted in response to the FOAs; serving as the point of contact for ARC members during the ARC review; and serving as the point of contact for applicants throughout the selection process. The Grants Officer is responsible for ensuring that the announcement and selection of WCFSP projects are conducted in accordance with government-wide, Departmental, and Reclamation requirements related to financial assistance. The Grants Officer is responsible for the award and oversight of specific WCFSP Grants, including ensuring WCFSP Grant recipient compliance with all applicable laws and regulations.

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- G. **GOTR.** In addition to the responsibilities delegated to the GOTR by the Grants Officer, the GOTR is also responsible for project coordination and reporting as described within Section 8 of this D&S and any other program management support activities specified by the regional coordinator.
- H. **Area Coordinator.** Area coordinators are responsible for coordinating oversight and management of all WCFSP Grants within their respective areas, including taking such measures as are necessary for implementation of WCFSP Grants within their areas.
5. **FOA.** Each regional director will determine which FOA(s) is/are made available in a given fiscal year.
- A. **Development of FOAs.** Each region will develop an FOA(s) in accordance with regional needs and priorities, within the scope of eligible activities described in Paragraph 6.C. The FOA(s) will specify eligible applicants, eligible activities, funding availability, evaluation criteria, the application process, and additional requirements.
- B. **Evaluation Criteria.** Reclamation will develop standard evaluation criteria for each grant category and will review/revise the criteria annually. Each regional director will determine the scoring weight given to each evaluation criterion.
6. **Conditions for Applying.** To be eligible for funding, an application must be submitted by the application deadline by an eligible applicant and must meet all of the requirements of the FOA, including describing an eligible project. These requirements are described in further detail as follows:
- A. **Eligible Applicant.** Specific information regarding eligible applicants will be included in each FOA, consistent with the following requirements:
- (1) Under the Secure Water Act, applicants eligible for funding include:
    - (a) States, Indian Tribes, irrigation districts, water districts; and
    - (b) other organizations with water or power delivery authority.
  - (2) Applicants that have submitted an application but are subsequently determined to be ineligible for funding will be informed of that determination by the Grants Officer in writing within the timeframe set in the FOA.

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### B. Application Meets FOA Requirements.

- (1) **Timely.** Reclamation will consider only those applications submitted by the application deadline provided in the FOA, unless it can be determined that a delay was caused by Federal government mishandling.
- (2) **Complete.** Reclamation will consider only those applications that include all of the information required in the FOA.
- (3) **Funding Limit.**
  - (a) The maximum amount of funding an entity may receive under the WCFSP will not exceed \$100,000 in any fiscal year.
  - (b) Each WCFSP FOA will specify, as determined by the regional director, the maximum amount an entity may receive, not to exceed the \$100,000 annual maximum established in Paragraph 6.B.(3)(a).

### C. Eligible Activities. Each FOA will specify eligible activities in accordance with the Secure Water Act, as described below. On-the-ground improvement projects are not eligible for funding under the WCFSP. Reclamation will only include the following as eligible activities supported by the WCFSP:

- (1) **Water Management and Conservation Planning.** Water management and conservation planning activities are those inventory, evaluation, or other planning functions required to develop an effective water management and conservation plan.
- (2) **Designing Water Management Improvements.** Design of improvement projects such as pipelines, canal lining, water measurement structures, or other water management improvement projects.
- (3) **Demonstrating Conservation Project Technologies.** A demonstration activity's purpose is to carry out the limited application of a particular technology in a new way, or in a new setting, to gather data with the intent of reporting the results to others for potential wider adoption.
- (4) **SORs.**
  - (a) Includes an analysis of system-wide efficiency, focused on improving the effectiveness and operations of a delivery system, district, or watershed.

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- (b) The SOR results in a plan of action that focuses on future water management improvements. Improvements that are recommended in the SOR may then be eligible for funding under WaterSMART Grants.
- D. **Cost-Share.** Reclamation requires that at least 50 percent of project costs are cost-shared with non-Federal funding provided by the recipient or third party partners. Reclamation will contribute up to 50 percent of the project costs up to the maximum funding amount established in each FOA.
- (1) **Securing Non-Federal Cost Share.** Reclamation will not make funds available for a WCFSP Grant project until the recipient has secured non-Federal cost-share. Reclamation will execute a financial assistance agreement once non-Federal cost share has been secured or Reclamation determines that there is sufficient evidence and likelihood that non-Federal cost share will be available to the applicant subsequent to executing the agreement.
- (2) **Pre-Award Costs.**
- (a) The FOA will describe in detail the conditions under which pre-award costs incurred by an applicant may be included as project costs.
- (b) The Grants Officer will review any proposed pre-award costs described in an application to determine if they are allowable, allocable, and reasonable in accordance with the Secure Water Act and applicable Office of Management and Budget (OMB) cost principles.
7. **Selection Process for Financial Assistance.**
- A. **Selection Process.** Reclamation's process for selecting projects for WCFSP funding is as follows:
- (1) **Preparation of the FOA.** WCFSP FOAs will be prepared consistent with the goals of the Secure Water Act, Departmental guidance, regional guidance, area priorities, and this D&S, subject to available appropriations. Each region will determine the FOAs that are made available each fiscal year. Reclamation's process for selecting projects for WCFSP Grant funding shall be conducted in accordance with ACM 01-01.
- (2) **Posting the FOAs.** All FOAs will be posted on Grants.gov.
- (3) **Establishment of the ARC.** Each region will establish an ARC prior to the deadline for applications submitted in response to each FOA.



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(4) **ARC Review.**

- (a) Each ARC member will sign and return the Confidentiality and Non-Disclosure forms to the Grants Officer before reviewing accepted applications.
- (b) ARC members will individually review and evaluate all accepted applications in accordance with the evaluation criteria in the FOA.
- (c) Collectively, the ARC will develop a consensus ranking and recommend specific projects to be considered further for WCFSP Grant funding.

(5) **Red-Flag Review.** In order to ensure that all available information about a potential applicant or project is considered prior to award of financial assistance, each region will initiate a red-flag review following the ARC review. Red-flag review will consist of the following:

- (a) The regional director will transmit a list of projects being considered for award of financial assistance to the POLICY Director.
- (b) The POLICY Director will coordinate a review with the Management Services Office and Program and Budget, and will provide a consolidated response to the regional director.

**B. Award Information.**

- (1) **Evaluation.** For each project selected for funding, the Grants Officer will conduct and document all required pre-award due-diligence activities including, but not limited to:
  - (a) pre-award clearances, determinations, reviews, and approvals;
  - (b) allowability, allocability, and reasonableness of proposed costs;
  - (c) financial strength and stability of the organization (as appropriate); and
  - (d) adequacy of financial and business management systems, personnel practices, procurement procedures, and accounting policies and procedures, as established by applicable OMB circulars and regulations.
- (2) **Results.** If the results of all pre-award reviews and clearances are satisfactory, an award of funding will be made once the financial assistance agreement is finalized. If the results of pre-award reviews and clearances are unsatisfactory,

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the Grants Officer will consult with the regional coordinator, and, as necessary, the GOTR, and will determine whether to remove the project from further consideration.

- (3) **Revisions to Scope of Work Prior to Award.** During the development of the financial assistance agreement, the regional coordinator and/or area coordinator will determine whether any proposed revisions are likely to affect project benefits and costs and will convene the ARC as necessary to determine whether to recommend reconsideration of award of funding for the revised project.
- (4) **Environmental and Cultural Resources Compliance.** Reclamation will ensure that an applicant does not undertake any ground-disturbing activities that are part of a WCFSP Grant project before environmental and cultural resources compliance are complete and Reclamation provides written authorization for work to proceed.
- (5) **Financial Assistance Agreement.** In addition to the standard requirements for financial assistance agreements executed by Reclamation, financial assistance agreements executed in support of WCFSP Grants must include major milestones and estimated dates for completion within the Scope of Work section.
- (6) **Amount of Award.** Reclamation will not award funding for WCFSP projects in excess of the amount requested in the application or included in the financial assistance agreement. (See Paragraph 6.B.(3).)
- (7) **Tribal Consultation.** Reclamation will comply with all applicable Executive, Departmental, and Reclamation requirements regarding Tribal consultation.
- (8) **Civil Rights Compliance.** Reclamation must ensure that pre-award and award documentation comply with Title VI compliance pursuant to 28 CFR 42.407(a), (b), and (c). Standard Form 424B Assurances of Non-Construction Programs and Standard Form 424D Assurances of Construction Programs, which outline civil rights compliance requirements, shall be part of the financial assistance agreement package. The latter requirement will be the responsibility of the Grants Officer.
- (9) **Performance Period.** WCFSP Grants must be completed within the terms established in the FOA and the specific date in the financial assistance agreement, unless a time extension is approved by the Grants Officer, in accordance with Paragraph 8.E.

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#### 8. Post Award.

- A. **Reporting.** Financial assistance reporting requirements are described in ACM 01-01.
- B. **GOTR Report.** The GOTR will submit the GOTR Report to the Grants Officer and the regional coordinator within 21 calendar days of the deadline for WCFSP Grant recipients to submit the WCFSP Grant Recipient Report. The GOTR Report will assess the WCFSP Grant Recipient Report and identify any issues. (See Appendix B for a GOTR Report template.)
- C. **Final Report.** In addition to final reporting requirements applicable to all financial assistance agreements under ACM 01-01, Reclamation will ensure that the FOA describes any additional final reporting requirements applicable to WCFSP Grant recipients.
- D. **Recipient Noncompliance.** The Grants Officer will determine whether failure by the WCFSP Grant recipient to comply with the terms and conditions of the financial assistance agreement, such as noncompliance with the reporting requirements, requires suspension and/or termination of the agreement. Reclamation will also consider recipient noncompliance during any future red-flag reviews conducted as part of the WCFSP. (See 2 CFR §200.338 - 2 CFR §200.342.)
- E. **Modifications (Changes in Scope and Time Extensions).** Projects are required to be completed within the scope and timeframe stated in the financial assistance agreement and shall not exceed the stated Federal cost-share. In the event that a WCFSP Grant recipient is unable to complete the entire project without exceeding the project costs or within the timeframe described in the financial assistance agreement, the requirements under ACM 01-01 shall apply.
- F. **Expenditures.** In general, and as practical based on the project, the Grants Officer and the GOTR will ensure that the non-Federal share of project costs is expended at the same or greater rate as the Federal share of project costs, and that costs are appropriate and accurate.
- G. **Communication of Significant Project Impacts.**
  - (1) The Grants Officer and GOTR will ensure that the regional coordinator is informed of any significant issues that arise during post-award administration or close-out of the WCFSP Grant, or during the WCFSP Grant recipient's performance of the WCFSP Grant, including WCFSP Grant recipient noncompliance with the terms and conditions of the award; substantive changes to the scope of work, budget, or schedule; substantive changes to the estimated

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water savings or other metrics; questionable or disallowed costs; or other such issues that may impact the success of the project activities funded by the WCFSP Grant.

- (2) Based on information provided by the Grants Officer and/or the GOTR, the regional coordinator will determine whether a formal request to modify the financial assistance agreement must be made under Paragraph 8.E. or whether other action will be recommended to the regional director.

H. **Close-Out.** Reclamation personnel will follow the standard Reclamation and office procedures for closing-out financial assistance agreements.