

RECLAMATION

Managing Water in the West

Funding Opportunity Announcement No. R15AS00046

WaterSMART: Drought Resiliency Project Grants for Fiscal Year 2015



U.S. Department of the Interior
Policy and Administration
Bureau of Reclamation
Denver, Colorado

May 2015

Mission Statements

The U.S. Department of the Interior protects America's natural resources and heritage, honors our cultures and tribal communities, and supplies the energy to power our future.

The mission of the Bureau of Reclamation is to manage, develop, and protect water and related resources in an environmentally and economically sound manner in the interest of the American public.

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Synopsis

Federal Agency Name:	U.S. Department of the Interior, Bureau of Reclamation, Policy and Administration
Funding Opportunity Title:	WaterSMART: Drought Resiliency Project Grants for Fiscal Year (FY) 2015
Announcement Type:	Funding Opportunity Announcement (FOA)
Funding Opportunity Number:	R15AS00046
Catalog of Federal Domestic Assistance (CFDA) Number:	15.514
Dates: (See FOA Sec. IV.B.1)	Application due date: June 25, 2015, 4:00 p.m. Mountain Standard Time (MST)
Eligible Applicants: (See FOA Sec. III.A)	States, Indian tribes, irrigation districts, water districts, or other organizations with water or power delivery authority located in the western United States or United States Territories as identified in the Reclamation Act of June 17, 1902, as amended
Recipient Cost Share: (See FOA Sec. III.E)	50 percent or more of project costs
Federal Funding Amount: (See FOA Sec. II.B)	Up to \$300,000 per applicant
Estimated Number of Agreements to be Awarded:	9-10 projects
Total Amount of Funding Available for Award: (See FOA Sec II.A)	Approximately \$2 to \$3 million will be available for drought resiliency projects under this FOA, depending on demand for other program funding opportunities. Any awards are subject to a determination by Reclamation that awards can be made consistent with all program requirements. Applications submitted under this FOA may also be considered if other funding becomes available in FY 2015 or subsequently.

Application Checklist

The following table contains a summary of the information that you are required to submit with a Drought Resiliency Project Grant application.

✓	What to Submit	Required Content and Form or Format	When to Submit
	Application for Federal Assistance	Page 25 Form SF 424, available at < http://apply07.grants.gov/apply/FormLinks?family=15 >	*
	Assurances	Page 25 Form SF 424B or SF 424D, as applicable, available at < http://apply07.grants.gov/apply/FormLinks?family=15 >	*
	Title Page	Page 25	*
	Table of Contents	Page 25	*
	Technical Proposal:		
	1. Executive Summary	Page 26	*
	2. Background Data	Page 26-27	*
	3. Technical Project Description	Page 27	*
	4. Evaluation Criteria	Pages 27 and 39-44	*
	5. Performance Measures	Page 27	*
	Environmental Compliance	Pages 27–29 and 49-54	*
	Drought Plan	If applicable	*
	Required Permits or Approvals	Page 29	**
	Letters of Project Support	Page 29-30	*
	Official Resolution	Page 30	**
	Project Budget:		
	1. Funding Plan and Letters of Commitment	Page 30-32	*
	2. Budget Proposal	Page 32	*
	3. Budget Narrative	Page 33-37	*
	4. Budget Form	Page 37 Form SF 424A or SF 424C, as applicable, available at < http://apply07.grants.gov/apply/FormLinks?family=15 >	*

* Submit materials with your application by June 25, 2015, 4:00 p.m. Mountain Standard Time (MST)

** Documents should be submitted with your application; however, please refer to the applicable section of this FOA for extended submission dates.

Acronyms and Abbreviations

ALC	Agency Location Code(s)
ARC	Application Review Committee
ASAP	Automated Standard Application for Payments
CFDA	Catalog of Federal Domestic Assistance
CFR	Code of Federal Regulations
CE	Categorical Exclusion
CEC	Categorical Exclusion Checklist
Climate Strategy	Climate Change Adaptation Strategy
CWA	Clean Water Act
DUNS	Data Universal Number System
EA	Environmental Assessment
EIS	Environmental Impact Statement
ESA	Endangered Species Act
ET	evapotranspiration
FEMA	Federal Emergency Management Agency
FOA	Funding Opportunity Announcement
FONSI	Finding of No Significant Impact
Framework	Drought Response Program Framework
FY	fiscal year
GO	Grants Officer
Interior	U.S. Department of the Interior
LOPP	Lease of Power Privilege
MST	Mountain Standard Time
NRCS	Natural Resources Conservation Service

NEPA	National Environmental Policy Act
NHPA	National Historic Preservation Act
NOAA	National Oceanic and Atmospheric Administration
OM&R	operations, maintenance, and replacement
P.L.	Public Law
Reclamation	Bureau of Reclamation
SCADA	Supervisory Control and Data Acquisition
SAM	System for Awards Management
U.S.	United States
USC	United States Code
USDA	U.S. Department of Agriculture
USFWS	U.S. Fish and Wildlife Service
WaterSMART	Sustain and Manage America's Resources for Tomorrow

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Section I: Funding Opportunity Description

I.A Drought Response Program

Many areas in the west are currently experiencing unprecedented drought conditions. While droughts are common in the western United States (U.S.), there is growing evidence that climate change is causing longer and more frequent droughts in some areas.¹ Drought directly impacts the Bureau of Reclamation's (Reclamation) ability to deliver water and power to contractors, central to Reclamation's mission. As the Nation's largest wholesale water supplier, Reclamation must support our customers, stakeholders, and partners in building resiliency to drought and climate change.

Reclamation has developed a new Drought Response Program to improve our ability to assist States, tribes, and local governments to prepare for and address drought in advance of a crisis. The Drought Response Program is funded under the U.S. Department of the Interior's (Interior) WaterSMART (*Sustain and Manage America's Resources for Tomorrow*) Program. The Drought Response Program supports a proactive approach to drought by providing assistance to water users to (1) develop and update comprehensive drought contingency plans Drought Contingency Plans, (2) implement projects that will build long-term resiliency to drought (Drought Resiliency Projects), and (3) implement emergency response actions.

This Funding Opportunity Announcement (FOA) supports Drought Resiliency Projects that will build long-term resiliency to drought and reduce the need for emergency response actions.

For further information on the Drought Response Program, please see www.usbr.gov/drought/.

For further information on the WaterSMART Program, please see www.usbr.gov/WaterSMART/.

I.B Objective of This FOA

The objective of this FOA is to invite States, tribes, irrigation districts, water districts, and other organizations with water or power delivery authority to leverage their money and resources by cost sharing with Reclamation on Drought Resiliency Projects that will increase the reliability of water supply; improve

¹ The Third National Climate Assessment, published by the U.S. Global Change Research Program in 2014, links climate change to increased droughts in the western States. <http://nca2014.globalchange.gov>.

water management; implement systems to facilitate the voluntary sale, transfer, or exchange of water; and provide benefits for fish, wildlife, and the environment to mitigate impacts caused by drought. Drought Resiliency Project Grants support implementation of the President's June 2013 Climate Action Plan and Reclamation's Climate Change Adaptation Strategy (Climate Strategy), available at www.usbr.gov/climate/docs/ClimateChangeAdaptationStrategy.pdf.

Projects carried out through Drought Resiliency Project Grants can increase water management flexibility, making our water supply more resilient, and thereby helping to prepare for and address the impacts of drought and climate change. Proposals submitted under this FOA must demonstrate that the proposed project is supported by an existing drought planning effort. It is a well-established principle that proactively identifying resiliency projects through drought planning, in advance of a crisis, is far more cost effective than emergency response. As stated on the National Drought Mitigation Center website, <http://drought.unl.edu/>:

One frequently cited estimate from FEMA² is that "mitigation" – taking steps ahead of time to prevent known impacts from a natural disaster – saves \$4 for every \$1 expended. Planning ahead is generally seen as more efficient and more effective than measures taken in crisis mode. Drought researchers have found that after-the-fact assistance to farmers, for example, is expensive and doesn't necessarily reach the right people.

The requirement that proposed projects are supported by an existing drought plan will help ensure that projects funded under this FOA are well thought out, have public support, and have been identified as the best way to address vulnerabilities to drought.

I.C Program Authority

This FOA is issued under the authority of Section 9504(a) of the Secure Water Act, Subtitle F of Title IX of the Omnibus Public Land Management Act of 2009, Public Law (P.L.) 111-11 (42 United States Code (USC) 10364). (For more information visit www.usbr.gov/drought/.)

I.D Other Related Funding Opportunities

A separate FOA for Drought Contingency Planning will be posted on [Grants.gov \(www.grants.gov/\)](http://www.grants.gov/) concurrently with this FOA. The Drought Contingency Planning FOA includes financial assistance provided under the Drought Response Program on a 50/50 cost-share basis, to develop a drought contingency plan or to update an existing plan. Additionally, projects focused on water conservation, such as canal lining or piping to conserve water, landscape irrigation measures,

² Federal Emergency Management Agency (FEMA).

turf replacement, and rebate programs to promote the installation of high efficiency appliances, are eligible for funding under Reclamation's WaterSMART Water and Energy Efficiency Grant FOA, and are not eligible for funding under this FOA.

Section II: Award Information

II.A Total Project Funding

Approximately \$2 to \$3 million will be available for Drought Resiliency Project Grants under this FOA. The actual amount will be determined based on demand for this and other program funding opportunities. Any awards are subject to a determination by Reclamation that awards can be made consistent with all program requirements. Applications submitted under this FOA may also be considered if other funding becomes available in FY 2015 or subsequently. Updated funding information is available at www.usbr.gov/drought.

II.B Project Funding Limitations

Multiple applications for funding may be submitted for consideration. ***However, no more than \$300,000 will be awarded to any one applicant under this FOA.***

The Federal share (Reclamation's share in addition to any other sources of Federal funding) of any one proposed project shall not exceed 50 percent of the total project costs. Generally, the non-Federal share of project costs must be expended at the same or greater rate as the Federal share of project costs.

Up to \$300,000 in Federal funds per applicant will be available through this FOA to implement projects that will build long-term resiliency to drought. A more detailed description of eligible projects is included in Section III.B – Eligible Projects.

II.C Reclamation Responsibilities

Project awards will be made through grants or cooperative agreements as applicable to each project. If a cooperative agreement is awarded, the recipient should expect Reclamation to have substantial involvement in the project. Substantial involvement by Reclamation may include:

- **Collaboration and participation** with the recipient in the management of the project and close oversight of the recipient's activities to ensure that the program objectives are being achieved.
- **Oversight** may include review, input, and approval at key interim stages of the project.

At the request of the recipient, Reclamation can provide technical assistance after award of the project. If you receive Reclamation's assistance, you must account for these costs in your budget. To discuss available assistance and these costs, contact your local Reclamation office, listed at www.usbr.gov/main/regions.html.

II.D Award Date

Reclamation expects to contact potential award recipients and unsuccessful applicants in July 2015 or slightly later if necessary. Within one to two months after that date, financial assistance agreements will be awarded to applicants that successfully pass all pre-award reviews and clearances.

Section III: Eligibility Information

III.A Eligible Applicants

Under P.L. 111-11, Section 9502, an eligible applicant is a State, tribe, irrigation district, water district, or other organization with water or power delivery authority.

Applicants must also be located in the western U.S. or Territories as identified in the Reclamation Act of June 17, 1902, as amended and supplemented; specifically: Arizona, California, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Wyoming, American Samoa, Guam, the Northern Mariana Islands, and the Virgin Islands.

Those not eligible include the following entities:

- Federal Governmental entities
- Institutions of higher education
- Individuals

III.B Eligible Projects

Reclamation will provide funding for projects that build long-term resilience to drought and reduce the need for emergency response actions through this Drought Resiliency Projects Grants FOA. Drought resiliency can be defined as the capacity of a community to cope with and respond to drought. Under this FOA, Reclamation will fund projects that will build resiliency to drought by:

- Increasing the reliability of water supplies
- Improving water management
- Facilitating the voluntary sale, transfer, or exchange of water
- Providing benefits for fish and wildlife and the environment.

Eligible projects and examples are further defined in Section III.B.

Resiliency projects are intended to decrease vulnerabilities and costs of drought by giving water managers flexibility in times of low water supply. These types of projects are generally beyond routine water management activities or activities required by State law for conservation and efficiency. Resiliency projects also help avoid the need for emergency response actions, such as water hauling programs and temporary infrastructure. Projects funded under this FOA must

have ongoing benefits to build long-term resilience to drought, even if they also address an immediate drought concern.

Projects funded under this FOA are intended to improve the ability of water managers to continue to *deliver* water and power during a drought, consistent with Reclamation's mission. Projects to conduct on-farm improvements or projects to assist individual landowners or businesses are not eligible under this FOA. Applicants interested in on-farm improvements should contact the U. S. Department of Agriculture (USDA) and Natural Resources Conservation Service (NRCS) to investigate opportunities for Federal assistance. For more information on NRCS programs, including application deadlines and a description of available funding, please contact your local NRCS office or visit www.nrcs.usda.gov for further contact information in your area.

Under this FOA, Reclamation will prioritize projects supported by an existing drought planning effort. Drought contingency planning efforts frequently identify potential projects or needs to improve resiliency to drought. These can include mitigation actions or tools that will improve water management flexibility; or improve access to critical water supply information that will help water managers build resiliency and avoid a crisis during drought. In support of a proposal submitted under this FOA, applicants must demonstrate that the proposed project meets a need or project identified in an existing drought plan.

Tasks A-D, below, describe project categories eligible for funding under this FOA. Applications may include any one, or a combination, of the types of projects described in Tasks A-D. In general, if you are seeking funding for multiple projects (for example, a Task A project and a Task C project) and the projects are interrelated or closely related, they should be combined in one application. One phase of a larger project may be eligible for funding under this program, so long as the phase proposed for funding will generate benefits to address drought resiliency, independent of completion of additional phases.

Other projects that are similar to those tasks listed below may be submitted for consideration and will be allowed to the extent that they are consistent with program authorization and goals. All projects must be able to be completed within two years from the date that a financial assistance agreement is signed, including all associated environmental compliance work. Accordingly, this program is focused on smaller-scale improvements that can be accomplished within the time-frames and funding limit of the program.

Please note that an agreement will not be awarded for an improvement to conserve irrigation water unless the applicant agrees to the terms of Section 9504(a)(3)(B) of P.L.111-11. See Section III.H – Requirements for Agricultural Operations under P.L. 111-11, Section 904(a)(3)(B). , of this FOA for further information.

III.B.1 Task A – Increasing the Reliability of Water Supplies through Infrastructure Improvements

Even small investments in infrastructure can improve resiliency to drought conditions by increasing water management flexibility and providing alternative sources of water supply. For example, construction of new surface water intakes and new conveyance system components—such as pipes or pumping plants—can provide water managers with much needed options to deliver water from alternative sources, or support voluntary transfers of water during drought. Likewise, aquifer recharge facilities can support water banking in wet years for use in dry years and sustainable conjunctive use programs. *Please note that all projects must be able to be completed within the two-year time frame, including completion of associated environmental compliance activities.*

Task A projects include, but are not limited to:

- **System modifications or improvements.**—Projects that will increase flexibility of water conveyance and deliveries, facilitating access to water supplies in times of drought. Projects include, but are not limited to:
 - Construction or modification of surface water intakes to access supplies when water levels are low (i.e., at dead pool), or to allow access at different locations
 - Construction of new conveyance system components (pipelines, canals, pumping plants, etc.), to increase flexibility to deliver water from different sources, to facilitate voluntary water marketing, or to deliver water from alternative sources
 - Construction of interties between water conveyance systems to increase options for water deliveries
 - Installation of barriers or other facilities to prevent saltwater intrusion into surface supplies
- **Storing water and/or recharging groundwater supplies.**—Projects that enable the capture or storage of additional water supplies that can be made available during drought. Projects include, but are not limited to:
 - Developing or expanding small-scale surface water storage facilities such as off-stream storage ponds
 - Installing water towers and storage tanks to store water for municipal and domestic use
 - Installing recharge ponds or injection wells to increase recharge of surplus, inactive, or reclaimed water. Recharged water can serve multiple purposes such as sustainable conjunctive use in times of

drought, deterring salt water intrusion into freshwater aquifers, and limiting additional land subsidence

- **Developing alternative sources of water supply.**—Projects that develop alternative water supplies to build resiliency to the impacts of drought. Projects include, but are not limited to:
 - Constructing wells to provide back-up water supplies during times of drought
 - Constructing extraction wells at groundwater banks to improve extraction and return capabilities during dry years
 - Constructing or expanding small-scale water treatment facilities to treat impaired groundwater, municipal wastewater, stormwater runoff, for environmental, agricultural, or potable purposes
 - Constructing stormwater capture and reuse systems
 - Installing residential grey water and rain catchment systems

III.B.2 Task B – Projects to Improve Water Management through Measurement, Modeling, and Tools

Task B projects are intended to help provide entities with water use information and tools to monitor the onset of drought, detect different levels of drought that may trigger certain drought mitigation and response actions, and to identify potential strategies to address drought. Projects include, but are not limited to the following:

- **Installing water measurement equipment and monitoring instrumentation devices to accurately track water supply conditions** (e.g., water service meters, stream flow measurement structures, flow meters, well level instruments, reservoir level monitors). Projects may include, but are not limited to:
 - Projects that improve measurement accuracy. (e.g., installing weirs, flumes, ramps, etc. in open channels and installing meters in pressurized pipes)
 - Installing dual municipal meters to track indoor versus outdoor water use, allowing water purveyors to control or discourage landscape irrigation and other outdoor uses in times of drought
 - Installation and/or modification of monitoring equipment associated with stream flow measurement devices, water level sensors, etc.

- **Developing water management and modeling tools to help communities evaluate options and implement strategies to address drought**
 - Developing online decision support tools to help communities identify alternative water supplies or water management options in times of drought. For example, Reclamation has partnered with the State of Oklahoma to develop a drought tool familiarizing users with alternative sources of supply, treatment processes, distribution options, short term equipment solutions for treatment, and permitting requirements, see www.owrb.ok.gov/drought/DroughtTool.pdf.
 - Developing new models or improving existing models for analyzing and predicting drought conditions. Such models should be based on proven methods to analyze drought frequency, duration, and intensity, as opposed to research type efforts.
 - Developing water budgets and tiered pricing programs that incentivize decreased consumptive use. Tiered pricing can be paired with water budgets to reward customers who use less water by charging lower rates for water in a lower tier. For example, Tier I pricing can include a relatively low price for indoor water use within a budgeted amount (e.g., 55 gallons per person per day). Reasonable water use above that amount – assumed to be for outdoor use – would be included within Tier 2 pricing at a higher cost than Tier 1. Tier 3 would establish an even higher price for all water use that exceeds the total water budget.
 - Real-time operational modeling to track supply conditions and demands. Modeling can be used to analyze different operational scenarios to optimize pumping capacities, evaluate user restrictions, water delivery needs, etc., and determine how to best meet other compliance standards such as temperature control points, water quality, or Endangered Species Act (ESA) related requirements.
 - Assessing water quality with respect to the level of drought to determine appropriate measures to protect water quality for fish and wildlife, agriculture and human consumption (e.g., water quality testing, constructing groundwater monitoring wells).

III.B.3 Task C –Projects that Facilitate the Sale, Transfer or Exchange of Water

Task C includes projects that facilitate water marketing between willing buyers and sellers to redistribute water supplies in order to meet other existing needs or uses (e.g., agricultural, municipal, dedication to in-stream flows). Projects include, but are not limited to the following:

- Developing a water marketing tool or program that would provide a mechanism for willing participants to buy, sell, lease, or exchange water to avoid or reduce water conflicts
 - Developing a water market or water marketing program
 - Developing a database or internet systems to link buyers and sellers
 - Establishing a mechanism to determine transfer priorities throughout a region or basin
 - Developing water market reports including quantity and pricing data
 - Creating or expanding long-term environmental compliance programs.

Note: Projects that simply include the sale of conserved water to an existing customer are not considered water marketing projects under this task area.

III.B.4 Task D – Projects that Provide Protection for Fish, Wildlife, and the Environment

These projects seek to mitigate or minimize the potential drought-related impacts to ecosystems and to provide a sustainable environment for those species that are most vulnerable to periods of deficient water supplies. *Please note that projects that provide benefits for fish and wildlife and the ecosystems they inhabit or utilize must be directly related to the impacts of drought or potential drought.*

Projects include, but are not limited to the following:

- Installing and/or modifying fish screens, ladders, bypasses, and modifications to water intakes (e.g., selective or lowered intakes).
- Improvements to fish hatcheries (e.g., coolers, holding pens, transport, disease control, or prevention)
- Improving habitat, including restoring habitat to pre-drought conditions. Examples of projects include, but are not limited to:
 - Projects that will increase stream flow to levels that are biologically compatible for threatened or endangered species in low-flow areas (e.g., by changing the timing or location of diversions)
 - Projects that strive to maintain biologically compatible parameters through the control of salinity (e.g., salinity barriers) or temperature (e.g., temperature curtains or powerplant bypass structures), and to aerate ecologically sensitive areas where dissolved oxygen levels are low

- Restoring stream banks, managing and enhancing native vegetation, and installing stream flow deflectors in order to enhance pool and riffle habitats
- Developing tools to evaluate and collect appropriate reservoir and stream flow levels to establish a baseline that can be used to evaluate and address ecological health and minimize adverse effects
- Collecting in-stream habitat data to establish a baseline that can be used to evaluate and address ecological health
- Restoring backwater/floodplain areas (for larval and juvenile fish and other wildlife species) to enhance and maintain rearing, and feeding and foraging habitats

III.C Ineligible Projects

Projects not eligible for funding under this FOA include scientific research, water hauling, education and outreach, land fallowing, cover cropping, and reimbursement for economic losses resulting from drought. Emergency drought response projects that provide temporary benefits, including projects involving temporary facilities (e.g., temporary pipes and pumps), and projects expected to increase the total irrigated acreage or consumptive use of an applicant are also not eligible for funding. Projects for drought contingency plans are not eligible under this FOA but may be eligible for funding under Reclamation's WaterSMART Drought Contingency Planning FOA.

Other projects that are not eligible for funding under this FOA include:

- Projects considered normal operations, maintenance, and replacement
- Water Conservation Projects
- Projects that are part of a congressionally authorized Title XVI project under P.L.102-575, as amended (43 USC 390h et seq.)
- Water purchases
- Construction of buildings for administration purposes
- Pilot projects

More explanation regarding these types of ineligible projects is included immediately below.

III.C.1 Operations, Maintenance, and Replacement (OM&R)

In accordance with Section 9504 of the Secure Water Act, projects that are considered normal OM&R are not eligible for funding under this FOA. OM&R is described as system improvements that replace or repair existing infrastructure or function without providing increased efficiency or effectiveness of water distribution over the expected life of the improvement. Examples of ineligible OM&R projects include:

- Replacing malfunctioning components of an existing facility with the same components
- Improving an existing facility to operate as originally designed
- Performing an activity on a recurring basis, even if that period is extended (e.g., 10-year interval)
- Sealing expansion joints of concrete lining because the original sealer or the water stops have failed
- Replacing broken meters with new meters of the same type
- Replacing leaky pipes with new pipes of the same type

Applicants that have questions regarding OM&R are encouraged to contact Ms. Avra Morgan at 303-445-2906 or aomorgan@usbr.gov prior to the application deadline for further information.

III.C.2 Water Conservation Projects

In order to avoid overlap with Reclamation's existing WaterSMART Grants program, projects primarily focused on water conservation are not eligible under this FOA, including:

- Lining or piping canals to conserve water
- Installing landscape irrigation measures
- Turf replacement
- Rebate programs to promote the installation of high efficiency appliances

Water conservation projects may be eligible for funding under Reclamation's WaterSMART Water and Energy Efficiency Grant FOA. Projects that will result in water conservation as a secondary consideration, such as water meters, are

eligible under this FOA, so long as they are consistent with the eligible projects described in Tasks A-D. Please contact Ms. Avra Morgan at 303-445-2906 or aomorgan@usbr.gov for further information.

III.C.3 Title XVI Water Recycling and Reuse

Title XVI is Reclamation's Water Recycling and Reuse Program focused on identifying and investigating opportunities to reclaim and reuse wastewaters and naturally impaired ground and surface water. In general, this FOA is not intended for large scale water recycling and reuse projects. *Note, however, that small-scale improvements that relate to an existing water recycling facility (that is **not** an authorized Title XVI project) may be considered eligible for funding.*

Any projects or project elements that are part of a congressionally authorized Title XVI project of P.L.102-575, as amended (43 USC 390h et seq.), are not eligible for funding under this FOA. In addition, if a project sponsor is likely to seek funding for the activity through the Title XVI Program in the future (e.g., seeking congressional funding for the project or preparing a Title XVI feasibility study that describes the activity as part of a proposed Title XVI project) that activity should be pursued under the Title XVI Program instead of this FOA. Please contact Ms. Avra Morgan at 303-445-2906 or aomorgan@usbr.gov for further information.

For additional information on the Title XVI Program, please visit: www.usbr.gov/WaterSMART/title/.

III.C.4 Water Purchases

Proposals to use Federal funding for the purchase of water are not eligible under this FOA. Applicants seeking funding to purchase water in a drought emergency should request emergency drought assistance under Reclamation's Drought Response Program.

For more information about the requirements for receiving emergency drought assistance, please see www.usbr.gov/drought/.

III.C.5 Building Construction

Proposals to construct a building are not eligible for Federal funding under this FOA (e.g., a building to house administrative staff or to promote public awareness of water conservation).

III.C.6 Pilot Projects

Proposals to conduct a pilot study to evaluate technical capability, economic feasibility, or viability for full-scale implementation or to test an unproven material or technology are not eligible for Federal funding under this FOA.

III.D Length of Projects

In general, proposed projects should be completed within two years of award. Applications for projects requiring more time will be considered for funding only under limited circumstances.

III.E Cost-Sharing Requirements

Applicants must be capable of cost sharing 50 percent or more of the total project costs. Cost sharing may be made through cash or in-kind contributions from the applicant or third-party partners. Cost-share funding from sources outside the applicant's organization (e.g., loans or state grants) should be secured and available to the applicant prior to award.

Reclamation will not execute a financial assistance agreement or make funds available for a Drought Resiliency Project Grant until non-Federal funding is secured or Reclamation determines that there is sufficient evidence and likelihood that non-Federal funds will be available to the applicant subsequent to executing the agreement. Funding commitment letters must be submitted in accordance with Section IV.C – Instructions for Submission of Project Application and contain the information stated at Section IV.D.8 – Project Budget, subsection Funding Plan and Letters of Commitment.

III.E.1 Cost-Share Regulations

All cost-share contributions must meet the applicable administrative and cost principles criteria established in 2 Code of Federal Regulations (CFR) Part 200, available at www.ecfr.gov.

III.E.2 In-Kind Contributions

In-kind contributions constitute the value of noncash contributions that benefit a federally assisted project. These contributions may be in 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 the project or program. The cost or value of in-kind contributions that have been or

will be relied on to satisfy a cost-sharing or matching requirement for another Federal financial assistance agreement, a Federal procurement contract, or any other award of Federal funds may not be relied on to satisfy the cost-share requirement for Drought Resiliency Project Grant applications. Applicants should refer to 2 CFR 200.434 for regulations regarding the valuation of in-kind donations and contributions, available at www.ecfr.gov.

III.E.3 Pre-Award Costs

Project pre-award costs that have been incurred prior to the date of award may be submitted for consideration as an allowable reimbursable expense. **In no case will pre-award costs incurred prior to July 1, 2014 be considered for cost-share purposes.**

For example, such costs might include design or construction plans and environmental compliance costs directly supporting the proposed project. Reclamation will review the proposed pre-award costs to determine if they are allowable in accordance with the authorizing legislation and applicable cost principles. To be considered allowable, any pre-award costs proposed for consideration under the new awards must comply with all applicable requirements under this FOA.

III.E.4 Indirect Costs

Indirect costs that will be incurred during the development or construction of a project, which will not otherwise be recovered, may be included as part of the applicant's project budget. Indirect costs are those:

- Incurred for a common or joint purpose benefiting more than one cost objective
- Not readily assignable to any one cost objective

If the applicant has never received a Federal negotiated indirect cost rate, proposals may elect to include a de minimis rate of up to 10 percent of modified total direct costs. Otherwise, if the applicant proposes indirect costs in the budget, then the applicant must either supply a copy of a current federally negotiated indirect cost rate agreement or obtain an agreement within one year of the award. For further information on indirect costs and modified total direct costs, refer to 2 CFR Part 200 available at www.ecfr.gov.

III.F Environmental and Cultural Resources Compliance

All projects being considered for award funding will require compliance with the National Environmental Policy Act (NEPA) before any ground-disturbing activity may begin. Compliance with all applicable state, Federal and local environmental, cultural, and paleontological resource protection laws and regulations is also required. These may include, but are not limited to, the Clean Water Act (CWA), the Endangered Species Act (ESA), the National Historic Preservation Act (NHPA), consultation with potentially affected tribes, and consultation with the State Historic Preservation Office.

Reclamation will be the lead Federal agency for NEPA compliance and will be responsible for evaluating technical information and ensuring that natural resources, cultural, and socioeconomic concerns are appropriately addressed. As the lead agency, Reclamation is solely responsible for determining the appropriate level of NEPA compliance. Further, Reclamation is responsible to ensure that findings under NEPA, and consultations, as appropriate, will support Reclamation's decision on whether to fund a project. Environmental and cultural resources compliance costs are considered project costs. These costs will be considered in the ranking of applications.

Under no circumstances may an applicant begin any ground-disturbing activities (e.g., grading, clearing, and other preliminary activities) on a project before environmental and cultural resources compliance is complete and Reclamation explicitly authorizes work to proceed. This pertains to all components of the proposed project, including those that are part of the applicant's non-Federal cost-share. Reclamation will provide a successful applicant with information once such compliance is complete. An applicant that proceeds before environmental and cultural resources compliance is complete may risk forfeiting Reclamation funding under this FOA.

III.G Reporting Requirements

Recipients are required to report on the status of their project on a regular basis. Failure to comply with reporting requirements may result in the recipient being removed from consideration for funding under future funding opportunities. See Section VI.D – Reporting Requirements and Distribution for information on types and frequency of reports required.

III.H Requirements for Agricultural Operations under P.L. 111-11, Section 9504(a)(3)(B)

In accordance with Section 9504(a)(3)(B) of P.L.111-11, grants and cooperative agreements under this authority will not be awarded for an improvement to conserve irrigation water unless the applicant agrees to both of the following conditions:

- Not to use any associated water savings to increase the total irrigated acreage of the eligible applicant
- Not to otherwise increase the consumptive use of water in the operation of the eligible applicant, as determined pursuant to the law of the State in which the operation of the eligible applicant is located

III.I Other Requirements

Applicants shall adhere to Federal, State, Territorial, tribal, and local laws, regulations, and codes, as applicable, and shall obtain all required approvals and permits. Applicants shall also coordinate and obtain approvals from site owners and operators.

III.I.1 Title to Improvements P.L.111-11, Section 9504(a)(3)(D)

If the activities funded through an agreement awarded under this FOA result in a modification to a portion of a federally owned facility that is integral to the existing operations of that facility, the Federal government shall continue to hold title to the facility and the improvements thereto. Title to improvements, P.L.111-11, Section 9504(a)(3)(D) that are not integral to existing water delivery operations shall reside with the project sponsor.

III.I.2 Operation and Maintenance Costs under P.L.111-11, Section 9504(a)(3)(E)(iv)

The non-Federal share of the costs for operation and maintenance of any infrastructure improvement funded through an agreement awarded under this FOA shall be 100 percent.

III.I.3 Liability under P.L.111-11, Section 9504(a)(3)(F)

In General

Except as provided under Chapter 171 of Title 28, USC (commonly known as the Federal Tort Claims Act), the U.S. shall not be liable for monetary damages of any kind for any injury arising out of an act, omission, or occurrence that arises in relation to any facility created or improved through an agreement awarded under this FOA, the title of which is not held by the U.S..

Tort Claims Act

Nothing in this section increases the liability of the U.S. beyond that provided in Federal Tort Claims Act.

III.I.4 System for Awards Management (SAM) and Automated Standard Application for Payments (ASAP) Registration

All applicants must be registered in SAM prior to award under this FOA. Instructions for registering in SAM are located at www.sam.gov/portal/public/SAM. All applicants must maintain an active SAM registration with current information at all times while they have an active Federal award or an application under consideration.

All applicants must also be registered with and willing to process all payments through the Department of Treasury ASAP system. All recipients with active financial assistance agreements with Reclamation must be enrolled in ASAP under the appropriate Agency Location Code(s) and the Data Universal Number System (DUNS) Number prior to the award of funds. If a recipient has multiple DUNS numbers they must separately enroll within ASAP for each unique DUNS Number and/or Agency. All of the information on the enrollment process for recipients, including the enrollment initiation form and the enrollment mailbox, can be found at www.usbr.gov/mso/aamd/asap.html. *Note that if your entity is currently enrolled in the ASAP system with an agency other than Reclamation, you must enroll specifically with Reclamation in order to process payments.*

Section IV: Application and Submission Information

IV.A Address to Request Application Package

This document contains all information, forms, and electronic addresses required to obtain the information required for submission of an application.

If you are unable to access this information electronically, you can request paper copies of any of the documents referenced in this FOA by contacting:

By mail: Bureau of Reclamation
Financial Assistance Management Branch
Attn: Ms. Irene M. Hoiby
Mail Code: 84-27852
P.O. Box 25007
Denver, CO 80225

By email: ihoiby@usbr.gov

By telephone: 303-445-2025

IV.B Application Submission

IV.B.1 Submission Date and Time

Application submission date deadline:

- June 25, 2015, 4:00 p.m. Mountain Standard Time

Proposals received after the application deadline will not be considered unless it can be determined that the delay was caused by Federal Government mishandling.

Please note that any application submitted to Reclamation for Drought Resiliency Project Grant funding may be subjected to a Freedom of Information Act request (5 USC Section 552, as amended by P.L. No. 110-175), and as a result, may be made publicly available. Following awards of funding, Reclamation will post all successful applications on the Reclamation website, www.usbr.gov/drought/ after conducting any redactions determined necessary by Reclamation, in consultation with the recipient.

IV.B.2 Application Delivery Instructions

Applications may be submitted electronically through www.grants.gov or hard copies may be submitted to either one of the following addresses. Under no circumstances will applications received through any other method (such as email or fax) be considered eligible for award.

By mail: Bureau of Reclamation
Acquisition Operations Branch
Attn: Ms. Irene M. Hoiby
Mail Code: 84-27852
P.O. Box 25007
Denver, CO 80225

**By express delivery/
mail services:** Bureau of Reclamation
Attn: Ms. Irene M. Hoiby
Mail Code: 84-27852
Denver Federal Center, Bldg. 56, Rm. 1000
6th Avenue and Kipling Street
Denver, CO 80225

IV.C Instructions for Submission of Project Application

Each applicant shall submit an application in accordance with the instructions contained in this section.

IV.C.1 Applications Submitted by Mail or Express Delivery

Please follow these instructions to submit your application by mail.

- Applicants shall submit an original and one copy of all application documents for hardcopy submissions. Each document should be clearly identified as the “ORIGINAL” or as a “COPY.”
- Only binder clip documents submitted.
- Hard copy applications may be submitted by mail or express methods to the addresses listed in Section IV.B.2 – Application Delivery Instructions, above.

- Materials arriving separately will not be included in the application package and may result in the application being rejected or not funded. This does not apply to letters of support, funding commitment letters, or official resolutions.
- Faxed and emailed copies of application documents will not be accepted.
- Do not include a cover letter or company literature/brochure with the application. All pertinent information must be included in the application package.

IV.C.2 Applications Submitted Electronically

If the applicant chooses to submit an electronic application, it must be submitted through www.grants.gov. Reclamation encourages applicants to submit their applications for funding electronically through www.grants.gov/applicants/apply_for_grants.jsp. Applicant resource documents and a full set of instructions for registering with www.grants.gov and completing and submitting applications online are available at: www.grants.gov/web/grants/applicants.html.

- Please note that submission of an application electronically requires prior registration through Grants.gov, which may take 7 to 21 days. Please see registration instructions at www.grants.gov/web/grants/applicants/organization-registration.html.
- Applicants sometimes have experienced significant delays when attempting to submit applications through Grants.gov. If you plan to submit your application through Grants.gov you are encouraged to submit your application several days prior to the application deadline. If you are a properly registered Grants.gov applicant and encounter problems with the Grants.gov application submission process, you must contact the [Grants.gov Help Desk](#) to obtain a case number. This case number will provide evidence of your attempt to submit an application prior to the submission deadline.

Regardless of the delivery method used, you must ensure that your proposal arrives by the date and time deadline stated in Section IV.B.1 – Application Submission Date and Time, above. Late applications will not be accepted unless it is determined that the delay was caused by Federal Government mishandling or by a problem with the Grants.gov application system.

IV.C.3 Application Format and Length

The total application package shall be no more than 50 consecutively numbered pages. If an application exceeds 50 pages, only the first 50 pages will be

evaluated. The font shall be at least 12 points in size and easily readable. Page size shall be 8½ by 11 inches including charts, maps, and drawings. Oversized pages will not be accepted. The technical proposal and evaluation criteria section shall be limited to a maximum of 20 pages. The SF-424 forms and drought plans included as attachments will not be considered in the total page count.

Applications will be prescreened for compliance to the page number limitations.

IV.D Application Content

The application must include the following elements to be considered complete:

- Required Forms
 - SF-424 Application for Federal Assistance
 - SF-424 Assurances (B or D Form, as applicable to the project)
- Title page
- Table of contents
- Technical proposal and evaluation criteria (limited to 20 pages)
 - Executive summary
 - Background data
 - Technical project description
 - Evaluation criteria
 - Performance measures
- Environmental and cultural resources compliance
- Drought plan (attach as an appendix, this will not count against the page total)
- Required permits or approvals
- Letters of project support
- Official resolution
- Project budget
 - Funding plan and letters of commitment
 - Budget proposal

- o Budget narrative
- o Budget form SF-424A or SF-424C as applicable to project

SF-424, SF-424A, SF-424B, SF-424C, and SF-424D forms may be obtained at <http://apply07.grants.gov/apply/FormLinks?family=15>.

IV.D.1 Required Forms

The application must include the following standard Federal forms:

SF-424 Application for Federal Assistance

This fully completed form must be signed by a person legally authorized to commit the applicant to performance of the project. **Failure to submit a properly signed SF-424 may result in the elimination of the application from further consideration.**

SF-424 Assurances

A SF-424B, Assurances – Non-Construction Programs, or an SF-424D, Assurances – Construction Programs, signed by a person legally authorized to commit the applicant to performance of the project shall be included. Questions regarding whether to use SF-424B or SF-424D should be referred to Ms. Irene Hoiby at ihoiby@usbr.gov. **Failure to submit a properly signed SF-424B or SF-424D may result in the elimination of the application from further consideration.**

IV.D.2 Title Page

Provide a brief, informative, and descriptive title for the proposed work that indicates the nature of the project. Include the name and address of the applicant, and the name and address, e-mail address, telephone, and facsimile number of the project manager.

IV.D.3 Table of Contents

List all major sections of the technical proposal in the table of contents.

IV.D.4 Technical Proposal and Evaluation Criteria

The technical proposal and evaluation criteria (20 pages maximum) includes: (1) the executive summary, (2) background data, (3) technical project description, (4) evaluation criteria, and (5) performance measures.

Executive Summary

The executive summary should include:

- The date, applicant name, city, county, and state
- A one paragraph project summary that specifies the work proposed, including how project funds will be used to accomplish specific project activities and briefly identifies how the proposed project contributes to accomplishing the goals of this FOA (see Section III.B – Eligible Projects)
- State the length of time and estimated completion date for the project
- Whether or not the project is located on a Federal facility

Background Data

Provide a map of the area showing the geographic location (include the State, county, and direction from nearest town).

As applicable, describe the source of water supply, the total quantity of water supply managed and supplied, the water rights involved, current water uses (i.e., agricultural, municipal, domestic, or industrial), the number of water users served, and the current and projected water demand. If water is primarily used for irrigation, describe major crops and total acres served. Also, identify potential shortfalls in water supply and/or provide information on reductions in supply under historical drought conditions. The above information will be used to assess any estimated quantities of additional supply or reduced consumption associated with the proposed project.

In addition, describe the applicant's water delivery or distribution system as appropriate. For agricultural systems, please include the types and approximate total lengths of canals and laterals (i.e., unlined or lined open channel, pipe, including types of pipe and lining materials), the number of irrigation turnouts and other significant existing irrigation improvements (i.e., automated control structures, remote monitoring devices and supervisory control and data acquisitions [SCADA] systems). For municipal systems, please include the total approximate length of distribution lines, number and sizes of storage tanks, number of pump stations and capacities, and the number of connections and/or

number of water users served and any other relevant information describing the system.

Identify any past working relationships with Reclamation. This should include the date(s), description of the relationship(s) with Reclamation, and a description of the projects(s).

Technical Project Description

The technical project description should describe the work in detail, including specific activities that will be accomplished as a result of this project. This description shall have sufficient detail to permit a comprehensive evaluation of the proposal.

Evaluation Criteria

(See Section V – Application Review Information for additional details, including a detailed description of each criterion and subcriterion and points associated with each.)

The evaluation criteria portion of your application should thoroughly address each criterion and subcriterion in the order presented to assist in the complete and accurate evaluation of your proposal.

It is suggested that applicants copy and paste the evaluation criteria and subcriteria in Section V – Application Review Information into their applications to ensure that all necessary information is adequately addressed

Performance Measures

All Drought Resiliency Project Grant applicants are required to propose a method (performance measure) of quantifying the benefits of their project once it is implemented. Quantifying project benefits is an important means to determine the relative effectiveness of various water management efforts, as well as the overall effectiveness of Drought Resiliency Project Grants.

IV.D.5 Environmental and Cultural Resources Compliance

To allow Reclamation to assess the probable environmental and cultural resources impacts and costs associated with each application, all applicants must respond to the following list of questions focusing on the NEPA, ESA, and NHPA requirements. Please answer the following questions to the best of your knowledge. If any question is not applicable to the project, please explain why. Additional information about environmental compliance is provided in Section IV.D.8 – Project Budget, under the discussion of Environmental

and Regulatory Compliance Costs, and in Section VIII.A – Overview of Environmental and Cultural Resources Compliance Requirements. The application should include the answers to:

- Will the project impact the surrounding environment (e.g., soil [dust], air, water [quality and quantity], animal habitat)? Please briefly describe all earth-disturbing work and any work that will affect the air, water, or animal habitat in the project area. Please also explain the impacts of such work on the surrounding environment and any steps that could be taken to minimize the impacts.
- Are you aware of any species listed or proposed to be listed as a Federal threatened or endangered species, or designated critical habitat in the project area? If so, would they be affected by any activities associated with the proposed project?
- Are there wetlands or other surface waters inside the project boundaries that potentially fall under CWA jurisdiction as “Waters of the United States?” If so, please describe and estimate any impacts the project may have.
- When was the water delivery system constructed?
- Will the project result in any modification of or effects to, individual features of an irrigation system (e.g., headgates, canals, or flumes)? If so, state when those features were constructed and describe the nature and timing of any extensive alterations or modifications to those features completed previously.
- Are any buildings, structures, or features in the irrigation district listed or eligible for listing on the National Register of Historic Places? A cultural resources specialist at your local Reclamation office or the State Historic Preservation Office can assist in answering this question.
- Are there any known archeological sites in the proposed project area?
- Will the project have a disproportionately high and adverse effect on low income or minority populations?
- Will the project limit access to and ceremonial use of Indian sacred sites or result in other impacts on tribal lands?
- Will the project contribute to the introduction, continued existence, or spread of noxious weeds or non-native invasive species known to occur in the area?

Note, if mitigation is required to lessen environmental impacts, the applicant may, at Reclamation's discretion, be required to report on progress and completion of these commitments. Reclamation will coordinate with the applicant to establish reporting requirements and intervals accordingly.

Under no circumstances may an applicant begin any ground-disturbing activities (including grading, clearing, and other preliminary activities) on a project before environmental compliance is complete and Reclamation explicitly authorizes work to proceed. This pertains to all components of the proposed project, including those that are part of the applicant's non-Federal cost-share. Reclamation will provide a successful applicant with information once environmental compliance is complete. An applicant that proceeds before environmental compliance is complete may risk forfeiting Reclamation funding under this FOA.

If you have any questions, contact your regional or area Reclamation office with questions regarding ESA compliance issues. You may also contact Ms. Avra Morgan at 303-445-2906 or aomorgan@usbr.gov, for further information.

IV.D.6 Existing Drought Contingency Plan

If there is an existing drought contingency plan addressing the relevant geographic area, please attach a copy (or relevant sections) of the existing plan. *(Note, this will not count against the application page limit).*

IV.D.7 Required Permits or Approvals

Applicants must state in the application whether any permits or approvals are required and explain the plan for obtaining such permits or approvals.

Note that improvements to Federal facilities that are implemented through any project awarded funding through this FOA must comply with additional requirements. The Federal government will continue to hold title to the Federal facility and any improvement that is integral to the existing operations of that facility. Please see P.L. 111-11, Section 9504(a)(3)(B). Reclamation may also require additional reviews and approvals prior to award to ensure that any necessary easements, land use authorizations, or special permits can be approved consistent with the requirements of 43 CFR Section 429, and that the development will not impact or impair project operations or efficiency.

IV.D.7 Letters of Support

Please include letters from interested stakeholders supporting the proposed project. Letters of support will not be counted towards **the 20 page limit within**

the Technical Proposal; however, they will be counted towards the 50 page proposal limit. To ensure your proposal is accurately reviewed, please attach all letters of support/ partnership letters as an appendix.

IV.D.8 Official Resolution

Include an official resolution adopted by the applicant's board of directors or governing body, or, for State government entities, an official authorized to commit the applicant to the financial and legal obligations associated with receipt of Drought Resiliency Project Grant financial assistance, verifying:

- The identity of the official with legal authority to enter into an agreement
- The board of directors, governing body, or appropriate official who has reviewed and supports the application submitted
- The capability of the applicant to provide the amount of funding and/or in-kind contributions specified in the funding plan
- That the applicant will work with Reclamation to meet established deadlines for entering into a cooperative agreement

An official resolution meeting the requirements set forth above is mandatory. If the applicant is unable to submit the official resolution by the application deadline because of the timing of board meetings or other justifiable reasons, the official resolution may be submitted up to 30 days after the application deadline.

IV.D.9 Project Budget

The project budget includes:

- **Funding plan and letters of commitment**
- **Budget proposal**
- **Budget narrative**
- **Budget form**

Funding Plan and Letters of Commitment

Describe how the non-Reclamation share of project costs will be obtained. Reclamation will use this information in making a determination of financial capability.

Project funding provided by a source other than the applicant shall be supported with letters of commitment from these additional sources. This is a **mandatory requirement**. Letters of commitment shall identify the following elements:

- The amount of funding commitment
- The date the funds will be available to the applicant
- Any time constraints on the availability of funds
- Any other contingencies associated with the funding commitment

Commitment letters from third party funding sources should be submitted with your project application. If commitment letters are not available at the time of the application submission, please provide a timeline for submission of all commitment letters. Cost-share funding from sources outside the applicant's organization (e.g., loans or State grants), should be secured and available to the applicant prior to award.

Reclamation will not make funds available for a Drought Resiliency Project Grant until the recipient has secured non-Federal cost-share. Reclamation will execute a financial assistance agreement once non-Federal funding has been secured or Reclamation determines that there is sufficient evidence and likelihood that non-Federal funds will be available to the applicant subsequent to executing the agreement (Section III.E – Cost-Sharing Requirement).

The funding plan must include all project costs, as follows:

- How you will make your contribution to the cost-share requirement, such as monetary and/or in-kind contributions and source funds contributed by the applicant (e.g., reserve account, tax revenue, and/or assessments).
- Describe any in-kind costs incurred before the anticipated project start date that you seek to include as project costs. Include:
 - Identify what project expenses have been incurred and describe the amount of the expense
 - The date of cost incurrence
 - How these costs benefit the project
- Provide the identity and amount of funding to be provided by funding partners, as well as the required letters of commitment.
- Describe any funding requested or received from other Federal partners.
Note: other sources of Federal funding may not be counted towards your 50 percent cost-share unless otherwise allowed by statute.
- Describe any pending funding requests that have not yet been approved, and explain how the project will be affected if such funding is denied.

Please include the following chart (Table 1) to summarize your non-Federal and other Federal funding sources. Denote in-kind contributions with an asterisk (*). Please ensure that the total Federal funding (Reclamation and all other Federal sources) does not exceed 50 percent of the total estimated project cost.

Table 1.—Summary of Non-Federal and Federal Funding Sources

Funding Sources	Funding Amount
Non-Federal Entities	
1.	
2.	
3.	
Non-Federal Subtotal	
Other Federal Entities	
1.	
2.	
3.	
Other Federal Subtotal	
Requested Reclamation Funding	
Total Study Funding	

Budget Proposal

The project budget shall include detailed information on the categories listed below and must clearly identify all project costs. Unit costs shall be provided for all budget items including the cost of work to be provided by contractors. Additionally, applicants shall include a narrative description of the items included in the project budget, including the value of in-kind contributions of goods and services provided to complete the project. It is strongly advised that applicants use the budget proposal format shown below on Tables 2 and 3 or a similar format that provides this information. If selected for award, successful applicants must submit detailed supporting documentation for **all** budgeted costs.

Table 2.—Sample Funding Sources

Funding Sources	% of Total Study Cost	Total Cost by Source
Recipient Funding		\$ -
Reclamation Funding		\$ -
Other Federal Funding		\$ -
Totals	0%	\$ -

Table 3.—Sample Budget Proposal Format

Budget Item Description	Computation		Quantity Type (hours/days)	Total Cost
	\$/Unit	Quantity		
Salaries and Wages				
Employee 1				\$ -
Employee 2				\$ -
Employee 3				\$ -
Fringe Benefits				
Full-Time Employees				\$ -
Part-Time Employees				\$ -
Travel				
Trip 1				\$ -
Trip 2				\$ -
Trip 3				\$ -
Equipment				
Item A				\$ -
Item B				\$ -
Item C				\$ -
Supplies/Materials				
Item A				\$ -
Item B				\$ -
Contractual				
Contractor A				\$ -
Contractor B				\$ -
Other				
				\$ -
Total Direct Costs				\$ -
Indirect Costs - __%				
Total Study Costs				\$ -

This is only a sample budget proposal format. You may use this format or submit the information in a different format which provides a detailed break-down of costs and need justification for budgets presented in the SF-424A.

Contracts should be broken out into specific line items. You may attach a separate, detailed budget for each contract to adequately address all contractor budget items.

Budget Narrative

Submission of a budget narrative is mandatory. An award will not be made to any applicant who fails to fully disclose this information. The budget narrative provides a discussion of, or explanation for, items included in the budget proposal. Include the value of in-kind contributions of goods and services and sources of funds provided to complete the project. The types of information to describe in the narrative include, but are not limited to, those listed in the

following subsections. Costs, including the valuation of in-kind contributions and donations, must comply with the applicable cost principles contained in 2 CFR Part 200, available at www.ecfr.gov.

Salaries and Wages

Indicate program manager and other key personnel by name and title. Other personnel may be indicated by title alone. For all positions, indicate salaries and wages, estimated hours or percent of time, and rate of compensation. The labor rates should identify the direct labor rate separate from the fringe rate or fringe cost for each category. All labor estimates, including any proposed subcontractors, shall be allocated to specific tasks as outlined in the recipient's technical project description. Labor rates and proposed hours shall be displayed for each task.

Include estimated hours for compliance with reporting requirements, including final project and evaluation. Please see Section VI.D.2 – Program Performance Reports for information on types and frequency of reports required.

Clearly identify any proposed salary increases and the effective date.

Generally, salaries of administrative and/or clerical personnel will be included as a portion of the stated indirect costs. If these salaries can be adequately documented as direct costs, they should be included in this section; however, a justification should be included in the budget narrative.

Fringe Benefits

Indicate rates/amounts, what costs are included in this category, and the basis of the rate computations. Indicate whether these rates are used for application purposes only or whether they are fixed or provisional rates for billing purposes. Federally approved rate agreements are acceptable for compliance with this item.

Travel

Include purpose of trip, destination, number of persons traveling, length of stay, and all travel costs including airfare (basis for rate used), per diem, lodging, and miscellaneous travel expenses. For local travel, include mileage and rate of compensation.

Equipment

Itemize costs of all equipment having a value of over \$5,000 and include information as to the need for this equipment, as well as how the equipment was priced if being purchased for the agreement. If equipment is being rented, specify

the number of hours and the hourly rate. Local rental rates are only accepted for equipment actually being rented or leased for the project. If equipment currently owned by the applicant is proposed for use under the proposed project, and the cost to use that equipment is being included in the budget as in-kind cost share, provide the rates and hours for each piece of equipment owned and budgeted. These should be ownership rates developed by the recipient for each piece of equipment. If these rates are not available, the U.S. Army Corp of Engineer's recommended equipment rates for the region are acceptable. Blue book, FEMA, and other data bases should not be used.

Materials and Supplies

Itemize supplies by major category, unit price, quantity, and purpose, such as whether the items are needed for office use, research, or construction. Identify how these costs were estimated (i.e., quotes, past experience, engineering estimates, or other methodology).

Contractual

Identify all work that will be accomplished by subrecipients, consultants, or contractors, including a breakdown of all tasks to be completed, and a detailed budget estimate of time, rates, supplies, and materials that will be required for each task. If a subrecipient, consultant, or contractor is proposed and approved at the time of award, no other approvals will be required. Any changes or additions will require a request for approval. Identify how the budgeted costs for subrecipients, consultants, or contractors were determined to be fair and reasonable.

Environmental and Regulatory Compliance Costs

Applicants must include a line item in their budget to cover environmental compliance costs. "Environmental compliance costs" refer to costs incurred by Reclamation or the recipient in complying with environmental regulations applicable to a Drought Resiliency Project Grant, including costs associated with any required documentation of environmental compliance, analyses, permits, or approvals. Applicable Federal environmental laws could include NEPA, ESA, NHPA, CWA, and other regulations depending on the project. Such costs may include, but are not limited to:

- The cost incurred by Reclamation to determine the level of environmental compliance required for the project
- The cost incurred by Reclamation, the recipient, or a consultant to prepare any necessary environmental compliance documents or reports
- The cost incurred by Reclamation to review any environmental compliance documents prepared by a consultant

- The cost incurred by the recipient in acquiring any required approvals or permits, or in implementing any required mitigation measures

The amount of the line item should be based on the actual expected environmental compliance costs for the project. However, the minimum amount budgeted for environmental compliance should be equal to at least one to two percent of the total project costs. If the amount budgeted is less than one to two percent of the total project costs, you must include a compelling explanation of why less than one to two percent was budgeted.

How environmental compliance activities will be performed (e.g., by Reclamation, the applicant, or a consultant) and how the environmental compliance funds will be spent, will be determined pursuant to subsequent agreement between Reclamation and the applicant. If any portion of the funds budgeted for environmental compliance is not required for compliance activities, such funds may be reallocated to the project, if appropriate.

Other Expenses

Any other expenses not included in the above categories shall be listed in this category, along with a description of the item and why it is necessary. No profit or fee will be allowed.

Indirect Costs

Show the proposed rate, cost base, and proposed amount for allowable indirect costs based on the applicable cost principles (see Section III.E – Cost-Sharing Requirement) for the recipient’s organization. It is not acceptable to simply incorporate indirect rates within other direct cost line items.

If the applicant has separate rates for recovery of labor overhead and general and administrative costs, each rate shall be shown. The applicant should propose rates for evaluation purposes, which will be used as fixed or ceiling rates in any resulting award. Include a copy of any federally approved indirect cost rate agreement. If a federally approved indirect rate agreement is not available, provide supporting documentation for the rate. This can include a recent recommendation by a qualified certified public accountant (CPA) along with support for the rate calculation. Please note that the applicant will need to obtain a federally negotiated indirect cost rate agreement within one year of award.

If the applicant has never received a Federal negotiated indirect cost rate, the budget may include a de minimis rate of 10 percent of modified total direct costs. For further information on modified total direct costs, refer to 2 CFR Part 200 available at www.ecfr.gov.

If the applicant does not have a federally approved indirect cost rate agreement and is proposing a rate greater than the de minimis 10 percent rate, include the computational basis for the indirect expense pool and corresponding allocation base for each rate. Information on “Preparing and Submitting Indirect Cost Proposals” is available from Interior, the National Business Center, and Indirect Cost Services, at www.doi.gov/ibc/services/Indirect_Cost_Services/index.cfm.

Total Costs

Indicate total amount of project costs, including the Federal and non-Federal cost-share amounts.

Budget Form

In addition to the above-described budget information the applicant must complete an SF-424A – Budget Information—Nonconstruction Programs or an SF-424C – Budget Information—Construction Programs. These forms are available at <http://apply07.grants.gov/apply/FormLinks?family=15>.

IV.E Funding Restrictions

See Section III.E.3 – Pre-Award Costs for restrictions on incurrence and allowability of pre-award costs.

Section V: Application Review Information

V.A Technical Proposal – Evaluation Criteria

The evaluation criteria portion of your application should thoroughly address each of the following criteria and subcriteria in the order presented to assist in the complete and accurate evaluation of your proposal. *Note: it is suggested that applicants copy and paste the below criteria and subcriteria into their applications to ensure that all necessary information is adequately addressed.* **Applications will be evaluated against the evaluation criteria (listed below) that total 100 points.** Please note that projects may be prioritized to ensure balance among the program task areas and to ensure that the projects address the goals of the Drought Response Program.

*Please note, if the work described in your application is a phase of a larger project, please **only** discuss the benefits that will result directly from the work discussed in your application and that is reflected in the budget, not the overall project.*

All proposed projects must meet the project eligibility requirements described in Section III.B – Eligible Projects of this FOA.

V.A.1 Evaluation Criterion A – Project Benefits (40 points)

Up to **40 points** may be awarded based on the expected resiliency benefits of the proposed project.

Please describe how the proposed project will improve drought resiliency, including:

- How will the project build long-term resilience to drought? How many years will the project continue to provide benefits?
- Will the project make additional water supplies available? If so, what is the estimated quantity of additional supply the project will provide and how was this estimate calculated? What percentage of the total water supply does the additional water supply represent?
- Will the project improve the management of water supplies? For example, will the project increase efficiency or increase operational flexibility (e.g., improve the ability to deliver water or access other sources of supply)? Will the project make new information available to water managers? If so, what is that information and how will it improve water management?

What is the estimated quantity of water better managed as a result of the project and how was this estimate calculated? What percentage of the total water supply is being better managed? Also provide a brief qualitative description of the degree/significance of anticipated water management benefits.

If the proposed project includes any of the following components, please provide the applicable additional information:

- **Salt Water Barriers.**—What supply of water is the barrier protecting and to what degree is it comprehensive protection? What is the protected water supply mainly used for?
- **Wells.**— What is the estimated capacity of the new well(s), and how was the estimate calculated? How much water do you plan to extract through the well(s)? Will the well be used as a primary supply or supplemental supply when there is a lack of surface supplies? Please provide information documenting that proposed well(s) will not adversely impact the aquifer it/they are pumping from (overdraft or land subsidence). At a minimum, this should include aquifer description, information on existing or planned aquifer recharge facilities, a map of the well location and other nearby surface water supplies, and physical descriptions of the proposed well(s) (depth, diameter, casing description, etc.). If available, information should be provided on nearby wells (sizes, capacities, yields, etc.), aquifer test results, and if the area is currently experiencing aquifer overdraft or land subsidence. Please describe the groundwater monitoring plan that will be undertaken and the associated monitoring triggers for mitigation actions. Describe how the mitigation actions will respond to or help avoid any significant adverse impacts to Third Parties that occur due to groundwater pumping.
- **New Water Marketing Tool or Program.**—How does the new tool or program increase the flexibility of acquiring water on the open market? What is the scope of water users and uses that will benefit? Are there any legal issues pertaining to water marketing that could hinder project implementation (e.g., restrictions under Reclamation or State law or contracts, or individual project authorities).
- **Environmental/Wildlife Projects**
 - What are the types and quantities of environmental benefits provided, such as the types of species and their numbers benefited, acreage of habitat improved, restored or protected, or the amount of flow provided? How was this estimate calculated?
 - What is the status of the species of interest (i.e. endangered, threatened, etc.? How has the drought impact the species?

If the project will benefit federally listed threatened or endangered species please consider the following elements:

- o Is the species subject to a recovery plan or conservation plan under the ESA?
- o What is the relationship of the species to water supply?
- o What is the extent of the proposed project that would reduce the likelihood of listing, or would otherwise improve the status of the species?
- o Is the species adversely affected by a Reclamation project?

V.A.2 Evaluation Criterion B – Drought Planning and Preparedness (20 points)

Up to **20 points** may be awarded for a proposal based on the extent that the proposed drought resiliency project(s) is supported by an existing drought plan.

Proposals that demonstrate that the proposed project is clearly supported by an existing drought plan will be awarded the most points under this criterion. Such drought plans do not require Reclamation approval and may include plans prepared by someone other than the applicant (e.g., an existing State, county, municipal, or other plan is acceptable).

For purposes of evaluating this criterion, please:

- Attach a copy of the applicable drought plan, or sections of the plan, as an appendix to your application. These pages will not be included in the total page count for the application.
- Explain how the applicable plan addresses drought. Proposals that reference plans clearly intended to prepare for and address drought will receive more points under this criterion.
 - o Explain whether the drought plan was developed with input from multiple stakeholders. Was the drought plan developed through a collaborative process?
 - o Does the drought plan include consideration of climate change impacts to water resources or drought?
- Briefly describe how your proposed drought resiliency project will implement an action(s) (e.g., response or mitigation actions) that is supported by an existing drought plan. Proposals that demonstrate clear support for the proposed project in an existing drought plan will receive

more points under this criterion. *Please note that this criterion does not address the benefits of the project and the description should be limited to the extent to which a plan supports the project. Project benefits are addressed under V.A.1 – Evaluation Criterion A – Building Drought Resiliency, above.*

- Describe how the proposed project is prioritized in the referenced drought plan. For example, if the proposed project is for metering, is agricultural metering identified as a high priority project within the drought plan for the agricultural sector and is agriculture identified as a high priority sector for drought resilience?

V.A.3 Evaluation Criterion C – Severity of Actual or Potential Drought Impacts (20 points)

Up to **20 points** may be awarded based upon the severity of effects of actual or potential drought in the proposed project area. Describe the severity of the current drought or the potential for experiencing a future drought, and the actual or potential drought impacts, including the following:

- Indicate whether the proposed project area is currently experiencing drought or has the potential for experiencing drought in the future
 - If the project area is currently in a drought, describe the existing drought conditions, including the period of time that the area has been experiencing drought conditions. Provide supporting documentation (e.g., Drought Monitor, <http://droughtmonitor.unl.edu/>, etc...)
 - If the proposed project area is not experiencing drought at the time you submit your application, describe the impacts of past drought events and the frequency of past drought occurrences
 - Describe any projected increases to the severity or duration of drought in the project area resulting from climate change. Provide support for your response (e.g., reference a recent climate change analysis, if available)
- Describe ongoing or potential drought impacts to specific sectors in the project area if no action is taken (e.g., impacts to agriculture, environment, hydropower, recreation and tourism, forestry, etc.), and the severity of those impacts. These may include, but are not limited to:
 - Whether there are public health concerns or social concerns associated with current or potential drought conditions (e.g., water quality concerns, increased risk of wildfire, does the community have another water source available to them if their water service is interrupted,)

- Whether there are ongoing or potential, local, or economic losses associated with current drought conditions (e.g., business, agriculture, reduced real estate values)
- Whether there are ongoing or potential environmental impacts (e.g., impacts to endangered, threatened or candidate species or habitat)
- Whether there are other drought-related impacts not identified above, including tensions over water that could result in a water-related crisis or conflict, for example.

V.A.4 Evaluation Criterion D – Nexus to Reclamation (15 points)

Up to **15 points** may be awarded based on the extent that the proposal demonstrates a nexus between the proposed project and a Reclamation project or activity. Describe the nexus between the proposed project and a Reclamation project or activity, including:

- How is the proposed project connected to a Reclamation project or activity?
 - Does the applicant receive Reclamation project water?
 - Is the project on Reclamation project lands or involving Reclamation facilities?
 - Is the project in the same basin as a Reclamation project or activity?
 - Will the proposed work contribute water to a basin where a Reclamation project is located?
 - Will the project help Reclamation meet trust responsibilities to any tribe(s)?

V.A.5 Evaluation Criterion E – Project Implementation (5 points)

Up to **5 points** may be awarded based upon the extent to which the proposed project is capable of proceeding upon entering into a financial assistance agreement. Applicants that describe a detailed plan (e.g., estimated project schedule that shows the stages and duration of the proposed work, including major tasks, milestones, and dates) will receive the most points under this criterion.

- Describe the implementation plan of the proposed project. Please include an estimated project schedule that shows the stages and duration of the proposed work, including major tasks, milestones, and dates. *(Please note that under no circumstances may an applicant begin any ground-*

disturbing activities, including grading, clearing, and other preliminary activities, on a project before environmental compliance is complete and Reclamation explicitly authorizes work to proceed).

- Describe any permits that will be required, along with the process for obtaining such permits.
- Identify and describe any engineering or design work performed specifically in support of the proposed project.
- Describe any new policies or administrative actions required to implement the project.

V.B Review and Selection Process

The Government reserves the right to reject any and all applications that do not meet the requirements of this FOA or that are outside the scope of the Drought Response Program. Awards will be made for projects most advantageous to the Government. Award selection may be made to maintain balance among the program tasks listed in Section III.B – Eligible Projects. The evaluation process will be comprised of the steps described in the following subsections.

For additional information on the review and selection process, see www.usbr.gov/drought/.

V.B.1 Initial Screening

All applications will be screened to ensure that:

- The application meets the requirements of the FOA package, including submission of technical and budget proposals, a funding plan, letter(s) of commitment, and related forms.
- The application contains a properly executed SF-424 – Application for Financial Assistance and form SF-424B – Assurances—Non-Construction Programs, or SF-424D – Assurances—Construction Programs.
- The application includes an official resolution, adopted by the applicant's board of directors, governing body, or appropriate authorized official.
- At least 50 percent of the cost of the project will be paid for with non-Federal funding. Cost-share funding from sources outside the applicant's organization, (e.g., loans or state grants, should be secured and available to the applicant prior to award). Reclamation will not make

funds available for a Drought Resiliency Project Grant until the recipient has secured non-Federal cost-share. Reclamation will execute a financial assistance agreement once non-Federal funding has been secured or Reclamation determines that there is sufficient evidence and likelihood that non-Federal funds will be available to the applicant subsequent to executing the agreement (Section III.E – Cost-Sharing Requirement).

- The applicant meets the eligibility requirements stated in this document.
- The application meets the description of eligible projects in Section III.B – Eligible Projects, (Tasks A-D) and is within the scope of Drought Resiliency Project Grants FOA.
- The project can be completed by September 30, 2017.

Reclamation reserves the right to remove an application from funding consideration if it does not pass all Initial Screening criteria listed above.

An applicant that has submitted an application that is determined to be ineligible for funding will be notified along with other applicants, or sooner, if possible.

V.B.2 Application Review Committee (ARC) Review

Evaluation criteria will comprise **100 points** of the total evaluation weight as stated in Section V – Application Review Information will be scored against the evaluation criteria by an ARC, made up of experts in relevant disciplines selected from across Reclamation.

During ARC review, Reclamation may contact applicants to request clarifications to the information provided, if necessary.

V.B.3 Red-Flag Review

Following the results of the ARC review, Reclamation offices will review the top-ranking applications and will identify any reasons why a proposed project would not be feasible or otherwise advisable, including environmental or cultural resources compliance issues, permitting issues, legal issues, or financial position. Positive or negative past performance by the applicant and any partners in previous working relationships with Reclamation may be considered, including whether the applicant is making significant progress toward the completion of outstanding financial assistance agreements and whether the applicant is in compliance with all reporting requirements associated with previously funded projects.

In addition, during this review, Reclamation will address any specific concerns or questions raised by members of the ARC. The ARC will conduct a preliminary budget review and evaluate the applicant's ability to meet cost-share as required.

V.B.4 Managerial Review

Reclamation management will prioritize projects to ensure the total amount of all awards does not exceed available funding levels. Management will also ensure that all projects meet the scope, priorities, and requirements of the Drought Response Program. Management may also prioritize projects to ensure that multiple project types (Tasks A- D) are represented.

V.C Pre-Award Clearances and Approvals

After completion of the Managerial Review, Reclamation will notify applicants whose proposals have been selected for award consideration and will forward their applications to the appropriate Reclamation region or area office for completion of environmental compliance.

Reclamation will also complete a business evaluation and determination of responsibility. During these evaluations, the Grants Officer (GO) will also consider several factors that are important, but not quantified, such as:

- Pre-award clearances, determinations, reviews, and approval
- Allowability, allocability and reasonableness of proposed costs
- Financial strength and stability of the applicant
- Past performance, including satisfactory compliance with all terms and conditions of previous awards, such as environmental compliance issues, reporting requirements, proper procurement of supplies and services, and audit compliance
- Adequacy of personnel practices; procurement procedures; and accounting policies and procedures, as established by applicable Office of Management and Budget circulars.

If the results of all pre-award reviews and clearances are satisfactory, an award of funding will be made once the agreement is finalized (approximately one to three months from the date of initial selection). If the results of pre-award reviews and clearances are unsatisfactory, consideration of funding for the project may be withdrawn.

Section VI: Award Administration Information

VI.A Award Notices

Successful applicants will receive, by electronic or regular mail, a notice of award.

VI.B Award Document

If the applicant is awarded a financial assistance agreement as a result of this FOA, the proposed project and other relevant information [e.g., performance measure(s)] from the application will be referenced in the agreement. The agreement document must be signed by a Reclamation GO before it becomes effective.

VI.C Releasing Applications

Following awards of funding, Reclamation will post all successful applications on the Reclamation website after conducting any redactions determined necessary by Reclamation, in consultation with the Recipient.

VI.D Reporting Requirements and Distribution

If the applicant is awarded an agreement as a result of this FOA, the applicant will be required to submit the following reports during the term of the agreement.

VI.D.1 Financial Reports

Form SF-425 – Federal Financial Report must be submitted on at least a semiannual basis and with the final program performance report.

VI.D.2 Program Performance Reports

The specific terms and conditions pertaining to the reporting requirements will be included in the financial assistance agreement.

- Interim reports submitted on at least a semi-annual basis, that include the following information:

- A comparison of actual accomplishments to the milestones established by the financial assistance agreement for the period
 - The reasons why established milestones were not met, if applicable
 - The status of milestones from the previous reporting period that were not met, if applicable
 - Whether the project is on schedule and within the original cost estimate
 - Any additional pertinent information or issues related to the status of the project
- Final report, including, but not limited to, the following information (please note that final reports are public documents and will be made available on Reclamation's website, www.usbr.gov/drought/):
 - Whether the project objectives and goals were met
 - Discussion of the benefits achieved by the project, including information and/or calculations supporting the benefits
 - How the project improves long-term resiliency to drought
 - How the project demonstrates collaboration, if applicable

Section VII: Agency Contacts

There will be no pre-application conference. Organizations or individuals interested in submitting applications in response to this FOA may **direct questions to Reclamation in writing**. Questions may be submitted to the attention of Irene M. Hoiby, GO, as follows:

By mail: Bureau of Reclamation
Financial Assistance Management Branch
Attn: Ms. Irene M. Hoiby
Mail Code: 84-27852
P.O. Box 25007
Denver, CO 80225

By email: ihoiby@usbr.gov

By telephone: 303-445-2025

Section VIII: Other Information

VIII.A Overview of Environmental and Cultural Resources Compliance Requirements

Under no circumstances may an applicant begin any ground-disturbing activities (including grading, clearing, and other preliminary activities) on a project before environmental and cultural resources compliance is complete and Reclamation explicitly authorizes work to proceed. This pertains to all components of the proposed project, including those that are part of the applicant's non-Federal cost-share. Reclamation will provide a successful applicant with information once such compliance is complete. An applicant that proceeds before environmental and cultural resources compliance is complete may risk forfeiting Reclamation funding under this FOA.

Before approving expenditures for the implementation of a Drought Resiliency Project Grant, Reclamation is required to comply with applicable environmental laws. Such compliance requires the participation and cooperation of both Reclamation and Drought Resiliency Project Grant recipients. This information is intended to inform applicants about the environmental compliance process associated with Drought Resiliency Project Grants and to summarize the requirements of certain Federal environmental laws.

Reclamation addresses environmental compliance issues for Drought Resiliency Project Grant applications as 1) an initial review and 2) a more detailed view of projects initially recommended for award. First, as part of the initial recommendation process, Reclamation evaluates the appropriateness of the amount budgeted for environmental compliance. Reclamation also examines the proposal to determine whether any significant environmental issues are involved in the project. Second, once a proposal has been initially recommended for funding, Reclamation undertakes a more detailed examination of environmental issues associated with the proposed project to comply with applicable law.

VIII.B Review within the Application Evaluation Process

In the evaluation and selection process, Reclamation performs an initial review of the Drought Resiliency Project Grant applications for potential environmental issues. At this stage, Reclamation's review is focused on whether:

- The applicant has budgeted appropriately for environmental compliance

- Any significant environmental issues (i.e., issues that would make the project infeasible) are apparent

Applicants for Drought Resiliency Project Grant funding must include a line item in their budget estimating the cost of environmental compliance for their project. The amount budgeted should be based on the actual expected environmental compliance costs, but should be equal to at least one to two percent of the total project costs. If less than one to two percent is budgeted, you must provide justification. Applications will be scored based on whether the amount budgeted appears reasonable.

Environmental compliance costs that are included in your budget proposal are considered project costs and may be cost-shared by the recipient and Reclamation. Any actual costs above the amount that the applicant has budgeted for must generally be paid for solely by the applicant. If an overage is budgeted for environmental compliance, any remaining funding may generally be reallocated to cover other project costs.

Environmental compliance costs have varied greatly for past projects. A minimal number of projects have incurred environmental compliance costs over the one to two percent budgeted amount. In each of those cases, the overage has been the result of issues involving historic properties, the presence of endangered species, or other compliance concerns requiring a more lengthy assessment of specific issues.

In addition to budgeting for environmental costs, the FOA requests that applicants answer a series of questions about the potential environmental impacts of their proposed drought resiliency project. In general, applications will not be scored lower in this first step of the environmental review based on the significance of the environmental issues involved. Rather, the information about environmental impacts is used by Reclamation primarily to determine if the applicant has budgeted appropriately. However, in some extreme cases, a proposal may be eliminated from further consideration at this stage if the magnitude of the environmental issues would make the project infeasible.

VIII.C Review of Initially Recommended Projects

If a proposal is initially recommended for funding a detailed analysis will be performed to determine the actual environmental impacts of the project, to agree on any mitigation measures needed, and to document environmental compliance. The recipient will then work with Reclamation to provide the information necessary for Reclamation to complete the environmental compliance work.

To the extent possible, environmental compliance will be completed before a financial assistance agreement is signed by the parties. In all other cases, **the**

award will be made contingent on completion of environmental compliance. The financial assistance agreement will describe how compliance will be carried out and how the costs will be paid. Drought Resiliency Project Grant funding may not be applied to construction or implementation of the project itself unless and until this second level of environmental analysis is completed to comply with all applicable environmental laws.

VIII.D Overview of Relevant Environmental Laws

The following is a brief overview of NEPA, NHPA, and ESA. While these statutes are not the only environmental laws that may apply to drought resiliency projects, they are the Federal laws that most frequently do apply. Compliance with all applicable environmental laws will be initiated by Reclamation concurrently, immediately following the initial recommendation to award a Drought Resiliency Project Grant. The descriptions below are intended to provide you with information about the environmental compliance issues that may apply to your projects and to help you budget appropriately for the associated compliance costs.

VIII.D.1 National Environmental Policy Act (NEPA)

NEPA requires Federal agencies such as Reclamation to evaluate, during the decision-making process, the potential environmental effects of a proposed action and any reasonable mitigation measures. Before Reclamation can make a decision to fund a Drought Resiliency Project Grant, Reclamation must comply with NEPA. Compliance with NEPA can be accomplished in several ways, depending upon the degree and significance of environmental impacts associated with the proposal:

- Some projects may fit within a recognized **Categorical Exclusion (CE)** to NEPA (i.e., one of the established categories of activities that generally do not have significant impacts on the environment). If a project fits within a CE, no further NEPA compliance measures are necessary. Use of a CE can involve simple identification of an applicable **Interior CE** or documentation of a **Reclamation CE** using a **Categorical Exclusion Checklist (CEC)**. If a CE is being considered, Reclamation will determine the applicability of the CE and whether extraordinary circumstances (i.e., reasons that the CE cannot be applied) exist. That process can take anywhere from 1 day to about 30 days, depending upon the specific situation.
- If the project does not fit within a CE, compliance with NEPA might require preparation of an **Environmental Assessment/Finding of No Significant Impact (EA/FONSI)**. Generally, where no CE applies but there are not believed to be any significant impacts associated with the

proposed action, an EA will be required. The EA is used to determine whether any potentially significant effects exist (which would trigger the further step of an Environmental Impact Statement, below). If no potentially significant effects are identified, the EA process ends with the preparation of a FONSI. The EA/FONSI process is more detailed than the CE/CEC process and can take weeks or even months to complete. Consultation with other agencies and public notification are part of the EA process.

- The most detailed form of NEPA compliance, where a proposed project has potentially significant environmental effects, is completion of an **EIS** and **ROD**. An EIS requires months or years to complete, and the process includes considerable public involvement, including mandatory public reviews of draft documents. It is not anticipated that projects proposed under this program will require completion of an EIS.

During the NEPA process, potential impacts of a project are evaluated in context and in terms of intensity (e.g., will the proposed action affect the only native prairie in the county? Will the proposed action reduce water supplied to a wetland by 1 percent? or 95 percent?) The best source of information concerning the potentially significant issues in a project area is the local Reclamation staff that has experience in evaluating effects in context and by intensity.

Reclamation has the sole discretion to determine what level of environmental NEPA compliance is required. If another Federal agency is involved, Reclamation will coordinate to determine the appropriate level of compliance. You are encouraged to contact your regional or area Reclamation office. See www.usbr.gov/main/regions.html with questions regarding NEPA compliance issues. You may also contact Ms. Avra Morgan at 303-445-2906 or aomorgan@usbr.gov, for further information.

VIII.D.2 National Historic Preservation Act (NHPA)

To comply with Section 106 of the NHPA, Reclamation must consider whether a proposed project has the **potential to cause effects to historic properties**, before it can award a Drought Resiliency Project Grant. Historic properties are cultural resources (historic or prehistoric districts, sites, buildings, structures, or objects) that qualify for inclusion in the *National Register of Historic Places*. In some cases, **water delivery infrastructure that is over 50 years old** can be considered a **historic property** that is subject to review.

If a proposal is selected for initial award, Drought Resiliency Project Grant recipients will work with Reclamation to complete the Section 106 process.

Compliance can be accomplished in several ways, depending on how complex the issues are, including:

- If Reclamation determines that the proposed project **does not** have the potential to cause effects to historic properties then Reclamation will document its findings and the Section 106 process will be concluded. This can take anywhere from a couple of days to one month.
- If Reclamation determines that the proposed project **could** have effects on historic properties, a multi-step process, involving consultation with the State Historic Preservation Officer and other entities, will follow. Depending on the nature of the project and impacts to cultural resources, consultation can be complex and time consuming. The process includes:
 - A determination as to whether additional information is necessary
 - Evaluation of the significance of identified cultural resources
 - Assessment of the effect of the project on historic properties
 - Determining if the project would have an adverse effect, evaluation of alternatives or modifications to avoid, minimize, or mitigate the effects

A Memorandum of Agreement is then used to record and implement any necessary measures. At a minimum, completion of the multi-step Section 106 process takes about two months.

Among the types of historic properties that might be affected by Drought Resiliency Project Grants are **historic irrigation systems** and **archaeological sites**. An irrigation system or a component of an irrigation system (e.g., a canal or headgate) is more likely to qualify as historic if it is more than 50 years old, if it is the oldest (or an early) system/component in the surrounding area, and if the system/component has not been significantly altered or modernized. In general, drought resiliency projects that involve ground disturbance, or the alteration of existing older structures, are more likely to have the potential to affect cultural resources. However, the level of cultural resources compliance required, and the associated cost, depends on a case-by-case review of the circumstances presented by each proposal.

You should contact your State Historic Preservation Office and your local Reclamation office's cultural resources specialist to determine what, if any, cultural resources surveys have been conducted in the project area. See www.usbr.gov/cultural/crmstaff.html for a list of Reclamation cultural resource specialists. If an applicant has previously received Federal financial assistance it is possible that a cultural resources survey has already been completed.

VIII.D.3 Endangered Species Act (ESA)

Pursuant to Section 7 of the ESA, each Federal agency is required to consult with the USFWS or the National Oceanic and Atmospheric Administration (NOAA) Fisheries Service to ensure any action it authorizes, funds, or carries out is not likely to **jeopardize the continued existence of any endangered or threatened species or destroy or adversely modify any designated critical habitat**.

Before Reclamation can approve funding for the implementation of a Drought Resiliency Project Grant, it is required to comply with Section 7 of the ESA. The steps necessary for ESA compliance vary, depending on the presence of endangered or threatened species and the effects of the proposed project. A rough overview of the possible course of ESA compliance is:

- If Reclamation can determine that there are no endangered or threatened species or designated critical habitat in the project area the ESA review is complete and no further compliance measures are required. This process can take anywhere from one day to one month.
- If Reclamation determines that endangered or threatened species may be affected by the project, then a **Biological Assessment** must be prepared by Reclamation. The Biological Assessment is used to help determine whether a proposed action may affect a listed species or its designated critical habitat. The Biological Assessment may result in a determination that a proposed action **is not likely to adversely affect** any endangered or threatened species. If the USFWS/NOAA Fisheries Service concurs in writing, then no further consultation is required and the ESA compliance is complete. Depending on the scope and complexity of the proposed action, preparation of a Biological Assessment can range from days to weeks or even months. The USFWS/NOAA Fisheries Service generally respond to requests for concurrence within 30 days.
- If it is determined that the project **is likely to adversely affect** listed species, further consultation (**formal consultation**) with USFWS or NOAA Fisheries Service is required to comply with the ESA. The process includes the creation of a **Biological Opinion** by the USFWS/NOAA Fisheries Service, including a determination of whether the project would **jeopardize** listed species and, if so, whether any **reasonable and prudent** alternatives to the proposed project are necessary to avoid jeopardy. Nondiscretionary **reasonable and prudent measures** and **terms and conditions** to minimize the impact of incidental take may also be included. Under the timeframes established in the ESA regulations, the Biological Opinion is issued within 135 days from the date that formal consultation was initiated, unless an extension of time is agreed upon.

- The time, cost, and extent of the work necessary to comply with the ESA depends upon whether endangered or threatened species are present in the project area and, if so, whether the project might have effects on those species significant enough to require formal consultation.

ESA compliance is often conducted parallel to the NEPA compliance process and, as in the case of a CEC, documented simultaneously. The best source of information concerning the compliance with the ESA in a particular project area is the local Reclamation environmental staff that can be helpful in determining the presence of listed species and possible effects that would require consultation with the USFWS or NOAA Fisheries Service. Contact your regional or area Reclamation office, www.usbr.gov/main/regions.html) with questions regarding ESA compliance issues. You may also contact Ms. Avra Morgan at 303-445-2906, amorgan@usbr.gov, for further information.