RECLAMATION

Managing Water in the West

Funding Opportunity Announcement No. BOR-DO-17-F014

WaterSMART Grants: Water Marketing Strategy Grants for Fiscal Year 2017



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

February 2017

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.

Synopsis

Federal Agency Name:	Department of the Interior, Bureau of Reclamation, Policy and Administration
Funding Opportunity Title:	WaterSMART Grants: Water Marketing Strategy Grants for Fiscal Year 2017
Announcement Type:	Funding Opportunity Announcement (FOA)
Funding Opportunity Number:	BOR-DO-17-F014
Catalog of Federal Domestic Assistance (CFDA) Number:	15.507
Dates: (See FOA Sec. D.4)	Application due date: April 19, 2017 at 4:00 p.m. Mountain Daylight Time (MDT)
Eligible Applicants: (See FOA Sec. C.1)	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. C.2)	50 percent or more of total project costs.
Federal Funding Amount: (See FOA Sec. B.1)	Funding Group I: Up to $200,000 for a project that can be completed within 2 years. Funding Group II: Up to $400,000 for a project that can be completed within 3 years.
Estimated Number of Agreements to be Awarded: (See FOA Sec. B.1)	Approximately 10 - 12 agreements
Estimated Amount of Funding Available for Award: (See FOA Sec B.1)	Of the President's fiscal year (FY) 2017 budget for WaterSMART Grants, approximately $3 million will be made available for this FOA. The final amount of funding available for award under this FOA will be determined once final FY 2017 appropriations have been made, and may vary depending on the demand for this and other WaterSMART Grants funding opportunities. Any awards are subject to a determination by Reclamation that FY 2017 appropriations are available and that awards can be made consistent with all program requirements. Applications submitted under this FOA may also be considered if additional funding becomes available in FY 2017 or thereafter.

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Application Checklist

The following table contains a summary of the information that you are required to submit with your application.

√	What to submit	Required content	Form or format	When to submit
	Mandatory Federal Forms: Application for Federal Financial Assistance Budget Information Assurances	See Sec. D.2.2.1.	SF-424, SF-424A, and SF-424B forms may be obtained at http://apply07.grants.gov/apply/FormLinks?family=15	*
	Title page	See Sec. D.2.2.2.	Page 17	*
	Table of contents	See Sec. D.2.2.3.	Page 17	*
	Technical proposal: Executive summary Background data Project description Evaluation criteria	See Sec. D.2.2.4. See Sec. E.1.	Pages 17 - 18 Page 17 Page 18 Page 18 Page 18	* * * * *
	Environmental and cultural resources compliance	See Sec. D.2.2.5.	Page 19	
	Required permits or approvals	See Sec. D.2.2.6.	Page 20	*
	Project Budget: Funding plan and letters of commitment Budget proposal Budget narrative	See Sec. D.2.2.7.	Pages 20 - 25 Page 20 Page 22 Pages 23 - 25	* * * *
	Existing Analysis Contributing to the Water Marketing Strategy (if applicable)	See Sec. D.2.2.8.	Page 26	
	Letters of support	See Sec. D.2.2.9.	Page 26	*
	Official Resolution	See Sec. D.2.2.10.	Page 26	**
	Unique Entity Identifier and System for Award Management	See Sec. D.3.	Page 27	***

* Submit materials with your application.

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

*** Should be completed by application deadline; however, please refer to the applicable section of the FOA for extended completion date.

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Acronyms and Abbreviations

ASAP	Automated Standard Application for Payments
ARC	Application Review Committee
CE	Categorical Exclusion
CEC	Categorical Exclusion Checklist
CFDA	Catalog of Federal Domestic Assistance
CFR	Code of Federal Regulations
CPA	certified public accountant
CWA	Clean Water Act
CWMP	Cooperative Watershed Management Program
DUNS	Data Universal Number System
EA	Environmental Assessment
EIS	Environmental Impact Statement
ESA	Endangered Species Act
FAPIIS	Federal Award Performance Integrity Information System
FOA	Funding Opportunity Announcement
FOIA	Freedom of Information Act
FONSI	Finding of No Significant Impact
FY	fiscal year
Interior	U.S. Department of the Interior
MDT	Mountain Daylight Time
NEPA	National Environmental Policy Act
NHPA	National Historic Preservation Act
NOAA	National Oceanic and Atmospheric Administration
P.L.	Public Law
Project	Water Marketing Strategy
Reclamation	Bureau of Reclamation
ROD	Record of Decision
SAM	System of Award Management
U.S.	United States
USACE	U.S. Army Corps of Engineers
U.S.C.	United States Code
USFWS	U.S. Fish and Wildlife Service
WaterSMART	Sustain and Manage America’s Resources for Tomorrow

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Section A. Funding Opportunity Description

A.1. Program Information

The Nation faces an increasing set of water resource challenges. Aging infrastructure, rapid population growth, depletion of groundwater resources, impaired water quality associated with particular land uses and land covers, and water needed for human and environmental uses all play a role in determining the amount of fresh water available at any given place and time. Water shortages and water-use conflicts have become more commonplace in many areas of the United States (U.S.), even in normal water years. As competition for water resources grows—for crop irrigation, growing cities and communities, energy production, and the environment—the need for information and tools to aid water resource managers also grows. Water issues and challenges are increasing across the Nation, but particularly in the West, due to prolonged drought.

These water issues are exacerbating the challenges facing traditional water management approaches which by themselves no longer meet today's needs. The U.S. Department of the Interior's (Interior) WaterSMART (Sustain and Manage America's Resources for Tomorrow) Program establishes a framework to provide Federal leadership and assistance for using water efficiently, integrating water and energy policies to support the sustainable use of all natural resources, and coordinating the water conservation activities of various Interior bureaus and offices. Through the program, Interior is working to achieve a sustainable water strategy to meet the Nation's water needs.

Through WaterSMART Grants, the Bureau of Reclamation (Reclamation) provides financial assistance to water managers for projects that seek to conserve and use water more efficiently, increase the use of renewable energy and improve energy efficiency, benefit threatened and endangered species, investigate and develop water marketing strategies, prevent any water-related crisis, or otherwise contribute to water supply sustainability in the Western United States. For further information on the WaterSMART Grants Program, including information on funding for Water and Energy Efficiency Grants and Small-Scale Water Efficiency Projects, please see https://www.usbr.gov/watersmart/grants.html

This Funding Opportunity Announcement (FOA) supports the development of water marketing strategies that will help prevent water conflicts and will contribute to water supply sustainability.

Water markets between willing buyers and sellers can be used to help water users meet demands efficiently in times of shortage, thereby helping to prevent water conflicts. Through the WaterSMART Water Marketing Strategy Grants,

Reclamation provides assistance to states, tribes, and local governments to conduct planning activities to develop a water marketing strategy to establish or expand water markets or water marketing activities between willing participants and in compliance with state and Federal laws.

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

A.2. Objective of this Funding Opportunity Announcement

The objective of this FOA is to invite states, Indian 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 to develop a water marketing strategy to help prevent water-related conflicts and contribute to water supply sustainability. Applicants under this FOA may request funding to conduct planning activities to develop a water marketing strategy to establish or expand water markets or water marketing (Project). Funding awarded under this FOA is for planning purposes only; funding will not be provided to implement water marketing activities.

For the purposes of this FOA, "water marketing" refers to water rights transactions (e.g., the lease, sale or exchange of water, or water rights), or voluntary agreements governing water rights, water use or water management (e.g., non-diversion agreements, dry-year options, and agreements governing groundwater recharge and storage, etc.), undertaken in accordance with state and Federal laws, between willing participants.

Through this FOA, Reclamation seeks to support collaborative planning efforts that use the establishment of water markets to proactively address water supply shortages and increase water management flexibility in the longer term. Funding awarded under this FOA may be used for outreach and partnership building, planning activities (e.g., hydrologic, economic, legal and other types of analysis), and the development of a "water marketing strategy" (see *Section C.3. Eligible Projects* for a complete description of eligible activities). A water marketing strategy is a framework for implementation of water marketing activities. Proposals will be selected on a competitive basis, using the evaluation criteria described in *Section E.1. Evaluation Criteria*. **Note: For the purposes of this FOA, the terms "Project" and "strategy" are used interchangeably and refer to the applicant's proposed water marketing strategy.**

Water marketing strategies that include participation by multiple stakeholders will be prioritized under this program to encourage more comprehensive plans that address issues important to different sectors (e.g., agricultural, municipal, tribal and environmental). As described in *Section C.3. Eligible Projects* of this FOA,

water marketing strategies may be scaled to meet the needs of the applicant and may build on work completed to date. Strategies that will provide significant benefits (such as meeting an important water supply need; meeting the needs of multiple sectors, including municipal, agricultural, tribal, or environmental water uses; or decreasing the likelihood of conflicts over water) will be prioritized.

Given current budget constraints and competing priorities for limited funding, Reclamation does not expect to submit recommendations to Congress for authorizing legislation or appropriations for construction following the completion of a water marketing strategy. However, potential projects identified in a water marketing strategy may be considered for funding under one of several different WaterSMART funding opportunities, depending on the type of project, including Water and Energy Efficiency Grants, Small-Scale Water Efficiency Projects, and Drought Resiliency Project Grants, as long as the project meets all program and eligibility requirements.

A.3. Statutory 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 [U.S.C.] §10364).

A.4. Other Related Funding Opportunities

Reclamation provides funding for projects to improve water management through several, separate, WaterSMART funding opportunities:

Through **Water and Energy Efficiency Grants** (FOA No. BOR-DO-17-F012),[1] Reclamation provides cost-shared financial assistance for projects resulting in quantifiable and sustained water savings and that may have several components intended to address a significant water management concerns, and which may increase renewable energy use and improve energy efficiency (Funding Group I: up to $300,000 in Federal funding for projects that take two years to complete; Funding Group II: up to $1,000,000 for larger, phased projects that take up to three years to complete).

Through **Small-Scale Water Efficiency Grants** (FOA No. BOR-DO-17-F011), Reclamation provides cost-shared financial assistance for small-scale water management projects (up to $75,000 in Federal funding for each project) that have been identified through previous planning efforts.

In addition, through the **Drought Response Program**, Reclamation provides funding to help build resilience to drought. Through **Drought Contingency**

[1] FOAs with an "FOA No." are FOAs that have been posted for 2017.

Planning (FOA No. BOR-DO-17-F009), Reclamation supports the development of drought contingency plans with participation from a diverse set of stakeholders and consideration of climate change. Reclamation also supports building long-term resilience to drought by funding **Drought Resiliency Projects** (FOA No. BOR-DO-17-F010) supported by an existing drought contingency plan.

Through the **Cooperative Watershed Management Program (CWMP)**, Reclamation provides funding to watershed groups to encourage diverse stakeholders to form local solutions to address their watershed management needs. Through **Phase I** of the CWMP, Reclamation provides funding for the establishment or further development of watershed groups and through **Phase II** (FOA No. BOR-DO-17-F013) for the implementation of watershed management and/or restoration projects.

For information on the timing for other FOAs, please visit the WaterSMART Program website: www.usbr.gov/watersmart/index.html.

A.5. Natural Resource Investment Center

The Department of the Interior has established a Natural Resource Investment Center to work collaboratively with private sector investors, foundations, non-profit organizations and non-Federal government entities to build partnerships to address the challenges currently being faced in water infrastructure and water management more broadly. The Investment Center is available as a resource to you. Please visit the Natural Resource Investment Center website at www.doi.gov/invest for additional information on the Investment Center and to find out more about potential sources of non-Federal funding for projects being proposed in response to this or other FOAs.

Section B. Award Information

B.1. Total Project Funding

Of the President's fiscal year (FY) 2017 budget WaterSMART Grants, Reclamation will make approximately $3 million available for implementing Water Marketing Strategy Grants under this FOA. The amount of funding available for awards depends on final FY 2017 appropriations. This FOA may be canceled if FY 2017 appropriations are insufficient to support new awards. The total amount of funding for awards under this FOA will depend on the demand for funding under this and other categories of WaterSMART Grants.

Applications submitted under this FOA may also be considered if additional funding becomes available in FY 2017 or thereafter. Please refer to Reclamation's WaterSMART Grants website (www.usbr.gov/watersmart/grants.html) for updated funding information.

B.2. Project Funding Limitations

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.

Applicants are invited to submit proposals under two different Funding Groups to develop a water marketing strategy:

Funding Group I: Up to $200,000 in Federal funds provided through this FOA will be available for water marketing strategies that can be completed within two years from the date of award because they are relatively smaller in scope. Applicants seeking to conduct outreach, and planning and scoping activities, but who do not expect to reach the point of developing the actual procedures, rules, and legal agreements needed to implement the water marketing strategy should apply under Funding Group I. See *Section C.3. Eligible Projects* for the specific requirements for developing a strategy for Funding Group I Projects. In future FOAs, funding may be made available to build on a completed Funding Group I project by developing a strategy that meets Funding Group II requirements.

Funding Group II: Up to $400,000 in Federal funds provided through this FOA will be available for more advanced water marketing strategies that will require up to three years to complete because they will include developing procedures and agreements needed to implement the water marketing strategy and are, therefore, relatively larger in scope. Projects in this group will be funded on an annual basis. Funding for the second and third years of the project is contingent upon future appropriations. See *Section C.3. Eligible Projects* for the specific requirements for developing a strategy for Funding Group II Projects.

B.3. Assistance Instrument

Awards will be made through grants or cooperative agreements, as applicable to the selected Project. If a cooperative agreement is awarded, the recipients should expect Reclamation to have substantial involvement in the completion of the Project. Substantial involvement by Reclamation may include:

- Participating and collaborating jointly with the recipient in carrying out the scope of work
- Directing or redirecting work because of interrelationships with other projects

At the request of the recipient, Reclamation can provide technical assistance after award. If you would like to receive Reclamation technical 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/offices.html.

Section C. Eligibility Information

C.1. Eligible Applicants

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

Applicants must also be located in the Western United States 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, but are not limited to, the following entities:

- Federal governmental entities
- Institutions of higher education
- Individuals

C.2. Cost Sharing Requirements

Applicants must be capable of cost sharing 50 percent or more of the total costs of the water marketing strategy (also referred to as "Project Costs"). Applicants with sufficient resources may choose to contribute a non-Federal cost share that is greater than 50 percent in order to develop more complex strategies. Cost sharing may be made through cash or in-kind contributions or donations 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. Please see *Section D.2.2.10. Official Resolution* and *D.2.2.7. Project Budget, Funding Plan and Letters of Commitment* for more information regarding the documentation required to verify commitments to meet cost sharing requirements.

C.2.1. 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 the Electronic Code of Federal Regulations, www.ecfr.gov.

C.2.2. In-Kind Contributions and Donations

In-kind contributions constitute the value of noncash contributions and donations 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 attributable to the proposed Project. The cost or value of in-kind contributions and donations 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 an award under this FOA. The exception to this requirement is where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs, such as awards to tribal organizations under P.L. 93-638, as amended. Applicants should refer to 2 CFR §200.434 for regulations regarding the valuation of in-kind donations and contributions, available at www.ecfr.gov.

C.3. Eligible Projects

C.3.1. Eligible Projects

Proposals for the development of a water marketing strategy to establish or expand water markets or water marketing activities are eligible for funding under this FOA. Water marketing strategies funded under this FOA must address the required elements described below in *Section C.4.1. Required Project Elements*. Proposed Projects must also include the required steps for developing a water marketing strategy described in *Section C.4.2. Required Planning Components and Technical Project Report*.

C.3.2. Ineligible Projects

Proposals for planning studies, other than water marketing strategies, are not eligible for funding under this FOA. This includes proposals for appraisal investigations, feasibility studies, special studies, Basin Studies, Drought Contingency Plans or studies authorized under the Title XVI Water Recycling and Reuse Program, through P.L.102-575, as amended (43 USC 390h et seq.), or under the Rural Water Program, pursuant to the Rural Water Supply Act of 2006, P.L.109-451 (www.usbr.gov/ruralwater).

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

- Construction activities
- Water conservation projects

- Projects considered normal operations, maintenance, and replacement (OM&R)

- Projects that are part of a congressionally authorized Title XVI project under P.L.102-575, as amended (43 U.S.C. 390h et seq.). A list of congressionally authorized Title XVI projects can be found at http://www.usbr.gov/watersmart/title/authorized.html.

- Water purchases

- Construction of buildings for administration purposes

- Projects to conduct on-farm improvements

For more information regarding these types of ineligible projects please contact the Program Coordinator as listed in *Section G.2. Reclamation Program Coordinator Contact.*

C.3.3. Length of Projects

Projects funded under Funding Group I of this FOA should be completed within two years of award, and Projects funded under Funding Group II of this FOA should be completed within three years of award.

C.4. Project Requirements

Projects proposed for funding under this FOA must address the three elements of a water marketing srategy and must meet the required procedural steps, both of which are described below. In addition, Projects must include a technical report that summarizes all work undertaken and provides findings and conclusions on Project results and benefits. The required strategy elements and steps are intended to guide the planning process but still allow recipients flexibility to use an approach that meets their budget and planning needs.

C.4.1. Required Project Elements

Projects funded under this FOA must address each of the three elements described below. If the applicant has already completed significant work on a particular element, the applicant may summarize prior work when addressing that element in the technical report; however, the completed water marketing strategy must build on each of the three elements. It is not mandatory that the Project address all of the sub-tasks listed under each element. The applicant can substitute appropriate sub-tasks or may provide explanation that certain sub-tasks have already been completed or are not necessary. However, it is also important that sub-tasks identified by the applicant support an overarching water marketing strategy. For example, Projects focused solely on one sub-task, such as hydrologic

analyses or software development, which are not strongly linked to the development of a more comprehensive water marketing strategy, are not eligible.

Projects funded under this FOA must address each of the three required elements, as follows:

Element 1. Outreach and Partnership Building – Informing and obtaining input from potential market participants and stakeholders within the relevant geographic areas, which may include but is not limited to:

- Conducting outreach to potential partners, participants, and interested or affected stakeholders in the area through public meetings, webinars, notices, or other forms of communication, and research
- Hosting workshops to gather input and feedback on the development of the water marketing strategy

Note: Outreach and partnership building costs, including advertising and public relations costs, must comply with the applicable cost principles contained in 2 CFR Part §200, available at the Electronic Code of Federal Regulations (www.ecfr.gov).

Element 2. Scoping and Planning Activities – Studies to explore the potential to develop a new water market, or to conduct water marketing activities, which may include, but are not limited to, the following types of analyses:

- Conducting financial or economic analyses to identify potential buyers and sellers, assess demand for the water market, and research the cost of implementing the water market.
- Researching different water marketing approaches to support development of administrative or institutional requirements for implementation of a water market/water marketing activities.
- Analyzing water rights issues or legal requirements, including legal mechanisms for transferring water within the relevant area, and legal constraints on existing water rights (type and place of use requirements, title issues, or other constraints).[2]
- Quantifying water rights, consumptive use, diversions, and return flows to determine how much water is available for marketing and to avoid impacts to downstream water users.

[2] Funding may be used for legal assistance including the assessment of different water marketing agreements, contracts, or other legal mechanisms, and the drafting of those instruments. However, funding may not be used for the preparation of a specific water court case, and funding for legal assistance may not exceed 30 percent of the total grant request.

- Analyzing economic, social, community, and environmental impacts of potential market/transaction(s).
- Conducting hydrologic or engineering studies related to water supply, use of existing infrastructure (e.g., for water storage, delivery, or transfer), new infrastructure requirements (e.g. interties to connect participants' water supply), or hydrologic impacts of water marketing. Note, if some measurement, monitoring, or field work is required to complete this task, such work may be eligible for funding so long as it comprises only a minor part of the work described in the proposal and the applicant includes funding in their budget for related environmental compliance work.

Element 3. Development of a Water Marketing Strategy – A water marketing strategy is a written document that describes a proposed approach to establish or expand a new water market or water marketing activities based on the results of the outreach, scoping, and planning activities that performed under Project Elements 1 and 2. The requirements that apply to the development of the water marketing strategy for Funding Group I Projects and Funding Group II Projects are as follows:

Strategy Requirements for Funding Group I:
The water marketing strategy developed for Projects in Funding Group I should include, but is not limited to, the following items:

- Description of how the water market/water marketing activities will be implemented following completion of the strategy, addressing long-term project management and financial sustainability, and describing the potential administrative structure and institutional components, the participants, water rights, and infrastructure involved, and how transactions will be tracked, to the extent known. The strategy will also describe the issues to be resolved and the steps to be taken before these aspects can be addressed and before an implementation plan can be developed.
- Description of the potential legal framework for the water market/marketing activities, including a description of potential rules and requirements for the water market/markeing activities, to the extent known. The strategy will also describe the issues to be resolved and the steps to be taken before a legal framework can be developed.
- Description of the potential contracts or agreements that would need to be drafted to support the water market/marketing activities, to the extent known. The strategy will also describe the issues to be resolved and the steps to be taken before contracts or agreements can be developed.
- Description of how water marketing activities will be monitored, to the extent known. The strategy will also describe the issues to be resolved and the steps to be taken before a monitoring plan can be developed.

- Description of marketing support tools, including software databases, registries, dashboards or models that would help facilitate water marketing, to the extent known. The strategy will also describe the issues to be resolved and the steps to be taken before needed tools can be identified.

Strategy Requirements for Funding Group II:
The water marketing strategy developed for Projects in Funding Group II should include, but is not limited to, the following items:

- Developing an implementation plan for the water market/water marketing activities, including how the water market will operate, addressing long term project management and financial sustainability, the administrative structure and institutional components, the participants, water rights, and infrastructure involved, and how transactions will be tracked.
- Formulating the rules and requirements needed to make the water market/water marketing activities function.
- Formulating the specific contracts or agreements supporting water marketing.
- Developing monitoring plan to monitor water marketing activities.
- Developing or assessing new or existing water marketing support tools, including software, databases, registries, dashboards or models that would help facilitate potential or existing water markets.

Reclamation recognizes that there may be complementary activities in developing the water marketing strategy (e.g., data gathering) that enhance and inform the planning process. In general, Reclamation considers these activities to be acceptable as part of the overall strategy development. However, the applicant must demonstrate the activity informs at least one of the three required elements of the water marketing strategy.

Note: If awarded funding, the recipient is solely responsible for the content of the water marketing strategy. Reclamation does not exercise control over the substantive aspects of the strategy or approval of the strategy if an award is made under this FOA.

C.4.2. Required Planning Components and Technical Project Report

Project proposals submitted under this FOA must include the following water strategy planning steps and preparation of the required technical project report.

- **Development of a Project work plan.—**The Project work plan should specify how the three required Project elements will be performed, along

with a detailed work schedule, and identify the responsibilities of the recipient and other interested stakeholders. The work plan must be submitted to Reclamation for review upon its completion, and may be updated as conditions warrant. The purpose of Reclamation's review of the work plan is to help ensure that program requirements are met.

- **Development of a communication and outreach plan.—**As part of the Project work plan, the recipient must develop a communication and outreach plan. This plan should explain how stakeholders and the public will be involved in the planning process, including input on the drafting of the water marketing strategy and providing feedback to the recipient and any Project partners. Participation could occur through public meetings, webinars, public notices, and other forums or approaches.

- **Required technical Project report. —** All Projects awarded funding under this FOA must include the development of a written technical project report that summarizes all work undertaken and provides findings and conclusions on Project results and benefits (e.g., are the expected benefits of the water market/activity stated in the proposal still realistic after completion of the strategy?)**.** The report should include a description of all planning and outreach activities conducted, lessons learned, and any other findings and conclusions. Technical project reports for Funding Group II Projects must also identify all outstanding issues to be resolved before the water market or marketing activities can be implemented (if any), and any steps that might be taken to resolve those issues. The draft technical project report, with the draft water marketing strategy attached, must be submitted to Reclamation for review at least 60 days before completion of the period of performance. The purpose of Reclamation's review is to ensure that the completed Project meets the goals and objectives of this FOA.

Note: The program requirements described here are intended to increase the transparency of the planning process, encourage collaboration and participation by interested stakeholders, and ensure that the water marketing strategy will be successful upon completion. Reclamation participation in this Project is limited to the provision of funding and technical assistance for the development of a strategy that strives to support water marketing activities. Reclamation review of the work plan and technical report is only to ensure compliance with Program requirements.

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Section D. Application and Submission Information

D.1. 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 Operations
Attn: Ms. Irene M. Hoiby
Mail Code: 84-27852
P.O. Box 25007
Denver, CO 80225

By e-mail: ihoiby@usbr.gov

By telephone: 303-445-2025

D.2. Content and Form of Application Submission

All applications must conform to the requirements set forth below.

D.2.1. Application Format and Length

The total application package shall be no more than **35** consecutively numbered pages. If an application exceeds **35** pages, only the first 35 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, official resolution, letters of support for the water marketing strategy, existing previous planning work to be relied on, and documentation associated with a request for cost share reduction or waiver will not be considered in the total page count.

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

D.2.2. Application Content

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

- Mandatory Federal Forms
  - SF-424 Application for Federal Assistance
  - SF-424A Budget Information for Non-Construction Programs
  - SF-424B Assurances for Non-Construction Programs

  These forms may be obtained at
  http://www.grants.gov/web/grants/forms/sf-424-family.html

- Title page

- Table of contents

- Technical proposal and evaluation criteria (limited to ***20*** pages)
  - Executive summary
  - Background data
  - Project description
  - Evaluation criteria

- Required permits or approvals

- Project budget
  - Funding plan and letters of commitment
  - Budget proposal
  - Budget narrative

- Environmental and cultural resources compliance, if applicant is undertaking activities involving measurement, monitoring or field work

- Copies of or links to any existing work described in response to the project implementation evaluation criterion (if applicable) (this will not count towards the page limitation)

- Letters of support for the water marketing strategy (will not count toward the page limitation)

- Official resolution (will not count toward the page limitation)

D.2.2.1. Mandatory Federal Forms

The application must include the following standard Federal forms:

SF-424 Application for Federal Assistance

A fully completed SF-424 Application for Federal Assistance signed by a person legally authorized to commit the applicant to performance of the project must be submitted with the application. Failure to submit a properly signed SF-424 may result in the elimination of the application from further consideration.

SF-424 Budget Form

A fully completed SF-424A Budget Information Non-Construction Programs must be submitted with the application.

SF-424 Assurances

A SF-424B Assurances Non-Construction Programs, signed by a person legally authorized to commit the applicant to performance of the project must be included. Failure to submit a properly signed SF-424B may result in the elimination of the application from further consideration.

D.2.2.2. Title Page

Provide a brief, informative, and descriptive title for the proposed work that indicates the nature of the Project (i.e., the water marketing strategy). Include the name and address of the applicant, and the name and address, e-mail address, and telephone of the project manager.

D.2.2.3. Table of Contents

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

D.2.2.4. Technical Proposal and Evaluation Criteria

The technical proposal and evaluation criteria (***20*** pages maximum) includes:

(1) Executive summary
(2) Background data
(3) Project description
(4) Evaluation criteria

Executive Summary

The executive summary should include:

- The date, applicant name, city, county, and state
- A one paragraph summary of the proposal
- The length of time and estimated completion date for the proposed water marketing strategy

- Whether or not a Reclamation project, facility, or activity is located within the geographic area to be addressed in the proposed water marketing strategy

Background Data

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

Provide a general description of the area to be addressed in the proposed water marketing strategy, including a description of the source(s) of water supply, the water rights involved, the current water uses (e.g., agricultural, municipal, domestic, industrial, environmental and recreation), the number of water users served, and the current and projected water demand, if available. If water is primarily used for irrigation, describe major crops and total acres served.

Identify any past working relationships with Reclamation. This should include the date(s), description of prior relationships with Reclamation, and a description of the project(s), facility(s), or activity(s).

Project Description

The Project description should describe the work in detail including the specific activities to be accomplished. This description shall have sufficient detail to permit a comprehensive evaluation of the proposal. The Project description should clearly indicate if the proposal is for Funding Group I or Funding Group II. Proposals should address the requirements for conducting a water marketing strategy this FOA, identified in *Section C.4. Project Requirements*.

Evaluation Criteria

(See *Section E.1. Evaluation Criteria* 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 E.1. Evaluation Criteria *into their applications to ensure that all necessary information is adequately addressed.

D.2.2.5. Environmental and Cultural Resources Compliance

All applicants who are proposing to conduct activities involving measurement, monitoring or field work must respond to the following list of questions focusing on National Environmental Policy Act (NEPA), Endangered Species Act (ESA), and National Historic Preservation Act (NHPA) requirements, to allow Reclamation to assess the probable environmental and cultural resources impacts

and costs associated with the application. Please answer the following questions to the best of your knowledge. If any question is not applicable to the project, please explain why.

The application should include the answers to:

- Will the proposed 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 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 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 Clean Water Act (CWA) jurisdiction as "Waters of the United States?" If so, please describe and estimate any impacts the proposed project may have.

- When was the water delivery system constructed?

- Will the proposed 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 area?

- Will the proposed Project have a disproportionately high and adverse effect on low income or minority populations?

- Will the proposed Project limit access to and ceremonial use of Indian sacred sites or result in other impacts on tribal lands?

- Will the proposed 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 regarding NEPA, ESA, and NHPA requirements, please see *Section H. Other Information* and contact your local Reclamation office, listed at www.usbr.gov/main/offices.html.

D.2.2.6. Required Permits or Approvals

Applicants must state in the application whether any permits or approvals are required for the Project and describe the approach for obtaining such permits or approvals.

D.2.2.7. Project Budget

The project budget includes:

(1) Funding plan and letters of commitment
(2) Budget proposal
(3) Budget narrative

Funding Plan and Letters of Commitment

Describe how the non-Federal 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. 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 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 an award under this FOA 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.

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 costs. For each cost, identify:

    - The Project expenditure and amount

    - Whether the expenditure is or will be in the form of in-kind services or donations

    - The date of cost incurrence

    - How the expenditure benefits 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 the 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 all funding sources. Denote in-kind contributions with an asterisk (*).

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

FUNDING SOURCES	AMOUNT
Non Federal Entities	
1.	
2.	
3.	
Non-Federal Subtotal	
Other Federal Entities	
1.	
2.	
3.	
Other Federal Subtotal	
REQUESTED RECLAMATION FUNDING	

Budget Proposal

The budget proposal should include detailed information on the categories listed below and must clearly identify all Project costs. Unit costs must be provided for all budget items including the cost of work to be provided by contractors. The budget proposal should also include any in-kind contributions of goods and services that will be provided to complete the Project. It is strongly advised that applicants use the budget proposal format shown below on Table 2 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 Budget Proposal Format

BUDGET ITEM DESCRIPTION	COMPUTATION		Quantity Type	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				$

BUDGET ITEM DESCRIPTION	COMPUTATION		Quantity Type	TOTAL COST
	$/Unit	Quantity		
Equipment				
Item A				$
Item B				$
Item C				$
Supplies and Materials				
Item A				$
Item B				$
Contractual/Construction				
Contractor A				$
Contractor B				$
Other				
Other				$
TOTAL DIRECT COSTS				**$**
Indirect Costs				
Type of rate	percentage	$base		**$**
TOTAL ESTIMATED PROJECT COSTS				**$**

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 the Electronic Code of Federal Regulations (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 description. Labor rates and proposed hours shall be displayed for each task.

Include estimated hours for compliance with reporting requirements. Please see *Section F.3. Reporting Requirements and Distribution* for information on types and frequency of reports required. In addition, include time for finalizing the technical report in response to the required Reclamation review and evaluation of the technical report.

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

If equipment will be purchased, itemize all equipment valued at or greater than $5,000. For each item, identify why it is needed for the completion of the project and how the equipment was priced. *Note: if the value is less than $5,000, the item should be included under materials and supplies.*

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 the applicant intends to use their own equipment for the purposes of the project, the proposed usage rates should fall within the equipment usage rates outlined by the United States Army Corps of Engineers (USACE) within their Construction Equipment Ownership and Operating Expense Scheduled (EP 1110-1-8) at http://www.publications.usace.army.mil/USACE-Publications/Engineer-Pamphlets/u43545q/313131302D312D38.

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 (e.g., quotes, past experience, engineering estimates, or other methodology).

Contractual

Identify all work that will be accomplished by sub-recipients, 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. Identify how the budgeted costs for sub-recipients, consultants, or contractors were determined to be fair and reasonable. *Note: If a sub-recipient, 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.*

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

Indirect costs that will be incurred in performance of Project activities, which will not otherwise be recovered, may be included as part of the applicant's budget. Show the proposed rate, cost base, and proposed amount for allowable indirect costs based on the applicable cost principles for the recipient's organization. Applicants must not 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 up to 10 percent of modified total direct costs. For further information on modified total direct costs, refer to 2 CFR §200.68 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/finance/indirect-cost- services.

Total Costs

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

D.2.2.8. Existing Analysis Contributing to the Water Marketing Strategy (if applicable)

If there is planning work relevant to one or more of the three required elements of a water marketing strategy, that the applicant intends to rely on in developing the strategy, please include a link to any existing plans or work (or attach relevant sections). *(Note, this will not count against the application page limit).*

D.2.2.9. Letters of Support

To demonstrate that the e planning process will include a diverse range of stakeholders, please include letters from interested stakeholders supporting the development the water marketing strategy. Letters should describe the stakeholder's support and their specific interest and involvement in the planning process.

To ensure your proposal is accurately reviewed, please attach all letters of support/ partnership letters as an appendix. *(Note, this will not count against the application page limit.)* **Letters of support received after the application deadline for this FOA will not be considered in the evaluation of the proposed water marketing strategy.**

D.2.2.10. 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 a financial assistance award under this FOA, 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 grant or 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.

D.3. Unique Entity Identifier and System for Award Management

All applicants (unless the applicant has an exception approved by Reclamation under 2 CFR §25.110[d]) are required to:

(i) Be registered in the System for Award Management (SAM) before submitting its application;

(ii) Provide a valid unique entity identifier in its application; and

(iii) Continue to maintain an active SAM registration with current information at all times during which it has an active Federal award or an application or plan under consideration by a Federal awarding agency.

Meeting the requirements set forth above is mandatory. If the applicant is unable to provide a unique entity identifier or complete SAM registration by the application deadline, the valid unique entity identifier must be obtained and SAM registration must be initiated within 30 days after the application deadline in order to be considered for selection and award. Failure to comply with this requirement may result in the elimination of the application from further consideration.

Reclamation will not make a Federal award to an applicant until the applicant has complied with all applicable unique entity identifier and SAM requirements and, if an applicant has not fully complied with the requirements by the time Reclamation is ready to make an award, Reclamation may determine that the applicant is not qualified to receive a Federal award and use that determination as a basis for making a Federal award to another applicant.

D.4. Submission Date and Time

Application submission date deadline:

April 19, 2017 at 4:00 p.m. Mountain Daylight Time (MDT)

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 for funding under this FOA 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 may post all successful applications on the Reclamation website, www.usbr.gov/watersmart/grants after conducting any redactions determined necessary by Reclamation, in consultation with the recipient.

D.4.1. Application Delivery Instructions

Applications may be submitted electronically through Grants.gov (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
Financial Assistance Operations
Attn: Ms. Irene Hoiby
Mail Code: 84-27852
P.O. Box 25007
Denver, CO 80225

By express delivery:
Bureau of Reclamation mail services
Attn: Ms. Irene Hoiby
Denver Federal Center
Bldg. 67, Rm. 152
6th Avenue and Kipling Street
Denver, CO 80225

By courier services:
Bureau of Reclamation
Attn: Ms. Irene Hoiby
Denver Federal Center
Bldg. 56, Rm. 1000
6th Avenue and Kipling Street
Denver, CO 80225

D.4.2. Instructions for Submission of Application

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

D.4.2.1. Applications Submitted by Mail, Express Delivery or Courier Services

Please follow these instructions to submit your application by mail, express delivery, or courier services.

- Applicants shall submit one copy of all application documents for hardcopy submissions. Only use a binder clip for documents submitted.
- Hard copy applications may be submitted by mail, express delivery, or courier services to the addresses identified in this FOA.
- 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.

D.4.2.2. Applications Submitted Electronically

If the applicant chooses to submit an electronic application, it must be submitted through Grants.gov (www.grants.gov). Reclamation encourages applicants to submit their applications for funding electronically through Grants.gov at www.grants.gov/applicants/apply-for-grants.html. Applicant resource documents and a full set of instructions for registering with Grants.gov and completing and submitting applications online are available at: www.grants.gov/applicants/apply-for-grants.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/applicants/apply-for-grants.html. **In addition, please note that the Grants.gov system only accepts applications submitted by individuals that are registered and active in SAM as both a user and an Authorized Organizational Representative.**
- Many applicants 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 this FOA. Applications received after this date and time due to weather or express delivery/courier performance will not be considered for award. Late applications will not be considered unless it is determined that the delay was caused by Federal Government mishandling or by a problem with the Grants.gov application system.

D.4.2.3. Acknowledgement of Application Receipt.

If an application is submitted by mail, express delivery, or courier, Reclamation will notify you in writing that your application was received and whether it was received prior to the deadline identified in the FOA.

If an application is submitted through Grants.gov, you will receive an email acknowledging receipt of the application from Grants.gov. In addition, Reclamation will notify you in writing that your application was retrieved from Grants.gov.

D.5. Intergovernmental Review

This FOA is not subject to *Executive Order 12372 Intergovernmental Review of Federal Programs.*

D.6. Funding Restrictions: Pre-award Costs

Project pre-award costs that have been incurred prior to the date of award but after July 1, 2016, may be submitted for consideration as an allowable portion of the recipient's cost share for the project. **In no case will pre-award costs incurred prior to July 1, 2016, be considered for cost share purposes.**

For example, such costs might include employee compensation 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.

D.7. Automated Standard Application for Payments Registration

All applicants must also be registered with and willing to process all payments through the Department of Treasury Automated Standard Application for Payments (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 to process payments.

Section E. Application Review Information

E.1. Evaluation Criteria

The evaluation criteria should be addressed in the technical proposal section of the application. Applications should thoroughly address each criterion and sub-criterion in the order presented below in this FOA to assist in the complete and accurate evaluation of the proposal. **Applications will be evaluated against the evaluation criteria (listed below), which comprise a total of 100 points.** *Please note that proposals submitted under Funding Groups I and II will be independently evaluated using the same evaluation criteria.* Proposals may be prioritized to ensure balance among Funding Group I and II and to ensure that the proposals funded address the goals of the WaterSMART Program.

The following criteria will be used by the Application Review Committee to rank proposals submitted under this FOA. ***It is suggested that applicants copy and paste the evaluation criteria and sub-criteria immediately below into their applications to ensure that all necessary information is adequately addressed.***

E.1.1. Evaluation Criterion A— Water Marketing Benefits (40 points)

Up to **40 points** may be awarded based on the extent to which the proposed water marketing strategy is likely to result in significant benefits to water supply sustainability. Proposals that will address more significant water supply shortfalls, and which will benefit multiple sectors and multiple water users will be prioritized. General water supply sustainability benefits (e.g., proposals that will increase resiliency to drought, provide instream flows, or support agricultural sustainability) will also be considered. In responding to this criterion, please do your best to describe the benefits that can be expected to occur upon implementation of the proposed water marketing strategy. If some information is unknown, please explain how it will be addressed in the development of the strategy.

Describe how the proposed water market or water marketing activities are anticipated to benefit water supply sustainability after implementation of the strategy. Describe the benefits that are anticipated to result from the water marketing strategy, addressing each of the following:

- Explain whether the water market/activity will address a specific water supply shortfall and describe the extent of benefits to different sectors, including agricultural, municipal/industrial, tribal and environmental sectors, including:
    - Will the water marketing strategy address a specific water supply shortfall?

  - What is the nature and severity of the shortfall and which sectors are affected? Please describe the shortfall (e.g., nature and extent of impacts) and provide support for your response.
  - How and to what extent will the water market/water marketing activities, once implemented, address the shortfall? Please describe the expected benefits (e.g., how water users will benefit) and provide support for your response.
  - Will the water market/water marketing activities benefit multiple sectors (e.g., agricultural, municipal, tribal and environmental) and/or types of water uses (e.g., hydropower generation, recreation, irrigation)? If so, to what extent and which sectors and water uses will benefit? Provide support for your response.

- Explain how and to what extent the proposed water market or water marketing activities will improve water supply sustainability in general in the area upon implementation of the strategy (address all that apply):
  - Increasing resiliency to drought
  - Providing instream flows for ecological purposes, species, recreation or water quality objectives
  - Sustaining agricultural communities while still reducing diversions
  - Reducing the likelihood of conflicts over water
  - Demonstrating a water marketing approach that is innovative and which may be applied by others

- Explain the extent to which the water market/activity will be ready to proceed upon completion of the strategy, addressing each of the following (note: Funding Group I proposals will be evaluated separately from Funding Group II proposals, to ensure fairness):
  - Describe your plans and timeline for implementing the strategy upon its completion.
  - Are there complex issues, including issues of law or policy, that would need to be resolved before the strategy could be implemented?
  - Explain whether previous planning, outreach and/or water marketing activities activities have been completed, including work on any of the required Project elements (1), (2), and (3), described above. Note that links to existing work that will contribute to the strategy are requested in *Section D.2.2.8. Existing Analysis Contributing to the Water Marketing Strategy (if applicable)*. While previous planning or existing water marketing activities are not required, these efforts may support the resolution of complex issues within the timeframe for the grant, so that implementation may follow quickly upon completion of the strategy.

E.1.2. Evaluation Criterion B—Level of Stakeholder Support and Involvement (30 points)

Up to **30 points** may be awarded based on the extent to which the proposal demonstrates that the proposed strategy is supported by a diverse set of stakeholders; that the planning process will be inclusive and incorporate input from a wide range of stakeholders; and that the project will complement, and not duplicate, other ongoing efforts in the area. Proposals which demonstrate support for the project from a diverse array of stakeholders, incorporate an open and inclusive planning process and which will complement other ongoing activities, will receive the most points under this criterion. Please address each of the following bullets:

- Identify stakeholders in the planning area who have *committed to be involved* in the planning process.
  - Describe their commitment, e.g., will they contribute funding or in-kind services or otherwise engage in the planning process?
  - Please explain whether the project is supported by a diverse set of stakeholders (appropriate given the types of interested stakeholders within the watershed and the scale, type and complexity of the proposed strategy). For example, is the project supported by entities representing environmental, agricultural, municipal, tribal, or recreation uses?

  Documentation could include letters from stakeholders committing to be involved in the planning process (see *Section D.2.2.7. Letters of Support)*; such letters should explain what their specific interest is and how they plan to participate.

- Describe stakeholders in the planning area who have *expressed their support* for the planning process, whether or not they have committed to participate. Support can include letters of support from stakeholders or a description of feedback from interested stakeholders; such letters should identify the stakeholder's specific interest.

- Is there opposition to the proposed strategy? If so, describe the opposition and explain how it will be addressed. Opposition will not necessarily result in fewer points.

- Do any separate planning efforts express support for the proposed water market/transaction? Or, will the proposed water marketing strategy complement other ongoing or recent planning efforts within the area? Other relevant planning efforts could include a:
  - WaterSMART Basin Study
  - Water management plan

- Water conservation plan
- Drought contingency plan
- State water plans
- Other planning efforts

Please describe any relevant planning efforts, including who is undertaking these efforts and whether they support or are complemented by the proposed water marketing strategy. Explain how the proposed water marketing strategy will avoid duplication or complication of other ongoing planning efforts.

- Describe what efforts that *you will undertake* to ensure participation by a *diverse* array of stakeholders in developing the water marketing strategy. If specific stakeholders have not yet been identified, or if some sectors are not yet represented, explain how you will accomplish this in the first few months after an award. Support could include a description of key stakeholder interests in the planning area and what efforts that you will undertake to engage them in the planning process, including outreach to stakeholders or collaborating with other groups or partners.

E.1.3. Evaluation Criterion C—Ability to Meet Program Requirements (20 points)

Up to **20 points** may be awarded based on the extent to which the proposal supports the applicant's ability to proceed with developing the proposed water marketing strategy upon entering into a financial assistance agreement and to complete the strategy within the required timeframe. Please see *Section C.4. Project Requirements* of this FOA, describing the required elements of a water marketing strategy and the required planning steps. Please address each of the following bullets:

- Describe how the three elements of a water marketing strategy will be addressed within the required timeframe. Please include an estimated project schedule that shows the stages and duration of the proposed work including major tasks, milestones, and dates. If prior planning work will be relied on to meet any of the required elements of a water marketing strategy, please explain this and *briefly* describe that work that will be relied on. Your response to this sub-criterion should demonstrate your understanding of the tasks required to address the required elements of a water marketing strategy under this program. Note, the budget proposal will also be considered under this sub-criterion (e.g., whether the budget is reasonably detailed and appropriate for the work proposed).

- Describe the availability and quality of existing data and models[3] applicable to the proposed water marketing strategy.

- Identify staff with appropriate technical expertise and describe their qualifications. Describe any plans to request additional technical assistance from Reclamation, or by contract.

E.1.4. Evaluation Criterion D—Nexus to Reclamation (10 points)

Up to **10 points** may be awarded based on the extent that the proposal demonstrates a nexus between the proposed water marketing strategy and a Reclamation project or activity. Please provide the following information regarding the connection to a Reclamation project, facility, or activity, or an Interior Initiative:

- Is there a Reclamation project, facility, or activity within the planning area?

- Is the planning area in the same basin as a Reclamation project, facility, or activity?

- In what way will the proposed Project benefit a basin where a Reclamation project, facility, or activity is located?

- Will the Project help Reclamation meet trust responsibilities to any tribe(s)?

- Does the proposed Project support implementation of an Interior initiative (e.g., the National Drought Resiliency Partnership or the Colorado River System Conservation Program, for example)? Or, does the Project support a complementary initiative of another Interior agency (e.g., a U.S. Fish and Wildlife Service wildlife refuge)?

E.2. Review and Selection Process

The Federal government reserves the right to reject any and all applications which do not meet the requirements of this FOA or which are outside the scope of the WaterSMART Program. Awards will be made for Projects most advantageous to the Federal government. Award selection may be made to maintain balance among the Funding Groups. The evaluation process will be comprised of the steps described in the following subsections.

[3] Data and models include but are not limited to: hydrologic models, operational models, climate data, water demand data or projections, water quality data, recreational water needs, environmental water needs, demographics, and economic data and models.

E.2.1. Initial Screening

All applications will be screened to ensure that:

- The applicant meets the eligibility requirements stated in this FOA.
- The applicant meets the unique entity identifier and SAM registration requirements stated in this FOA (this may be completed up to 30 days after the application deadline).
- The application meets the requirements of the FOA package, including submission of technical and budget proposals, a funding plan, letter(s) of support, and related forms.
- The application contains a properly executed SF-424 Application for Federal Assistance, a form SF-424A Budget Information Non-construction Programs, and a form SF-424B Assurances Non-construction Programs.
- The application includes an official resolution, adopted by the applicant's board of directors, governing body, or appropriate authorized official (this may be submitted up to 30 days after the application deadline).
- The application and funding plan meets or exceeds the minimum non-Federal cost share requirements identified in this FOA.
- The proposed water marketing strategy can be completed by September 30, 2019 for Funding Group I or September 30, 2020 for Funding Group II.

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.

E.2.2. Application Review Committee

Evaluation criteria will comprise the total evaluation weight as stated in *Section E.1. Evaluation Criteri*a. Applications will be scored against the evaluation criteria by an Application Review Committee (ARC), made up of experts in relevant disciplines selected from across Reclamation. The ARC will also review the application to ensure that the proposed Project meets the description of eligible projects and meets the objective of this FOA.

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

The ARC review will be conducted in two phases. In the first phase, the ARC will score all applications against the evaluation criteria in *Section E.1. Evaluation Criteria*. The highest scoring applications will advance to the second phase. All other applications will receive a notification that their proposal was not selected to advance to the second phase. It is anticipated that notifications will be sent at the end of May 2017.

The ARC will provide comments and feedback on all proposals selected for the second phase. Applicants will be asked to review the comments and address them in either a memorandum or letter within 14 calendar days. The ARC will review the responses and revaluate and score the applications against the evaluation criteria and make final recommendations to the management team.

In addition to addressing the ARC comments, applicants whose proposals are advanced to the second phase will be required to submit detailed supporting documentation for all costs (including any cost share and in-kind contributions) identified in the budget proposal. Failure to provide all requested supporting documentation may result in the application being removed from further consideration.

It is highly recommended that applicants with proposals advanced to the second phase address the ARC comments and/or questions, and submit adequate responses. If Reclamation does not receive a response, the original application score will be used for final ranking and recommendation.

E.2.3. Red-Flag Review

Following the results of the ARC review, Reclamation 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 completing outstanding financial assistance agreements and whether the applicant is in compliance with all reporting requirements associated with previously funded work.

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

E.2.4. 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, requirements, and objectives of this FOA. After completion of the Managerial Review, Reclamation will notify applicants whose proposals have been selected for award consideration.

E.2.5. Pre-Award Clearances and Approvals

The following pre-award clearances and approvals must be obtained before an award of funding is made. 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.

E.2.5.1 Environmental Review

Reclamation will forward all proposals that include measurement, monitoring or field work that are selected for award consideration to the appropriate Reclamation Regional or Area Office for completion of environmental compliance. To the extent possible, environmental compliance will be completed before a financial assistance agreement is signed by the parties. However, in most 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. Ground disturbing activities may not occur until this second level of environmental analysis is completed.

E.2.5.2 Budget Analysis and Business Evaluation

A Reclamation Grants Officer will also conduct a detailed budget analysis and complete a business evaluation and responsibility determination. During this evaluation, the Grants Officer will consider several factors that are important, but not quantified, such as:

- 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

E.3. Federal Award Performance Integrity Information System

Prior to making an award with a Federal total estimated amount greater than $150,000, Reclamation is required to review and consider any information about the applicant that is in the designated integrity and performance system accessible through SAM (currently Federal Award Performance Integrity Information System [FAPIIS]) (see 41 U.S.C. §2313). An applicant, at its option, may review information in the designated integrity and performance systems accessible through SAM and comment on any information about itself that a Federal awarding agency previously entered and is currently in the designated integrity and performance system accessible through SAM. Reclamation will consider any comments by the applicant, in addition to the other information in FAPIIS, in making a judgment about the applicant's integrity, business ethics, and record of performance under Federal awards when completing the review of risk posed by applicants as described in 2 CFR §200.205 Federal awarding agency review of risk posed by applicants.

E.4. Anticipated Announcement and Federal Award Date

Reclamation expects to contact potential award recipients and unsuccessful applicants in June 2017 or slightly later if necessary. Within one to three months after that date, financial assistance agreements will be awarded to applicants that successfully pass all pre-award reviews and clearances.

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Section F. Federal Award Administration Information

F.1. Federal Award Notices

Successful applicants will receive by electronic mail, a notice of selection signed by a Reclamation Grants Officer. ***This notice is not an authorization to begin performance.***

F.2. Administrative and National Policy Requirements

F.2.1. Environmental and Cultural Resources Compliance

All Projects that include measurement, monitoring, or field work and that are being considered for award funding will require compliance with 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, CWA, ESA, 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.

F.2.2. Approvals and Permits

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

F.2.3. Reclamation Review of Work Plan and Technical Report

For all water marketing strategies funded under this FOA, a detailed workplan must be submitted to Reclamation for review upon completion of the workplan and a technical report must be submitted to Reclamation for review 60 days prior to the end of the period for performance. The purpose of Reclamation's review is to ensure that the objectives of the agreement are met (see *Section C.4. Project Requirements*).

F.2.4 Responsibility for Content

The Recipient is solely responsible for the content of the water marketing strategy. Reclamation participation in this Agreement is limited to the provision of funding and technical assistance for the development of a water marketing strategy that strives to support water marketing activities. Reclamation does not exercise control over the content or approval of the strategy developed under this award. Reclamation review of the work plan and technical report is only to ensure compliance with Program requirements. The water marketing strategy developed under this Agreement is a water management planning document and does not provide recommendations or represent a statement of policy or position of the Bureau of Reclamation, or the Department of the Interior. The water marketing strategy does not propose or address the feasibility of any specific project, and does not represent a commitment for provision of Federal funds for projects identified in the strategy.

F.2.5. Intangible Property (2 CFR 200.315)

(a) Title to intangible property acquired under a Federal award vests upon acquisition in the non-Federal entity (see §200.59 Intangible Property [of this CFR]). The non-Federal entity must use that property for the originally-authorized purpose, and must not encumber the property without approval of the Federal awarding agency. When no longer needed for the originally authorized purpose, disposition of the intangible property must occur in accordance with the provisions in §200.313(e) Equipment [of this CFR].

(b) The non-Federal entity may copyright any work that is subject to copyright and was developed, or for which ownership was acquired, under a Federal award. The Federal awarding agency reserves a royalty-free, nonexclusive and

irrevocable right to reproduce, publish, or otherwise use the work for Federal purposes, and to authorize others to do so.

(c) The non-Federal entity is subject to applicable regulations governing patents and inventions, including government wide regulations issued by the Department of Commerce at 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Awards, Contracts and Cooperative Agreements."

(d) The Federal government has the right to:

(1) Obtain, reproduce, publish, or otherwise use the data produced under a Federal award; and

(2) Authorize others to receive, reproduce, publish, or otherwise use such data for Federal purposes.

(e) Freedom of Information Act (FOIA).

(1) In response to a Freedom of Information Act (FOIA) request for research data relating to published research findings produced under a Federal award that were used by the Federal government in developing an agency action that has the force and effect of law, the Federal awarding agency must request, and the non-Federal entity must provide, within a reasonable time, the research data so that they can be made available to the public through the procedures established under the FOIA. If the Federal awarding agency obtains the research data solely in response to a FOIA request, the Federal awarding agency may charge the requester a reasonable fee equaling the full incremental cost of obtaining the research data. This fee should reflect costs incurred by the Federal agency and the non-Federal entity. This fee is in addition to any fees the Federal awarding agency may assess under the FOIA (5 USC 552(a)(4)(A)).

(2) Published research findings means when:

(i) Research findings are published in a peer-reviewed scientific or technical journal; or

(ii) A Federal agency publicly and officially cites the research findings in support of an agency action that has the force and effect of law. "Used by the Federal government in developing an agency action that has the force and effect of law" is defined as when an agency publicly and officially cites the research findings in support of an agency action that has the force and effect of law.

(3) Research data means the recorded factual material commonly accepted in the scientific community as necessary to validate research findings, but not any of the following: preliminary analyses, drafts of scientific papers, plans for future research, peer reviews, or communications with colleagues. This "recorded" material excludes physical objects (e.g., laboratory samples). Research data also does not include:

(i) Trade secrets, commercial information, materials necessary to be held confidential by a researcher until they are published, or similar information which is protected under law; and

(ii) Personnel and medical information and similar information the disclosure of which would constitute a clearly unwarranted invasion of personal privacy, such as information that could be used to identify a particular person in a research study.

F.3. Reporting Requirements and Distribution

Recipients of awards made under this FOA will be required to submit the following reports during the term of the agreement. The specific terms and conditions pertaining to the reporting requirements will be included in the financial assistance agreement.

F.3.1. Financial Reports

Recipients will be required to submit a fully completed form SF-425 Federal Financial Report on at least a semi-annual basis and with the final performance report. The SF-425 must be signed by a person legally authorized to obligate the recipient.

F.3.2. Interim Performance Reports

Recipients will be required to submit interim performance reports on at least a semi-annual basis. At a minimum, each interim performance report must 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

F.3.3. Final Performance Report

Recipients will be required to submit a final performance report encompassing the entire period of performance. The final performance report must include, but is not limited to, the following information:

- Whether the Project objectives and goals were met
- Discussion of the benefits achieved by the Project, including how the plan improves long-term water supply sustainability
- How the water marketing strategy demonstrates collaboration
- Photographs documenting the Project are also appreciated

Note: Reclamation may print photos with appropriate credit to the applicant. Also, final reports are public documents and will be made available on Reclamation's website.

F.4. Releasing Applications

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

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Section G. 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 the Reclamation personnel identified below.

G.1. Reclamation Financial Assistance Management Contact

Questions regarding application and submission information and award administration may be submitted to the attention of Ms. Irene M. Hoiby, Supervisory Grants Management Specialist, as follows:

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

By email: ihoiby@usbr.gov

By phone: 303-445-2025

G.2. Reclamation Program Coordinator Contact

Questions regarding applicant and project eligibility and application review may be submitted to the attention of Ms. Avra Morgan, Program Analyst, as follows:

By mail: Bureau of Reclamation
Water Resources and Planning
Attn: Ms. Avra Morgan
Mail Code: 84-51000
P.O. Box 25007
Denver, CO 80225

By e-mail: aomorgan@usbr.gov

By phone: 303-445-2906

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Section H. Other Information

The following is a brief overview of NEPA, NHPA, and ESA. This information is only relevant to proposals that include measurement, monitoring and field work. While these statutes are not the only environmental laws that may apply to water marketing strategies, 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 financial assistance agreement under this FOA. 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.

H.1. National Environmental Policy Act

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 an award under this FOA, 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 (EIS)**, 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 **Record of Decision (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/offices.html with questions regarding NEPA compliance issues. You may also contact the Program Coordinator for further information (*see Section G. Agency Contacts*).

H.2. National Historic Preservation Act

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 complete an award under this FOA. 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, the recipient 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
- A determination as to whether the project would have an adverse effect and 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 projects proposed under this FOA 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, proposed 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.

H.3. Endangered Species Act

Pursuant to Section 7 of the ESA, each Federal agency is required to consult with the U.S. Fish and Wildlife Service (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 proposed project, 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, then 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/offices.html with questions regarding ESA compliance issues.