

**Bureau of Reclamation**  
**American Recovery and Reinvestment Act**  
**Evaluation and Selection Criteria for Projects**

**April 2009**

**Introduction**

Reclamation used a multi-tiered, merit-based evaluation process to select the projects which will be funded with the monies appropriated by the American Recovery and Reinvestment Act (ARRA). This paper describes that process and the criteria used to select projects.

Selected projects and activities fall into six program investment areas:

- Meeting future water supply needs
- Infrastructure reliability and safety
- Environmental and ecosystem restoration
- Water conservation initiative
- Emergency drought relief
- Green building

All of the selected projects are ones which would be undertaken by Reclamation in the normal course of business. ARRA funding allows Reclamation to accelerate them to meet high priority needs sooner than would otherwise be the case given the constraints on Reclamation's annual budgets, while stimulating the economy and creating jobs.

**Identification of Potential Projects**

The ARRA did not authorize new projects. Thus, to be considered for stimulus funding, a project or activity had to be previously authorized to be constructed by Reclamation or otherwise funded by Reclamation (e.g., via authorized financial assistance programs). However, Reclamation also elected to consider projects pending for authorization at the beginning of this Congress in S. 22/H.R. 146 (the Omnibus Public Lands Management Act of 2009), if they otherwise met ARRA objectives and Secretarial policy objectives. H.R. 146 was signed into law as the Omnibus Public Lands Management Act of 2009 (Public Law 111-11) on March 30, 2009.

When it became apparent during the last Congress that economic stimulus legislation was likely to be considered, Reclamation began collecting information on potential projects and activities during the summer of 2008. While legislation had yet to be passed, it was clear that "shovel ready" projects would be a focus of any economic stimulus act. Accordingly, regional and field offices began identifying projects for which design and engineering, and environmental compliance, were well along, if not complete, and other construction prerequisites were well in hand.

The initial compilation of potential projects last summer was followed during the late fall by further gathering of information on potential projects and preliminary determinations at the regional office level as to what projects and activities were most likely to be ready to proceed if and when Congress passed economic stimulus legislation. Information was collected based upon Reclamation's day-to-day knowledge of its projects and programs as drawn from out year budget formulation information, investment plans, and multiple information systems regarding the project facilities which Reclamation is responsible for

operating and maintaining with funding provided by annual Congressional appropriations.

As the new Congress convened and the final scope of potential economic stimulus legislation became more clear, a final round of information collection was accomplished during January and February of this year, with several iterations between the Commissioner's Office and the regional offices to resolve questions concerning the readiness of potential projects to proceed and otherwise assure that accurate information was in hand for decision making purposes. Toward the end of February, a final list of potential projects was assembled, totaling about \$2 billion, from which \$945 million were chosen for funding based upon the selection process described below.

### **Summary of Evaluation and Selection Process**

The multi-tiered, merit-based evaluation process used by Reclamation considered:

- (1) The general objectives of the ARRA (e.g. preserve and create jobs, and invest in infrastructure) and Departmental policy objectives (e.g., improving energy efficiency and assisting Native Americans);
- (2) Priorities specific to Reclamation as required by the ARRA and its Conference Report, and as established by the Department;
- (3) Reclamation's overall program priorities; and
- (4) Criteria for selection of projects within a program investment area.

The objectives, priorities, and criteria which informed the process of selecting projects are described below.

### **Tier I – ARRA Objectives and Secretarial Policy Objectives**

ARRA Objectives - The first level of evaluation that Reclamation used for each project or activity came from the general guidance that the ARRA provides for the expenditure of stimulus monies. The projects meet the ARRA's objectives, where applicable, to:

- Preserve and create jobs and promote economic recovery
- Assist those most impacted by the recession
- Provide investments to increase economic efficiency by spurring technological advances
- Invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits
- Stabilize state and local government budgets

Departmental Policy Objectives – In addition to these overall ARRA objectives, Reclamation used the Department's policy objectives, to:

- Give priority to projects that create long-term value and lasting benefits to the public
- Assist in meeting the water supply needs of Native American communities
- Improve energy independence and energy efficiency
- Provide employment opportunities for youth

At the end of this evaluation stage, Reclamation screened every proposed project to determine the degree to which it fulfilled these general ARRA objectives and, within the limits of Reclamation's program authorities, the Department's policy objectives.

Priority for further consideration was given to projects which most completely fulfilled these objectives.

### **Tier II – Priorities Required of Reclamation**

The Conference Report accompanying the ARRA established several priorities for selection of stimulus projects. These were applied after first determining which potential projects most nearly met the ARRA's general objectives and the Department's policy objectives (as summarized above).

The ARRA requires that all funds appropriated by the ARRA be obligated by the end of FY 2010. In the case of Reclamation, the Conference Report more specifically provides that priority be given to projects, programs, and activities that can be obligated and executed quickly. The Department further directed that, to the maximum extent possible, priority be given to projects that could fully expend stimulus monies by the end of FY 2010.

The Conference Report also indicated that priority be given to projects which:

- Will result in high, immediate employment
- Have little schedule risk
- Will be executed by contract or direct hire of temporary labor
- Will complete either a project phase, a project, or will provide a useful service that does not require additional funding.

The Conference Report does not require, however, that every project meet these criteria.

### **Tier III – Reclamation's Overall Program Priorities**

While application of the Tier I and Tier II objectives and priorities reduced the projects under consideration, the project list still totaled substantially more than the amount appropriated by the ARRA. Therefore, choices needed to be made among the various programs to which Reclamation could apply stimulus funding. In this part of the process, Reclamation identified six broad program investment areas where stimulus projects will most appropriately and strongly meet the above criteria. This choice was informed by consideration of several requirements and criteria, as described below. Minimum Allocation of Funds Required by the ARRA - The ARRA set minimum funding requirements for three programs. These necessarily had to be met, as follows:

- At least \$10 million for canal inspections
- At least \$126 million for Title XVI wastewater reuse and recycling projects
- At least \$60 million for rural water projects, primarily on water intake and treatment facilities.

Reclamation's Additional Criteria - In arriving at the funding levels for the six broad program investment areas into which projects are grouped, Reclamation applied the following general criteria and considerations to its evaluation of all potential projects and programs:

- Priority was given to stimulus activities which, through the acceleration of construction already underway, would achieve more efficient construction schedules, probable cost reductions, and an earlier realization of project benefits than would otherwise be the case
- Priority was given to funding large construction work that is difficult to accommodate within annual budget limitations

- The use of stimulus funding was balanced across programs and activities to ensure the continued delivery of public benefits, the operation and maintenance of facilities in a safe and reliable manner, and the protection of the health and safety of the public and Reclamation employees, and compliance with environmental requirements and opportunities for ecosystem restoration
- Priority was given to larger projects to the extent possible in light of the workload limitations on the staff available to process procurements and financial assistance agreements.

#### **Tier IV – Program Specific Selection Criteria**

With the general allocation of funds to program investment areas as described above, Reclamation then turned to the application of specific selection, prioritization and allocation criteria within each of the six program investment areas. These Tier IV screening criteria are based upon the application of a set of technical or activity-specific criteria to the proposed projects meeting Tier I through III criteria.

Meeting Future Water Supply Needs – This first program investment area focuses on accelerating the construction of congressionally authorized water delivery facilities in the 17 western states. These investments will, in the long term, help meet the unmet water supply needs in rural areas of the west, including Native American communities, and provide new and innovative sources of water in otherwise water-short areas. In addition to the above criteria, several of the program areas used the following specific evaluation process to further identify the best candidate projects for consideration:

- Water Reclamation and Reuse (Title XVI projects): Sponsors of Title XVI projects have been invited to submit information which will be used to prioritize their proposed activities. The highest ranking projects will be awarded up to the proposed total amount of \$135 million for the Title XVI program. Specific selection criteria for the Title XVI Program are found in Attachment 1.
- Rural Water Projects: The sponsors of rural water projects also have been requested to verify information regarding their ability to expend monies in accordance with the objectives of the ARRA and Secretarial emphasis on completing expenditures by the end of 2010. Among these projects are several that will directly benefit Native American communities. Selection criteria are set forth in Attachment 2.

Infrastructure Reliability and Safety - As a keystone of the western economy, water infrastructure must be in working order and well maintained to deliver expected benefits. Much of the water infrastructure built by Reclamation is as much as 100 years old and is predictably showing wear. Investments in infrastructure reliability, canal inspections and safety projects will create immediate construction, engineering and scientific jobs, will keep the water flowing and, therefore, the economy of the West moving forward.

Reclamation used the following screening process to further identify the best candidate projects for consideration:

- Canal Inspections: The January 2008 breach of the Reclamation-owned, locally operated, Truckee Main Canal, and the resultant flooding of homes in Fernley, Nev., provided the catalyst for a more intensive canal inspection program in Reclamation. The canal inspection program will review canal reaches in urbanized areas. The criteria used in selecting these inspection activities are found in Attachment 3.

- Safety of Dams: The Folsom Dam Safety of Dams (SOD) modification work is Reclamation's highest priority for SOD projects based upon the risk assessment criteria which are used to prioritize annual budget requests for safety of dams' modifications. Stimulus monies would accelerate this ongoing work. Other possible SOD projects could not be obligated until the very end of FY 2010, if then, and, therefore, did not meet the Department's expenditure criteria.

The balance of the proposed stimulus projects in this category were ranked by Reclamation's Facilities Operations and Maintenance Team based upon the criteria in Attachment 4.

Environmental/Ecosystem Restoration - The economic health and social wellbeing of the United States is contingent on the health and wellbeing of the ecosystem in which we live and work. As such, this program investment area is to restore habitat for aquatic species that are threatened, potentially threatened, endangered or which are culturally significant to Native American communities throughout the West, while ensuring the continued operation of Reclamation projects and delivery of project benefits. Reclamation gave priority to projects that could make significant and documentable progress toward species recovery and protection, and to projects that would maximize and stabilize the water supply benefits to a given basin.

For example, the Red Bluff Fish Passage Project in the Central Valley Project was identified as a priority project during this process because it will allow the current Red Bluff Diversion Dam to be operated in a manner that allows necessary, unimpeded, upstream and downstream passage for five runs of listed salmon species and the green sturgeon, while still providing irrigation water to approximately 150,000 acres of high-value cropland. Additionally, consistent with previously mentioned criteria for Reclamation projects, this particular project is a larger project that will create significant economic opportunities, is difficult to accommodate within annual budget limitations, will achieve both a more efficient and cost-effective construction schedule and will result in an earlier realization of project benefits.

Water Conservation Initiative<sup>2</sup> - One of the most cost-effective ways to meet water demands, secure water supplies in water-short areas of the West, and stretch supplies is through water conservation and improved efficiency. As such, this program investment area provides funding for Reclamation's competitively selected cost-sharing program for water conservation projects undertaken by non-Federal organizations.

As an existing program with a significant ability to expend and leverage non-Federal funds quickly and efficiently, this competitive program's selection criteria (see Attachment 5) will be utilized to prioritize projects. A key change was to make the funding of this program under the ARRA relative to those cost-sharing grants funded under annual appropriations. Projects funded with ARRA monies will be a minimum of \$2 million (with \$1 million of that as the maximum Reclamation contribution). The maximum federal cost share above that will be 50%, or \$5 million, whichever is less. In contrast, the requirements of the current program are 50% federal cost share, or \$300,000, whichever is less.

The purpose of having a larger minimum requirement, and a higher maximum, on project size is to accommodate large projects that cannot be handled within the limited annual funding that has typically been available. Reclamation is aware of several "shovel ready" water conservation projects that can avail themselves of this one-time opportunity.

Reclamation anticipates that with the ongoing program funding, there will be plenty of funding for more than the usual number of smaller projects. Thus, it is prudent to devote stimulus funding to larger projects.

Emergency Drought Relief - Portions of the western United States, California in particular, are facing historic and potentially devastating drought conditions this year, which could result in the direct loss of farm and farm-related jobs, and in economic losses due to lost agricultural production. As such, this program investment area is for emergency drought relief projects. Within the context of the general and the specific guidance and criteria mentioned above, Reclamation is giving the highest priority to projects that can quickly and effectively mitigate the consequences of the current drought by making the greatest quantities of water available for areas that are hardest hit by the drought. See Attachment 6 for the details of the criteria which will be applied.

Green Building - Selection criteria for Reclamation's Green Buildings were to identify building construction projects that will:

- Reduce water and energy use,
- Lessen Reclamation's carbon footprint, and
- Save Federal funds in the long run due to lower electricity, water and maintenance costs.

One building project is being funded. This project incorporates natural lighting, energy efficient fixtures, heating and cooling systems and water efficient plumbing systems. It meets new GSA standards for energy efficiency and includes the installation of solar panels.

## **Attachment 1**

### **Title XVI Project Selection Criteria**

These criteria will be used to prioritize Title XVI water reuse and recycling projects for funding under the ARRA, P.L. 111-5 (Recovery Act). These criteria specifically address the requirements of the Recovery Act and accompanying conference report. The criteria are intended to target projects that increase jobs and expend funds quickly for the benefit of infusing money into the economy.

In order to receive funding, a project must be specifically authorized and meet other requirements specific to the Recovery Act and financial assistance.

Funds for construction activities will not be disbursed until all Title XVI pre-construction requirements have been met. This includes:

- (1) a finding that the feasibility study meets the requirements of Title XVI of P.L. 102-575, as amended;
- (2) complete compliance with the National Environmental Policy Act and other environmental clearances;
- (3) an approved determination of financial capability; and (4) an executed cooperative agreement

### **Criteria 1 – Project Implementation – 50 points.**

These criteria will award a higher number of points to proposed activities that will expend funds by September 30, 2010. Points will be awarded based on the percent of funds projected to be spent by September 30, 2010, and the reasonableness of the submitted cost estimate and expenditure rate.

Please state the percent of funds that will be spent by that date and provide a narrative which explains and supports your cost estimate and projected expenditure rate.

**Sub criteria 1.1** - 40 points will be awarded for those projects that are scheduled to expend the funds by September 30, 2010. The benefit of this criterion will be that economic stimulus funds will be spent expeditiously. The following guidelines are provided for this criterion.

96%-100% of the funds expended by September 30, 2010 – 40 points

86%-95% of the funds expended by September 30, 2010 – 30 points

76%-85% of the funds expended by September 30, 2010 – 20 points

56%-75% of the funds expended by September 30, 2010 – 10 points

50%-55% of the funds expended by September 30, 2010 – 5 points

Less than 50% of the funds expended by September 30, 2010 – 0 points

**Sub criteria 1.2** – 10 points will be awarded based on the reasonableness of the submitted cost estimate and expenditure rate and the likelihood of the project to meet the established goals. The benefit of this criterion is that the projects with reasonable estimates and projections will be prioritized.

**Criteria 2** – Funding to Satisfy Outstanding Federal Cost-Share – 15 points.

These criteria will award a higher number of points to those projects where the Federal cost share of current expenditures to date is less than 25 percent.

Please identify expenditures to date, Federal funds requested to date, and any remaining obligated Federal funds.

**Sub criteria 2.1** – 15 points will be awarded to those projects with the Federal cost share of expenditures to date less than 25 percent. The benefit of this criterion is that projects for which the project sponsor has outspent the Bureau of Reclamation will be brought up to the 25-percent cost share. The following guidance is provided.

The Federal cost share of current expenditures, including obligated funds, is less than 25 percent - 15 points

The Federal cost share is 25 percent - 0 points

**Criteria 3** – Readiness of Project to Proceed – 15 points.

These criteria will award a higher number of points to proposed activities that are likely to be completed within the provided project schedule.

Please describe the status of all contracts for the proposed activity. Indicate if existing contracts have been modified to address Davis-Bacon Act requirements and the use of American-manufactured goods; if bids are being solicited; or if scopes of work and designs are complete or under development.

For construction activities only, please describe the status of the feasibility study, financial capability statement, environmental compliance, cooperative agreement, and all required local and state permitting.

**Sub criteria 3.1** – (15 points for pre-construction activities) 10 points will be awarded to those projects with construction activities that have low risk of failing to meet the

schedule. The benefit of this criterion is that projects will expend funds as scheduled and estimated. The following guidelines are provided for this criterion.

Contracts are awarded and projects are ready to go forward. Any modifications necessary for the ARRA are complete and in place (Davis Bacon and Use American) – 10 points for construction projects, 15 points for pre-construction activities.

Bids are being solicited with the Davis-Bacon Act requirements and Use American – 7 points for construction projects, 10 points for pre-construction activities

Designs, scope of work, and specifications are complete – 3 points for construction projects, 5 points for pre-construction activities

Designs, scope of work, or specification are under development – 0 points for all.

**Sub criteria 3.2** (Construction Projects Only) – 5 points will be awarded to those construction projects that have met all the requirements to begin a project. The benefit of this criterion is that projects with complete documentation will be funded. This criterion will prioritize those projects that are already under construction.

The following guidance is provided for construction projects only:

The project has a positive finding on the feasibility study, approved financial capability statement, complete environmental compliance, cost-share agreement, and complete local and state permitting – 5 points

Anything less will receive 0 points.

**Criteria 4** – Completion of a Phase or Useful Service – 20 points

This criterion will award a higher number of points to those proposed activities that complete a pre-construction activity, a phase of a project, or make water available on or before September 30, 2011.

Please identify if the proposed project will complete the pre-construction activity or a phase of the overall project. If water will be made available through the completion of the phase, please indicate the water delivery or treatment capacity that will be made available.

**Sub criteria 4.1** – 15 points will be awarded to those projects that will complete a phase of a project or will complete a pre-construction activity by September 30, 2011. The benefit of this criterion is that Reclamation will be able to clearly identify accomplishment once the project is complete. The following guidance is provided.

The funds will complete a phase or a pre-construction activity by September 30, 2011. If a construction project, additional capacity will be brought online – 15 points for construction, 20 points for pre-construction. Anything less – 0 points.

**Sub criteria 4.2** (Construction Projects Only) – 5 points will be awarded to those construction projects that will complete a phase and make more water available through completion by September 30, 2011. The benefit of this criterion is that Reclamation will fund those projects that will recycle larger volumes of water. The following guidance is provided.

More than 1,000 acre-feet – 5 points

0 acre-feet – 0 points (including projects that will not complete a phase or the phase does not add additional capacity).

## **Attachment 2**

### **Rural Water Project Selection Criteria**

To qualify for funding, the project must be one of the currently, individually authorized rural water projects. The requirement that Reclamation bear the O&M on certain projects will be met with annual appropriated funds. Stimulus monies will not be used for this. Also, expenditure capabilities will be considered in light of FY 2009 and FY 2010 budgets since the President's request for FY 2010 includes a substantial increase.

The prioritization criteria to be employed are as follows:

- Per the language in the ARRA, priority will be given to stimulus projects for intake and water treatment facilities
- Project benefits – stimulus projects which result in completion of a phase or useful services (i.e., making at least a portion of a rural water project capable of making water deliveries)
- Schedule Risk – including ability to modify contracts to address Davis-Bacon and Buy American requirements
- Projects which provide benefits to Indian and Tribal communities will receive higher priority.

## **Attachment 3**

### **Urbanized Canal Inspections Project Selection Criteria**

**Criteria:** Reclamation has conducted an initial review of its existing canal inventory to identify urbanized canal reaches based on the following criteria:

1. Potential impact to a Population At Risk (PAR) greater than 500 and/or
2. Economic impact/damages greater than \$5 million in the event of a canal failure.

**Prioritization:** The urbanized canal reaches that were selected and prioritized for inclusion in the Recovery Act List were based on a Reclamation-wide collaborative effort, in concert with sound engineering judgment, and the above criteria.

**Inspections:** Contracts will be issued through the existing IDIQ (Indefinite Delivery-Indefinite Quantity) contracts to secure services for onsite and aerial inspection (photogrammetry, infrared and Interferometric Synthetic Aperture Radar (IFSAR)) activities. Factors, such as water operations, coordination with water users, weather, and accessibility, will be addressed as part of the scheduling and procuring of these inspection services during the next eighteen months.

## **Attachment 4**

### **Selection Criteria for Infrastructure Reliability Projects**

#### **Initial Criteria:**

Before applying additional scoring criteria, the following initial criteria must be met related to reserved works activities:

- Either has completed any necessary environmental assessment compliance for the activity or assurance that necessary compliance will be achieved prior to the time of obligation (as applicable).

If the above criteria are not met, then the item/activity will not be considered for funding.

**Additional Criteria (Scoring):**

The following additional criteria (possible total scoring of 90) will then be applied to the items that have met the above initial criteria.

**Criteria 1** – Stakeholders are on board with project/activity and repayment – 20 points. 20 points will be awarded for those activities to assure stakeholder commitment. The benefit of this criterion will be that economic stimulus funds will be spent expeditiously. No repayment contract necessary or contract currently in place – 20 points. Stakeholders on board – 10 points. Stakeholders not on board and no discussions have taken place – 0 points.

**Criteria 2** - The proposed project can be obligated and executed quickly – 35 points. 35 points will be awarded for those activities that are scheduled to expend the funds quickly. The benefit of this criterion will be that economic stimulus funds will be spent expeditiously.

50% or more of the funds expended by September 30, 2009 – 35 points.

50% or more of the funds expended by September 30, 2010 – 25 points.

50% or more of the funds expended by September 30, 2011 – 15 points.

50% or more of the funds expended beyond September 30, 2011 – 0 points.

**Criteria 3** – The proposed activity has low schedule risk – 20 points. 20 points will be awarded for those activities that have low risk to the schedule. The benefit of this criterion is that funds will be expended as scheduled and estimated. The following guidelines are provided for this criterion.

Contracts are awarded or modification to existing contracts - 20 points.

Pre-solicitation notice has been issued – 15 points.

Designs, scope of work, and specifications are complete – 10 points.

Designs, scope of work, or specification are under development – 5 points.

Designs, scope of work, or specification are not under development – 0 points.

**Criteria 4** – The proposed activity has a high risk assessment to the facility, if the activity is not accomplished - 15 points. 15 points will be awarded for those activities that have shown to have a high risk assessment code (RAC) (per Reclamation’s RAX Prioritization guidelines), based on the probability and the extent of potential consequences if the activity is not accomplished. The benefit of this criterion is that funds will be expended for those activities that have a higher risk assessment to the facility. The following guidelines are provided for this criterion.

Activity has a RAC of 1 through 3. This represents a high level of threat to facility operation/reliability, contractual/legal commitments, life, health or property and requires action as soon as possible, but no later than 3 years – 15 points.

Activity has a RAC of 4. This represents a lower level risk, with action planned and completed within a 5-year period – 10 points.

Activity has a RAC of 5. This represents the lowest level risk and is considered minor and related to more to enhancements and additions. The actions can be planned in the out-years, beyond the 5-year period – 0 points.

## **Attachment 5**

### **Water Conservation Initiative Cost-Sharing Program**

#### **(a) ARRA-specific criteria**

*Up to 55 points possible, subcriteria are listed in order of decreasing value.*

Points are awarded based on how well the project will meet the overall goals of the ARRA.

#### **Subcriteria No. 1:**

Up to 40 points will be awarded for those projects that are scheduled to expend the funds quickly.

**Request submitters must provide a project schedule describing the project timeline and corresponding fund expenditure rate and provide a narrative which explains and supports the projected expenditure rate.**

#### **Subcriteria No. 2:**

Up to 10 points will be awarded to those projects that will be completed earlier than 24 months. No additional information need be submitted under this subcriterion.

#### **Subcriteria No. 3**

Up to 10 points will be awarded to those projects that are ready to proceed.

**Request submitters must describe the status of all contracts for the project. Indicate if bids are being solicited or if the designs and solicitation package are complete or under development.**

#### **(b) Conservation, Efficiency, Markets**

*Up to 40 points possible, subcriteria are listed in order of decreasing value.*

#### **Subcriteria No. 1:**

*Up to 15 points for projects that propose water marketing or banking elements*

**Request submitters must briefly describe any water marketing or banking elements included in the proposed project. Include:**

- 1) Estimated amount of water to be marketed or banked.
- 2) A detailed description of the mechanism through which water will be marketed (e.g., individual sale, contribution to an existing market or bank, or the creation of a new water market or bank).
- 3) Number of users, types of water use, etc. in the water market or bank.
- 4) Discuss any legal issues pertaining to water marketing or banking (e.g., restrictions under reclamation law or contracts, individual project authorities, or State water laws).

#### **Subcriteria No. 2:**

*Up to 11 points may be awarded for a proposal that will conserve water and improve efficiency. Up to 6 of these points may be allocated based on the percentage of the applicant's total average water supply that will be conserved directly as a result of the project. The remaining 5 points may be awarded for proposals that will improve the applicant's delivery efficiency.*

**Request submitters must describe the amount of water saved and any improvement to the applicant's overall delivery efficiency, including the following:**

State the applicant's total average annual water supply in acre-feet. (This is the amount actually diverted, pumped, or released from storage, on average, each year. This does not refer to the applicant's total water right or potential water supply.) Explain how this calculation was made.

For projects that conserve water, state the estimated amount of water conserved in acre-feet-per year (include direct water savings only).

State the existing transport losses and delivery efficiency.

**Subcriteria No. 3:**

*Up to 9 points may be awarded if the proposal will improve water management through measurement, automation, advanced water measurement systems, or through other approaches where water savings are not quantifiable.*

1) For projects that improve water management but which may not result in measurable water savings, state the amount of water expected to be better managed, in acre-feet per year, and as a percentage of the average annual water supply.

**Subcriteria No. 4:**

*Up to 5 points may be awarded for the reasonableness of the cost for the benefits gained. Please include information related to the total project cost, annual acre-feet conserved (or better managed), and the expected life of the improvement. Use the following: Total Project Cost Acre-Feet Conserved (or better managed) x Improvement Life Failure to include the required information will result in no score for this section.*

For all projects involving physical improvements, specify the expected life of the improvement in number of years.

**(c) Sustainable Water Supplies and Collaboration**

*Up to 30 points possible, subcriteria are listed in order of decreasing value.*

Points are awarded based on how well the project will improve sustainable water supplies for the 21st Century and the extent of collaborative effort.

**Subcriteria No. 1:**

*Up to 15 points may be awarded for projects that are likely to improve sustainable water supplies for the 21<sup>st</sup> Century.*

**How is the proposed work likely to improve sustainable water supplies for the 21<sup>st</sup> Century?**

(1) Will the project make water available to address a specific concern, e.g. water supply shortages due to climate variability and/or heightened competition for finite water supplies; will it market water to other users, or generally make more water available in the water basin where the proposed work is located?

(2) Where will the conserved water go? Where is that water currently going (i.e., back to the stream, spilled at the end of the ditch, seeping into the ground, etc.)?

(3) Identify any issues that affect the development of a sustainable water supply and describe how the proposed project will address those issues. For example, will the project address unmet water supply needs, significant population growth, or drought?

**Subcriteria No. 2:**

*Up to 10 points may be awarded if the proposal demonstrates stakeholder involvement.*

**Describe collaboration and stakeholder involvement. Include:**

- 1) A description of how the project demonstrates collaboration and stakeholder involvement (i.e., who besides the applicant will benefit from the proposed work and how?).
- 2) Identify any non-Reclamation funding partners (e.g., State, city, or other water user(s) or interest groups).
- 3) Include letters of support with the application.

**Subcriteria No. 3:**

*Up to 5 points may be awarded if the proposal is in a basin with connections to Reclamation project activities. No points will be awarded for proposals without connection to a Reclamation project or Reclamation activity.*

**How is the project connected to Reclamation project activities? Does the applicant receive Reclamation project water? Is the project on Reclamation project lands or involving Reclamation facilities? Is the project in the same basin as a Reclamation project or activity? Will the proposed work contribute water to a basin where a Reclamation project is located?**

**(d) Demonstrated Results**

*Up to 15 points will be awarded for proposals that can demonstrate results based on the level of planning supporting the project. Proposals will be evaluated on the following subcriteria (subcriteria are listed in order of decreasing value).*

**Subcriteria No. 1:**

*Up to 6 points may be awarded for proposals with planning efforts that provide support for the proposed project. Points may also be awarded if the proposal describes how the project conforms to and meets the goals of any applicable State or regional water plans and identifies any aspects of the project that implement a feature of an existing water plan(s).*

**Does the project have a Water Conservation Plan, System Optimization Review (SOR), and/or district or geographic area drought contingency plans in place?**

Please self-certify, or provide copies, where appropriate, to verify there is a water conservation plan, SOR, and/or district or geographic area drought contingency plans in place.

**Request submitters must provide the following information regarding project planning:**

- 1) Identify any district-wide, or system-wide, planning that provides support for the proposed project. This could include a Water Conservation Plan, SOR, or other

planning efforts done to determine the priority of this project in relation to other potential projects.

2) Identify and describe any engineering or design work performed specifically in support of the proposed project.

3) Describe how the project conforms to and meets the goals of any applicable State or regional water plans, and identify any aspect of the project that implements a feature of an existing water plan(s).

**Subcriteria No. 2:**

*Up to 5 points may be awarded to proposals that provide support for the development of performance measures to quantify actual project benefits upon completion of the project.*

Request submitters must provide a brief summary describing the performance measure that will be used to quantify actual benefits upon completion of the project (i.e., water saved, marketed, or better managed). For more information calculating this performance measure, see Section VIII, "Other Information."

**Subcriteria No. 3:**

*Up to 4 points may be awarded to proposals which provide support for how estimates of the benefits were made (calculations, measurements, and references).*

Request submitters must summarize the information regarding how direct and indirect project benefits were calculated, and reference any supporting documents.

**(e) Project Financing and Cost Sharing**

*Up to 15 points will be awarded for proposals when the costs associated with the project are reasonable for the work proposed, whether the budget is sufficiently detailed to support the estimated costs, and whether the cost-share funds are secure. Proposals will be evaluated on the following subcriteria (subcriteria are listed in order of decreasing value):*

**Subcriteria No. 1:**

*Up to 8 points may be awarded for applicants that demonstrate the financial ability to pay for the estimated project costs and any increase in operation and maintenance (O&M) costs associated with the proposed work. Points shall be allocated based on the reliability of the funding sources, adequate documentation showing that funds are available for applicant and any funding partners, and estimates of any changes to O&M costs as a result of the proposed work.*

- 1) Identify all sources of non-Reclamation funding included in the application.
- 2) Describe any documentation supporting the funding plan that demonstrates that the cost-share funds are available (operating budget, financial analysis or report, loan commitment or letter of credit, or other document).
- 3) Estimate any change in O&M costs (increase or decrease) as a result of the proposed work, and describe how any increase in such costs will be paid.
- 4) List the letters of commitment from all cost-sharing partners included with the application.

**Subcriteria No. 2:**

*Up to 5 points may be awarded for proposed projects for which the costs are reasonable, appropriate for the work proposed, necessary, and predominantly allocated to direct costs.*

- 1) Does the budget identify direct, indirect, environmental, and contingency costs? If not, explain why.

**Subcriteria No. 3:**

*Up to 2 additional points may be awarded to proposals that provide non-Federal funding in excess of 50 percent of the project costs.*

- 1) State the percentage of non-Federal funding provided.

**Attachment 6**

**Drought Projects Prioritization Process**

The Drought Program projects were prioritized using a two-step process – first at the regional level and then at the corporate level. A description of that process follows:

**Step One – Region Screening and Prioritization:** During the regional screening process, the coordinators in each of Reclamation’s regions identified those projects that were eligible to be carried out under the Reclamation States Emergency Drought Relief Act of 1991, as amended (Public Law 102-250) (Drought Act), which provides Reclamation’s authority to undertake drought-related projects.

Then, they applied the Reclamation Drought Program’s selection criteria to prioritize their submittals. Those criteria are listed below in descending order of priority:

- Associated with a Reclamation project or facilities.
- Involves delivery of project water.
- Title I activity (mitigate drought impacts through wells, temporary construction measures and temporary water contracts)
- Ability to complete in 12 months or less.
- Involves cost sharing by the customer.
- Title II activity (drought contingency planning)

Next, the regional coordinators prioritized the remaining drought projects in their region to be submitted for Recovery Act funding using the ARRA’s general criteria from the Act and the associated Conference Report, as follows:

- That can be obligated/executed quickly (looking for projects where expenditures can be completed by October 2010)
- That will result in high, immediate employment
- That have little schedule risk
- That will be executed by contract or direct hire of temporary labor
- That will complete either a project phase, a project, or will provide a useful service that does not require additional funding
- To invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits

At the end of this step of the process, each regional coordinator ranked his/her projects in numerical order with “1” being the highest priority and provided that prioritized list to Reclamation’s Drought Program Coordinator.

**Step Two – Corporate Prioritization:** As the second step in this process, the Reclamation-wide Drought Program Coordinator performed a second level of prioritization to ensure that projects that result in immediate assistance to address a drought emergency are ranked higher than projects designed to mitigate the impacts of drought more generally. This was to ensure that projects to be recommended on a corporate level address the greatest need and can have the greatest impact. The Drought Program Coordinator used the following criteria:

- Projects that will provide immediate assistance to address a drought emergency were ranked the highest;
- Well-drilling projects were given priority over other types of projects (one of the things that makes water immediately available).

<sup>1</sup> There is an exception to use otherwise expired funds for oversight-related activities after FY 2010.

<sup>2</sup> The cost-sharing program is one element of the larger Water Conservation Initiative which also includes the Title XVI and Rural Water Programs.

<sup>3</sup> “Reserved works are those facilities owned, operated and maintained by Reclamation. This is in contrast to “transferred works” which are owned by Reclamation, but contractually operated and maintained by a non-Federal entity such as a water district.