

## Rural Water Supply Program Frequently Asked Questions

### 1. What is Reclamation's Rural Water Supply Program?

Reclamation established the Rural Water Supply Program to work with rural communities, including tribes, throughout the 17 western states to assess potable water supply needs and to identify options to address those needs through appraisal investigations and feasibility studies. This new program was developed pursuant to the Rural Water Supply Act of 2006, Public Law 109-451.

In 2008, Reclamation published an interim final rule in the *Federal Register* (43 CFR Part 404) (Rule), establishing comprehensive programmatic criteria for the Program, as required under the Act. The Rule describes the purposes and goals of the Program, establishes an application and review process for making financial assistance determinations, and establishes eligibility and prioritization criteria, as well as criteria to evaluate appraisal investigations and feasibility studies. In 2010, Reclamation published Reclamation Manual Directive and Standard (D&S), CMP TRMR-31, *Reclamation Rural Water Supply Program*. The D&S sets forth the requirements, responsibilities, and review processes for appraisal investigations and feasibility studies conducted under the program and can be found on Reclamation's website at: <http://www.usbr.gov/recman/temporaryreleases.html>. The Rule is included as an appendix to the D&S.

### 2. What types of entities are eligible to participate?

State, regional, or local authorities, Indian tribes or tribal organizations, or other qualifying entities such as water conservation districts, water conservancy districts, or rural water districts or associations located in 17 western states (Arizona, California, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington and Wyoming) may participate in the rural water program.

See § 404.6 of the interim final rule for more information.

### 3. What types of projects are eligible?

The project must be designed to serve a community or group of communities, each of which has a current population of no more than 50,000 inhabitants, which may include Indian tribes and tribal organizations, dispersed home sites, or rural areas with domestic, municipal, and industrial water, including non-commercial livestock watering and non-commercial irrigation of vegetation. In some cases a project may include one community of more than 50,000 inhabitants if that community is a critical partner that substantially contributes to the financial viability of the project.

See §§ 404.7 and 404.8 of the interim final rule for more information.

#### **4. What are the specific types of facilities that may be included in a rural water project?**

A rural water supply project can include new rural water supply infrastructure and facilities; the improvement or upgrade of existing rural water supply infrastructure and facilities; and the extension of existing rural water supply infrastructure and facilities currently serving individual communities dispersed homesites, rural areas or tribes. More specifically, infrastructure or facilities may include, but is not limited to: Pumps, pipes, wells, surface water intakes and other diversion, transmission, or distribution systems, storage tanks and small impoundments, water treatment facilities for potable water supplies, including desalination facilities, buildings necessary to house equipment and serve as a center for operations, power transmission and related facilities required for the rural water supply project, equipment and management tools for water conservation, groundwater recovery, and water reuse and recycling, associated features to mitigate adverse environmental consequences of a project; and other necessary appurtenances. A rural water supply project may *not* include: Infrastructure or facilities to deliver water for commercial irrigation and major impoundment structures.

See § 404.9 of the interim final rule for more information.

#### **5. Does this program include irrigation water or is it limited to municipal and industrial water uses?**

This program addresses water needs for domestic, municipal, and industrial uses. This includes the use of water for incidental noncommercial livestock watering and noncommercial irrigation of vegetation.

The commercial use of water for irrigation is prohibited under this program.

#### **6. Are there any significant changes from last year's announcement that I should be aware of?**

Yes. As a result of feedback received from applicants on last year's Funding Opportunity Announcement, Reclamation made several changes to improve the application process and are more fully described in the Funding Opportunity Announcement:

- Instructions for preparing and submitting a full proposal are not included in the Funding Opportunity Announcement, but will be provided to applicants selected from among the initial application submissions received by January 31, 2011, in response to the Funding Opportunity Announcement. The instructions for preparing a full proposal are also available on the Rural Water Supply Program website at < [www.usbr.gov/ruralwater](http://www.usbr.gov/ruralwater) >.
- Applicants will be provided an opportunity to work with Reclamation staff during the development of the full proposal, if selected.

- Definitions of the eligibility and prioritization criteria were expanded and clarified.
- The number of prioritization criteria used to evaluate statements of interest and full proposals was reduced from six to five.

**7. Are there other programs that I can participate in that may fit my needs more specifically if my proposal does not fit in with the Rural Water Supply Program?**

Yes. The following agencies host programs that address the water needs of rural communities:

1. U.S. Department of Agriculture (USDA) ([www.usda.gov](http://www.usda.gov))
  - a. Rural Utilities Service (Water and Waste Disposal Programs)
  - b. Natural Resources Conservation Service (Small Watershed Program)
2. Department of Housing & Urban Developments (HUD) ([www.hud.gov](http://www.hud.gov))
  - a. Community Development Block Grants
3. Environmental Protection Agency (EPA) ([www.epa.gov](http://www.epa.gov))
  - a. Clean Water State Revolving Fund Loan Program
  - b. Drinking Water State Revolving Fund Loan Program
4. Economic Development Administration ([www.eda.gov](http://www.eda.gov))
  - a. Public Works and Development Facilities Program
5. Department of Health & Human Services (HHS) Indian Health Services (IHS) ([www.ihs.gov](http://www.ihs.gov))
  - a. Sanitation Facilities Construction Program
6. U.S. Army Corps of Engineers ([www.usace.army.mil](http://www.usace.army.mil))
  - a. Planning Assistance to States
7. U.S. Department of the Interior – Bureau of Indian Affairs ([www.bia.gov](http://www.bia.gov))

**8. Does this program affect rural water projects that are already authorized?**

No. Reclamation is involved with some rural water projects that have already been authorized for construction by Congress. This program does not affect those ongoing projects.

**9. When is the award date?**

It is expected that applicants will be notified of the results of the initial application review in March 2011. Selected applicants will be invited to submit a full proposal for an appraisal investigation or feasibility study and additional instructions regarding the content of full proposals will be provided.

It is expected that the results of the proposal evaluations and the names of potential award recipients will be announced in June 2011. Approximately one to two months after the initial announcement, assistance agreements will be awarded to applicants that successfully pass all pre-award reviews and clearances.

## **10. How does this program relate to other Federal, State, and local rural water programs?**

This program prioritizes projects that meet the needs of communities dispersed across a region or watershed, in order to take advantage of economies of scale and foster opportunities for partnerships. By focusing on projects that address water needs throughout a region or watershed, this program fills a niche that other Federal programs do not meet. Reclamation is finalizing a report to Congress that describes how this program complements and does not duplicate other rural water programs. We hope that this program will be leveraged and closely coordinated with other complementary Federal, state and local programs to further the effective use of public technical and financial resources.

## **11. What type of planning assistance is available for rural projects?**

This program provides three different options for eligible non-Federal entities seeking assistance with appraisal and feasibility studies. As an eligible entity, you may:

1. Request Reclamation to conduct an appraisal investigation or a feasibility study on your behalf, with your cooperation;
2. Request funding through a grant or cooperative agreement to conduct the appraisal or feasibility study yourself, or through a contractor; or,
3. Request Reclamation to review and approve an investigation or study completed by you without assistance from Reclamation.

The Act and the rule spell out the process for seeking assistance from Reclamation. See § 404.15 of the interim final rule for more information.

## **12. How much Federal Funding is available?**

The availability of funding is dependent upon future annual appropriations from Congress.

For appraisal investigations, Federal funds could be provided for 100 percent of the costs, up to \$200,000. Above that level, federal funding is limited to 50 percent.

For feasibility studies, Federal funding for all costs is limited to 50 percent. However, the Federal share may be increased if it is determined there is a financial hardship and the non-Federal entity is unable to pay 50 percent of the feasibility study.

The President's Fiscal Year (FY) 2011 budget request included \$2.7 million for the Rural Water Supply Program. Reclamation expects to initiate one or two feasibility studies and five to eight appraisal investigations through grants, cooperative agreements, and memorandums of agreement. The amount of funding available will be determined once final FY 2011 appropriations are approved.

See § 404.30 – 36 of the interim final rule for more information on the cost-sharing provisions.

### **13. How will Reclamation select projects for assistance?**

Studies will be selected through a two-step competitive process using a technical committee made up of representatives from across Reclamation. The interim final rule establishes prioritization criteria for the program in general and the Funding Opportunity Announcement fully describes the evaluation and scoring process that will be used. Criteria include factors such as the need for the project and public policy issues.

See § 440.13 of the interim final rule for more information on the prioritization criteria..

### **14. What is the process to apply for financial or technical assistance with an appraisal investigation?**

All interested non-Federal entities must initially respond to the Rural Water Supply Program Funding Opportunity Announcement (FOA) by January 31, 2011, following the procedures outlined in Funding Opportunity Announcement R11SF80307. (Please go to < <http://www07.grants.gov/search/basic.do> > and search on Funding Opportunity Number: R11SF80307. )

Applications for appraisal investigations must also include a statement of interest which will be used to determine if the applicant and the proposed investigation meets the eligibility criteria and the prioritization criteria. The statement of interest should specifically address the applicable eligibility and prioritization criteria. If the eligibility criteria and the prioritization criteria are met, you will be asked to submit a full proposal. Selected applicants must then provide a full proposal. Your proposal will be evaluated against all other proposals received using a competitive review process based on an application of the prioritization criteria described in the D&S and the supplemental full proposal instructions. Full proposals will be ranked according to their merit without consideration of the dollar amount requested.

See §§ 404.15 - 404. 17, and 404.20 - 404.24 of the interim final rule for more information.

**15. What is the process to apply for financial or technical assistance with a feasibility study?**

All interested non-Federal entities must initially respond to the Rural Water Supply Program Funding Opportunity Announcement (FOA) by January 31, 2011, following the procedures outlined in Funding Opportunity Announcement R11SF80307. (Please go to < <http://www07.grants.gov/search/basic.do> > and search on Funding Opportunity Number: R11SF80307. )

The initial applications for feasibility studies are not required to include a statement of interest. However, all proposals to conduct a feasibility study must be supported by an appraisal investigation and report approved by Reclamation that recommends proceeding to a feasibility study, as described in Reclamation Manual Directive and Standard (D&S), CMP TRMR-31, *Reclamation Rural Water Supply Program*, and found on Reclamation's website at: <<http://www.usbr.gov/recman/temporaryreleases.html>>. If the eligibility criteria and the prioritization criteria are met, you will be asked to submit a full proposal. An Application Review Committee (ARC) will review each full proposal to conduct a feasibility study. Your proposal will be evaluated against all other proposals received using a competitive review process based on an application of the prioritization criteria described in the D&S and the supplemental full proposal instructions. Full proposals will be ranked according to their merit without consideration of the dollar amount requested.

**16. Does an appraisal investigation have to be completed before I can request assistance with a feasibility study?**

Yes. Before you can request financial or technical assistance to conduct a feasibility study, you need to complete an appraisal investigation and have it approved by Reclamation. The appraisal investigation can be completed with Reclamation's assistance under the program, or without Reclamation assistance. Under either approach, Reclamation must complete a technical review of the appraisal investigation to determine whether there are sufficient options identified for meeting the water supply needs that merit the subsequent completion of a feasibility study.

See § 404.19 of the interim final rule for more information.

**17. What is the process to request Reclamation to review an appraisal investigation or a feasibility study completed without Reclamation's assistance?**

You can submit an appraisal investigation or a feasibility study that was not completed under this program to your local Reclamation office, with a cover letter requesting that they review it. Your cover letter needs to address the eligibility criteria in §§ 404.6 and 404.7, and the prioritization criteria in § 404.13. You can make your submittal at any

time and do not need to submit a statement of interest in response to a program announcement. Under some circumstances, a feasibility study completed outside of this program may be submitted for Reclamation review without first completing an appraisal investigation, as described in § 404.26,

See § 404.27 of the interim final rule for more information.

### **18. What are the requirements for completing an appraisal investigation or a feasibility study under the program?**

The criteria Reclamation will use to evaluate an appraisal investigation are described in § 404.44 and the criteria for evaluating a feasibility study are described in § 404.49. The general process for conducting and reviewing an appraisal investigation under the program is stated in §§ 404.41 to 404.46; the process for conducting and reviewing a feasibility study is described in §§ 404.47 to 404.52. Reclamation Manual Directive and Standard (D&S), CMP TRMR-31, *Reclamation Rural Water Supply Program* established the requirements, responsibilities, and review processes for appraisal investigations and feasibility studies. The D&S can be found on Reclamation's website at: <http://www.usbr.gov/recman/temporaryreleases.html>.

See also §§ 404.44 and 404.49 of the interim final rule for more information.

### **19. Are there cost-benefit criteria for the proposed projects?**

Yes, feasibility studies completed under this program must comply with the requirements of the "Economic Principles and Guidelines for Water and Related Land Resources" (Principles and Guidelines). Projects that are recommended for construction in feasibility reports under this program must have estimated national economic benefits that exceed the costs. Analysis of rural water projects that have been authorized in the past indicates that some have not met the economic feasibility criteria.

See § 404.44.c of the interim final rule for more information.

### **20. Is construction authorized and paid for by the Federal government?**

The Act does not authorize the construction of rural water projects. Under the program, Reclamation is required to submit a feasibility report to Congress assessing the feasibility study and recommending whether the project should be authorized for construction. Reclamation's feasibility report will also make a recommendation regarding how construction costs for the project should be allocated. Under the Act, a minimum of 25 percent of construction costs must be paid by the project sponsor. Additionally, the Act requires Reclamation to determine whether the non-Federal project sponsors should pay an amount above 25 percent, based on the outcome of the "capability-to-pay" analysis that is performed as part of the feasibility study. (See § 404.39 for details on factors for evaluating the capability to pay of the non-Federal entities.)

The project sponsor must pay 100 percent of operation, maintenance, and replacement costs. There are some exceptions for Indian tribes.

See §§ 404.38 and 404.39 of the interim final rule for more information.

**21. Who will hold title to projects constructed as a result of this program?**

The rule and the Act provide that title to projects planned, designed and recommended for construction under this program will be held by the non-Federal project sponsor.

See § 404.54 of the interim final rule for more information.