

RECLAMATION

Managing Water in the West

Water for America Initiative **Proposed Implementation Plan**



Water for America Initiative

Proposed Implementation Plan

For Public Comment



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

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MISSION STATEMENTS

The mission of the Department of the Interior is to protect and provide access to our Nation's natural and cultural heritage and honor our trust responsibilities to Indian tribes and our commitments to island communities.

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

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Water for America Initiative

Overview of the Initiative

Watersheds throughout the West continue to be challenged by chronic water supply shortages, dramatic population growth, climate variability, and heightened competition for finite water supplies by cities, farms, and the environment. To respond to these 21st century water realities, the Bureau of Reclamation will partner with the U.S. Geological Survey (USGS) beginning in fiscal year (FY) 2009 to implement the *Water for America Initiative* (Initiative).

The Initiative includes three strategies: *Plan for Our Nation's Water Future*; *Expand, Protect, and Conserve Our Nation's Water Resources*; and *Enhance Our Nation's Water Knowledge*. Figure 1 depicts the three strategies and their relationship to the Initiative. Reclamation's efforts and this Implementation Plan focus on the first two of the Initiative's three strategies. The third strategy will be undertaken by USGS. Reclamation is coordinating closely with USGS on implementing the Initiative. Wherever possible, Reclamation will incorporate data made available by USGS through the Initiative into Reclamation's efforts.

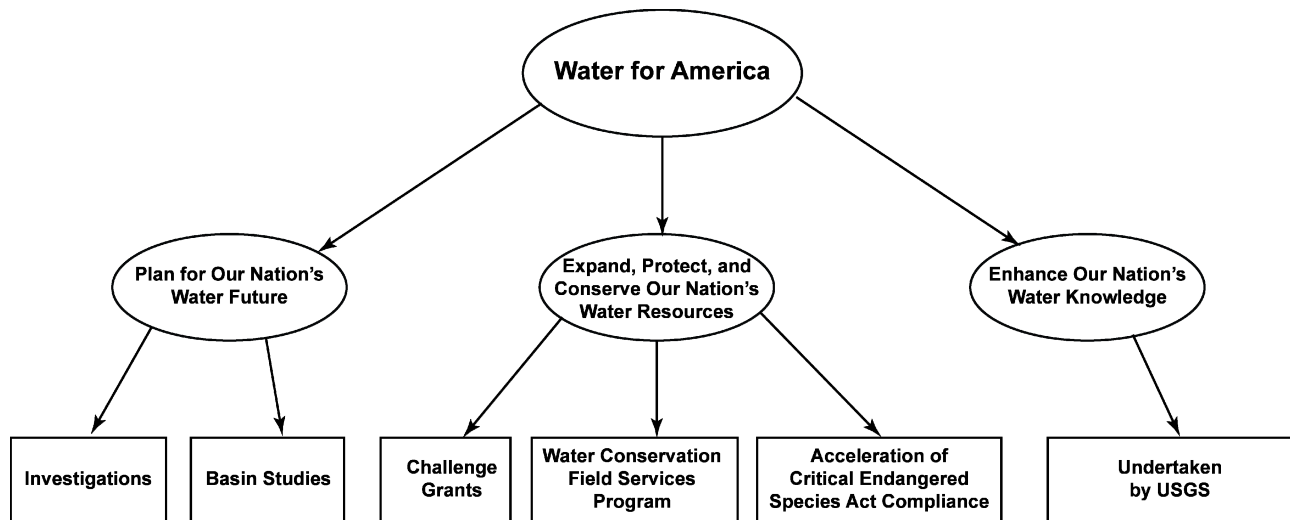


Figure 1. The three strategies of the *Water for America Initiative*.

The *Plan for Our Nation's Water Future* strategy will include Reclamation's long-standing Investigations Program and the new Basin Studies Program, which will consist of comprehensive water supply and demand studies to assess the impact of increased water demands on finite water sources. The *Expand, Protect, and Conserve Our Nation's Water Resources* strategy incorporates the most successful elements of two existing water conservation programs: Water 2025 and the Water Conservation Field Services Program (WCFSP). Through these two programs, Reclamation will increase water conservation, improve efficiency,

and help secure future water supplies through competitive grants and technical assistance. Also under this component of the Initiative, Reclamation will accelerate critical Endangered Species Act (ESA) compliance activities to maintain and improve existing populations of listed or proposed species and critical habitat affected by Reclamation's projects and programs.

Budget and Authorization Requests

In FY 2009, the President's budget requests \$31.9 million for Reclamation's activities under the Initiative: \$4 million for the Basin Studies Program; \$4 million for the Investigations Program; \$11 million for the Challenge Grant Program (previously Water 2025); \$4 million for the Water Conservation Field Services Program; and \$8.9 million for the acceleration of critical ESA compliance activities.

It is important to note that Reclamation will be able to fully implement all of the programs included in the Initiative in FY 2009 only if Congress approves the President's budget request and provides legal authority for Reclamation to enter into grants and cooperative agreements for these activities. If a Continuing Resolution is used to address the FY 2009 budget, Reclamation would generally be able to continue only programs and activities included in the FY 2008 budget, and would receive only a percentage of the total appropriations received for those activities in FY 2008. Programs implemented in FY 2008 that Reclamation could continue to implement under a Continuing Resolution include the Investigations Program, the Challenge Grants related to conservation, efficiency and water marketing, and the Water Conservation Field Services Program.

Currently, Reclamation is seeking permanent authority to enter into grants and cooperative agreements in support of the Challenge Grant program and the WCFSP. Additionally, we will request that annual authority be included in the FY 2009 appropriations law as a temporary measure, as has occurred during each of the past 4 years for our existing Water 2025 program.

Collaboration with USGS

Reclamation and USGS are collaborating to ensure that our efforts under the Initiative are complementary and that each agency can benefit to the greatest extent possible from the activities of the other agency. In particular, the Investigations Program and new Basin Studies Program that Reclamation will conduct under the Initiative present an opportunity for Reclamation to rely on some of the data and information that USGS will be collecting under its "regional" and "focused area" studies - an important part of the water census activities to be conducted as part of the Initiative.

USGS will conduct seven regional studies and three focused area studies every 3 years between FY 2009 and 2019. The regional studies will develop water budgets and analyze hydrologic trends in each of the 21 major river basins in the Nation over the next 10 years. The focused area studies will analyze hydrologic processes like ecological flows, aquatic habitat requirements, and ground and surface water interactions in smaller study areas. The USGS studies will build on and add to existing USGS hydrologic data, including data on precipitation and streamflows, the interaction between surface and ground water, and the impacts of saltwater intrusion and changing land uses on water availability, among other hydrologic conditions.

Reclamation is currently coordinating its *Water for America* activities with USGS with the objective of incorporating the most current data available from the focused area studies into Reclamation's Investigations and Basin Studies Programs.

Public Outreach

Reclamation is seeking comments from Reclamation stakeholders and the public on this proposed implementation plan. Those interested in providing comments should do so through the Web site, available at: <http://www.usbr.gov/wfa>. In order for your comments to be most helpful to Reclamation, please submit them by August 12, 2008. If you have any questions about the *Water for America* Initiative, please contact Ms. Avra Morgan at 303-445-2906 or wfa@do.usbr.gov. Your interest in this important initiative is appreciated.

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Plan for Our Nation's Water Future

The *Plan for Our Nation's Water Future* strategy of the Initiative will be implemented through the ongoing Investigations Program, also known as the Geographically Defined Program, and the new Basin Studies Program.

Investigations Program

The Investigations Program is an ongoing activity, budgeted for and executed by Reclamation's five regional offices. This program includes planning studies conducted by Reclamation on a geographically defined basis, almost always in partnership with Federal, State, and local government entities; Tribes; or appropriate nongovernmental entities. Investigations Program planning studies focus on specific water resources problems, issues, needs, and opportunities within a geographically defined and relatively localized study area. These studies have multiple activities, goals, and deliverables to provide a focus on issues relevant to the area of investigation. The President's budget requests \$4 million for the Investigations Program in FY 2009.

Basin Studies Program

Overview

Beginning in FY 2009, Reclamation will work in conjunction with state and local partners to initiate and perform two to three comprehensive water supply and demand studies in the West. The studies will be cost shared on a 50/50 basis with willing State and local partners and will generally last 2 years in duration. The Basin Studies are critical to the West as we deal with the impacts of climate variability, record droughts, and population increases. The studies will be focused on major river basins and sub-basins in the 17 Western States, in areas where there are major imbalances between water supply and water demand. The President's budget requests \$4 million for the new Basin Studies Program in FY 2009.

Contents of the Basin Studies

Each study will include: (1) state-of-the-art projections of future supply and demand by river basins; (2) an analysis of how the basin's existing water and power infrastructure and operations will perform in the face of changing water realities; and (3) recommendations on how to optimize operations and

infrastructure in the basin to supply adequate water in the future. Each of these three components of the Basin Studies is more fully described in the following paragraphs.

State-of-the-Art Projections of Supply and Demand

Working with partners and experts in climate and hydrologic modeling, demographics, and water forecasting, the studies will be designed to assess the new western water reality and apply cutting edge modeling on a river basin scale to describe what we can expect the 21st century water supply to look like. This will include any necessary revisions to definitions of “normal,” “dry,” and “wet” years, as well as projections of how precipitation (both rainfall and snowpack) and temperature patterns may change.

The studies will be designed to simultaneously forecast future water demands based on expected changes in water-use patterns due to population growth, transfer of irrigation supplies to municipal and industrial use, increased demand for hydropower, production of biofuels, changing needs of the environment, and other factors.

The studies will link the basin-wide supply and demand data with key elements of the hydrologic system. Typical linkages could include, but are not limited to, ground water/surface water interaction and return flows.

Analysis of Existing Water and Power Operations and Infrastructure

Based on the projections described above, the studies will assess the capability of current operations and infrastructure to meet future demand, addressing the essential question: To what extent will we still be able to provide adequate water and power with existing operations and infrastructure under various future scenarios?

Where supply and demand imbalances are indicated, alternatives will be developed to better support the basin’s goals and objectives under various scenarios of supply and demand.

Recommendations

In conducting these studies, Reclamation and its non-Federal cost-share partners will engage basin stakeholders in identifying tradeoffs necessary to best satisfy the future water needs of the entire basin. Together, we will develop consensus recommendations to optimize current operations and existing infrastructure in the basin to supply adequate water in the future. Such recommendations could include identifying and prioritizing opportunities for water banking, water conservation, water reuse, advanced water treatment, conjunctive surface and ground water use, modifying flood operations criteria, additional authorities, changing or supplementing existing infrastructure and operations, and applying new technologies.

Basin Studies Selection Process

With the \$4 million in funding requested for the Basin Studies in FY 2009, Reclamation plans to initiate two to three studies targeted for completion by 2010. In order to focus scarce resources on high-priority areas, Reclamation will select the studies to be performed from within the 17 Western states, based on a two-step selection process.

First, in late summer or early fall of 2008, Reclamation's regional offices will seek letters of interest from States and major stakeholders throughout the 17 Western States. The regional offices will initially select which studies to pursue based on those letters of interest and the program criteria. The regional or local area offices will then work with the selected studies to develop a short (10 pages maximum) proposal.

Second, the proposals will be submitted to a Reclamation-wide review team. The review team will prioritize all submitted proposals for selection based on the selection criteria set forth below. The team will rank the proposals and recommend which ones should receive funding in FY 2009. Proposals that meet program requirements but do not rank high enough to be selected in FY 2009 may be reconsidered in 2010, upon request by the non-Federal partners.

Basin Studies Parameters

All studies must meet the following minimum requirements:

- Studies must focus on major river basins or sub-basins in the 17 Western States;
- Non-Federal partners must contribute at least 50 percent of the total study costs with non-Federal funding;
- Eligible non-Federal partners include States, irrigation and water districts, cities, Tribes, and other local governmental entities with water management authority;
- Studies must be completed within 2 years from the date funding is awarded, unless Reclamation determines that a longer time period is warranted; and
- Studies must be conducted in accordance with the "Basin Study Framework" and in accordance with the memorandum of agreement applicable to the particular study, to be developed by Reclamation in cooperation with the non-Federal cost-share partner(s).

More detailed study parameters guiding the actual study process will be set forth in the Reclamation guidance, titled “Basin Study Framework,” which will be available through your local Reclamation office in the near future.

Basin Studies Selection Criteria

Proposals to conduct a Basin Study will be evaluated, scored, and ranked by the Reclamation-wide review team in accordance with the following selection criteria:

- Extent and consequences of water supply imbalances;
- Extent to which Federal involvement is needed due to the nature and complexity of the issues involved;
- The existence and quality of data and models available and applicable to the study;
- The level of stakeholder interest;
- Whether the study would duplicate or complicate ongoing efforts in the study area;
- Strength of any nexus between the Basin Study and a Reclamation project or activity; and
- Greater consideration for proposals offering more than 50-percent non-Federal cost-share

Expand, Protect, and Conserve Our Nation's Water Resources

This strategy will be implemented through two existing Reclamation programs—the *Water for America* Challenge Grant Program and the WCFSP, which together address the Initiative's objectives through financial and technical assistance to willing partners. This strategy also includes Accelerated Critical Endangered Species Act Compliance Activities, which are described in more detail below and are distinct from the Challenge Grants and WCFSP because of the exclusive focus on ESA activities conducted by Reclamation internally.

The Challenge Grant Program and the WCFSP complement one another but contain important differences. Through the Challenge Grant Program, Reclamation generally provides up to \$300,000 in Federal funding per project, for projects that will improve water efficiency, demonstrate advanced water treatment technologies, and to benefit federally listed species and help to prevent the decline of candidate species. Challenge Grant funding is allocated through a West-wide competitive process that prioritizes projects that will address critical issues from a West-wide perspective.

The WCFSP, by contrast, provides smaller amounts of funding (\$100,000 per project maximum) to recipients of Reclamation project water through local competitive processes within each region or area. The projects funded are generally smaller in scope than the Challenge Grant projects and are focused on water conservation planning and fundamental conservation improvements. In addition, Reclamation provides technical assistance to water users through the WCFSP and supports other water conservation activities not included as part of the Challenge Grant Program. The President's budget for FY 2009 requests \$11 million for Challenge Grants and \$4 million for the WCFSP.

***Water for America* Challenge Grant Program**

Overview

The most effective aspects of the previous Water 2025 Program will be incorporated into the *Water for America* Challenge Grant Program. Specifically, Water Marketing and Efficiency Grants and System Optimization Review Grants (SORs) will continue under the *Water for America* Initiative. In addition, two new types of grant opportunities are being developed: grants that promote advanced water treatment (Advanced Water Treatment Grants) and grants to benefit federally listed species and help to prevent the decline of candidate species (Species of Concern Grants). These Challenge Grants will leverage scarce Federal funds to provide the greatest benefits to the West and Nation.

Advanced Water Treatment Grants

The Advanced Water Treatment Grants will provide funding for pilot or demonstration projects that will test the viability of advanced water treatment technologies. These grants will help create new water supplies to address water supply imbalances. Advanced water treatment technologies generally include methods that remove salt and other difficult to remove dissolved and suspended matter, including viruses and bacteria that are not removed by conventional treatment (i.e., simple screening, coagulation/flocculation, chlorination, chloramination, or ozonation). Anticipated proposals include projects to demonstrate reverse osmosis membranes, pretreatment processes, concentrate disposal, or other advanced water treatment processes. The purpose of these projects is to demonstrate the technical and economic viability of using an impaired water source within a specific locale. These grants will not be available for the construction of a full-scale plant.

Species of Concern Grants

The Species of Concern Grants will provide funding for planning, design and construction of proposals that will benefit federally listed species that are affected by a Reclamation facility or action, or that benefit federally recognized candidate species. These grants will provide an avenue for collaboration with stakeholders and will encourage actions to improve the status of a species before a water supply is threatened. Grants to benefit a federally listed species are limited to ESA listed species that are affected by a Reclamation facility or action. Grants that will benefit a candidate species are not limited to those species affected by a Reclamation facility or action. Anticipated proposals include fish screens, studies, monitoring, fish bypass, habitat restoration, and vegetation management.

Challenge Grant Selection Process

Applications for Challenge Grants will be accepted under four different funding opportunity announcements: System Optimization Review Grants, Water Marketing and Efficiency Grants, Advanced Water Treatment Grants, and Species of Concern Grants.

Reclamation does not yet have permanent legal authority to provide grants for these activities. In each of the past 4 years, authority has been provided in the annual appropriation law. Reclamation is currently working to transmit a legislative proposal for permanent legal authority to the Congress later this year. As an interim measure, we have requested that authority for the Challenge Grant Program be provided in the annual appropriation law.

Table 1 is a summary of the requirements that must be met to receive funding under any of the four funding opportunities of the *Water for America* Challenge Grant Program. These requirements are unchanged from the previous Water 2025 Program. More information about these requirements can be obtained by

reviewing the past FY 2008 Water 2025 Challenge Grant Implementation Funding Opportunity Announcement available at <http://www.usbr.gov/water2025/grants.html>.

Table 1. *Water for America* Challenge Grant Program Requirements

Eligibility	Irrigation districts, water districts, federally recognized tribal water authorities, and other governmental entities created under State law with water delivery authority in the 17 Western States and the U.S. Territories
Cost share requirement	Minimum 50-percent non-Federal cost share
Funding level	Up to \$300,000
Length of project	Completion in 2 years
Selection process	Competitive process with three reviews: initial screening, application review committee, and managerial review

Selection Criteria

All four *Water for America* Challenge Grants will use the following criteria for 60 out of 100 points:

- Relevance to *Water for America* (30 points). Points are awarded based on how well the project will ensure sustainable water supplies for the 21st century and the extent to which the proposal is a collaborative effort.
- Demonstrated results (15 points). Points are awarded based on the reliability of the estimated project benefits and how the applicant plans to determine the final project benefits.
- Project financing and cost sharing (15 points). Points are awarded based on evaluating the reasonableness of the costs and the reliability of the non-Federal cost share.

For the remaining 40 out of 100 points, the criteria for the SOR grants and the Water Marketing and Efficiency Grants will undergo minor changes to reflect the goals of the *Water for America* Initiative. The criteria are available at the website mentioned above. The 40 out of 100 points for the new grants will be based on the following criteria:

Advanced Water Treatment Grants

- Extent to which the proposal addresses the water supply imbalance. This criterion will consider the amount of water that could potentially be treated by the full-scale plant relative to the imbalance in future water supply. Those proposals that will better meet future needs will score higher.
- Relation of the project to the current technology. Those proposals that are testing new technology will score higher.

- Likelihood of the grant to move the planned project forward. Those proposals that are more likely to result in a full-scale treatment plant will score higher.
- Likelihood to produce “new” water. Those proposals that will increase the water supply will be prioritized. Those that address water quality issues only will have a lower priority. New water is defined as water from an unused source, such as brackish water, seawater, or wastewater that was previously disposed of.
- Consideration of the qualifications (e.g. technical ability or management experience) of the management team.

Species of Concern Grants

- Extent to which the proposal would decrease the likelihood of the listing of a candidate species or improve the status of an ESA listed species. More points will be awarded to proposals with a higher benefit to the species.
- Extent to which the candidate species listing or ESA listed species affects the water supply, including the severity of the impacts from a potential interruption in a water supply. More points will be awarded when the interruption affects municipal and industrial water supply, or when established perennial crops will be affected. Also, the volume of water affected compared to the total available water supply affected will be considered.
- The likelihood of an interruption to the water supply and how quickly it could occur. More points will be awarded for those species with specific issues likely to lead to an interruption of water supply, for example: litigation, contentious political climate, precipitous decline, or localized species.

Water Conservation Field Services Program Description

Like the Challenge Grant Program, the WCFSP makes grants available for water conservation and efficiency improvements, including planning activities for water districts. However, the program differs in focus, as well as in the size and scope of grants and the scope of planning activities.

The WCFSP was created in 1996 to proactively encourage water conservation in the operations of recipients of Reclamation project water. The WCFSP is a decentralized program managed by each of Reclamation's five regions and implemented at the local level through Reclamation's area offices to address local

water conservation priorities, as well as Reclamation-wide goals. Through the program, Reclamation has established long-term partnerships with Reclamation water contractors in the 17 Western States through financial assistance for planning activities, on-the-ground efficiency improvements, demonstration projects, and education and training, as well as technical assistance from Reclamation staff. As part of *Water for America*, the WCFSP will continue to provide such assistance and to further those long-term partnerships, with minor changes to maximize the program's effectiveness.

The WCFSP makes funding available for smaller-scale activities, including creation and updating of water conservation plans and completion of smaller efficiency projects. Most WCFSP projects currently receive less than \$50,000 in Federal funding, although there is currently no Reclamation-wide cap on the amount available for each WCFSP award.

To formalize the program's emphasis on smaller water conservation activities, Reclamation will limit WCFSP awards to no more than \$100,000 in Federal funding per project beginning in FY 2009. (Some of Reclamation's regions may choose to limit funding available for each project to a lower amount, such as \$50,000, to most effectively address local conditions.)

WCFSP Selection Process and Criteria for Financial Assistance

As part of *Water for America*, WCFSP financial assistance will continue to be administered through a series of Funding Opportunity Announcements posted by each of Reclamation's regional or area offices at <http://www.grants.gov>. Applicants will continue to compete with other applicants within their region or area for WCFSP financial assistance.

Beginning with FY 2009, Funding Opportunity Announcements developed by Reclamation's regional and area offices will incorporate Reclamation-wide selection criteria that reflect a priority on water conservation planning and on-the-ground efficiency improvements. Local water conservation priorities for allocating WCFSP funding vary from region to region, depending on local circumstances. For example, proposals in California that meet needs identified in the Central Valley Project Improvement Act may receive greater consideration for funding. Similarly, proposals in the Pacific Northwest Region that will provide benefits to tribal natural resources may receive additional consideration during the competitive application review process. For this reason, each announcement will include Reclamation-wide criteria, as well as other criteria developed at the regional or area office level, so that proposals funded under the WCFSP address Reclamation-wide goals, as well as local water conservation goals.

Reclamation-wide criteria for the program are currently under discussion and will be finalized in August 2008. In addition to financial assistance, Reclamation staff

will continue to provide technical assistance to address opportunities for additional water conservation benefits.

Acceleration of Critical ESA Compliance

Overview

Water shortages intensify competing needs for water by people, farmers, and endangered species. Under Section 7 of the ESA of 1973, Reclamation is required to ensure that its actions do not jeopardize the continued existence of any endangered or threatened species or destroy or adversely modify critical habitat. Therefore, compliance with the ESA is critical to Reclamation's mission of delivering water and power to people, cities, and farms across the west.

Under this component of the Initiative, Reclamation will accelerate activities to maintain and improve existing populations of federally proposed or listed species and proposed or designated critical habitat affected by Reclamation's projects and programs. The acceleration of these ESA activities is vital to securing water supplies for 21st century America. Funding will not be made available to non-Federal entities under this component of the Initiative. Funding opportunities for ESA related activities are available to stakeholders under the Challenge Grant program component.

Activities

Funding is not always available for Reclamation to complete all aspects of the requirements of a biological opinion received from the U.S. Fish and Wildlife Service (Service) or the National Oceanic and Atmospheric Administration - National Marine Fisheries Service in a given funding year. Through the acceleration component of the Initiative, required elements of a biological opinion that would normally take as many as 5 or 10 years to implement could be completed sooner. This additional funding will allow Reclamation to implement the requirements stemming from formal ESA Section 7 consultations more quickly to resolve competing water needs as soon as possible.

Where appropriate, Reclamation may also use some funding under this component of the Initiative to implement the discretionary portions of a formal Section 7 consultation, which often otherwise go unfunded due to limited budgets. These discretionary measures, known as conservation recommendations in a biological opinion, will help promote the long-term recovery of listed species and their habitats and ease the conflict between listed species and the delivery of water and power in the future.

By way of example, some of the endangered species activities identified for funding under the Initiative in FY 2009 include:

- **Columbia/Snake River Salmon Recovery:** Increase the number of Columbia/Snake River tributary habitat improvement projects and water acquisitions to accelerate recovery of 14 listed salmon and steelhead species in the Columbia Basin. Additional effort will add 1 cubic foot per second of stream flow improvement, 1 to 3 new fish screens, 4 to 8 miles of barrier removal, and approximately 1 mile of channel complexity.
- **Middle Rio Grande:** Construct about 0.5 miles of habitat restoration for the Rio Grande silvery minnow and Southwestern willow flycatcher. This would accelerate meeting the requirements of the March 2003 biological opinion by 14 months.

Funding

For FY 2009 approximately \$8.9 million has been targeted towards the Acceleration of Critical ESA Compliance Activities. This funding was not redirected from Reclamation's ongoing ESA activities and is in addition to any funding already included in Reclamation's budget for other ESA activities outside of the Initiative.

Reclamation is on a 3-year budget cycle, where internal budget formulation is completed 3 years in advance of the funding year. Therefore, budget formulation for FY 2009 and 2010 has already been completed. The first year of funding for this portion of the Initiative (FY 2009) focuses on existing ESA and recovery programs that would not otherwise have received funding due to other competing demands for funds. In future years, projects will be selected for funding by each of Reclamation's five regions according to an established set of criteria. Reclamation envisions this program to be flexible and responsive so that activities can focus on the most current ESA needs and emerging ESA issues, to avoid crisis and promote recovery.

Program Criteria

Beginning with the FY 2011 budget formulation process, each of the five regions within Reclamation will develop projects or activities using the following broad program eligibility criteria. As a minimum requirement, the project or activity must:

- Target federally proposed or listed species and proposed or designated critical habitat;
- Involve a Reclamation project; and
- Have sufficient existing Reclamation project authority to implement.

Specific projects will then be developed by each region focusing on ESA activities that are critical to the region, utilizing regional budget prioritization criteria. The projects will then be incorporated into the existing Reclamation budgeting process for funding consideration following Reclamation-wide ESA categories to help evaluate and prioritize the activities across Reclamation. Historically, funding is focused first on mandatory (nondiscretionary) elements of a biological opinion such as implementation of reasonable and prudent alternatives, reasonable and prudent measures, and associated terms and conditions. Other mandatory requirements could include implementation of ESA activities associated with Secretarial Orders, settlement agreements, legislation, or any other activity that legally binds Reclamation.

Discretionary, proactive ESA activities, such as conservation recommendations or activities associated with implementation of a species Recovery Plan would typically be ranked lower. These activities may involve actions that contribute to the downlisting or delisting of a species and would be treated as discretionary for purposes of prioritization and funding.

Conclusion

Through the strategies and the programs described here, the *Water for America* Initiative will provide the vision and leadership necessary to help ensure sustainable water supplies in the West for the 21st century.