



— BUREAU OF —
RECLAMATION

Secretary's Order 3446: Section 5.c. 90-day Report

Cutting Red Tape and Reducing Consumer Costs at Bureau of
Reclamation Construction Projects



Mission Statements

The U.S. Department of the Interior protects and manages the Nation's natural resources and cultural heritage; provides scientific and other information about those resources; and honors its trust responsibilities or special commitments to American Indians, Alaska Natives, Native Hawaiians, and affiliated 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.

Cutting Red Tape and Reducing Consumer Costs at Bureau of Reclamation Construction Projects

Secretary's Order 3446

Section 5.c. 90-day Status of Implementation Report

prepared by

SO 3446 Implementation Workteam:

Katie Bartojay, Director, Technical Service Center

Rick Baxter, Area Manager, Provo Area Office, Upper Colorado Basin Region

Brandon Collins, Chief of Contracting, Missouri Basin Region

Shonna Dooman, Manager, Resource Management Office, Lower Colorado Basin Region

Marlon Duke, Deputy Regional Director, Missouri River Basin Region

James Durrant, Program Manager, Acquisitions Management Division

Madeline Franklin, Supervisor, Natural and Cultural Resources Division

Mat Maucieri, Senior Advisor for Operations

Stephanie McPhee, Supervisor, Quality Control and Standards Office

Jeff Morris, Program Manager, Native American and International Affairs Office

Megan Sloan, Regional Program Coordinator, Columbia-Pacific Northwest Region

Diana Terrell, Head of the Contracting Activity

Sean Torpey, Acting Deputy Commissioner for Policy, Administration and Budget

Christopher Vick, Manager, Asset Management Office

Owen Walker, Lead Program Analyst, Reclamation Law Administration Division

Ed Young, Deputy Regional Director, C-GB Region

Solicitors Office: Ryan Black / Carter L Brown

Communications: Peter Soeth, DOI OCO

Cover Photo: B.F. Sisk Dam and San Luis Reservoir, California Great Basin Region

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Executive Summary

Secretary's Order 3446 (SO), titled "Cutting Red Tape and Reducing Consumer Costs at Reclamation Construction Projects," was issued on November 20, 2025. The order directs the Bureau of Reclamation (Reclamation) to actively engage with its water and power partners to identify opportunities to modify existing contracts or incorporate new provisions that enable qualified entities to assume responsibility for procuring and managing federally funded construction and maintenance projects at Reclamation facilities.

Separate from its procurement-related directives, SO 3446 also contains language at section 5.c. directing that Reclamation implements the SO broadly and maximize its effect through stakeholder engagement and internal review. Section 5.c. calls for a report to the Assistant Secretary for Water and Science within 90 days describing how Reclamation is implementing the order to reduce and avoid unnecessary costs for partner entities. Section 5.c. calls out seven areas for particular emphasis, which Reclamation describes in this report as "Action areas":

- Action area 1: Environmental compliance
- Action area 2: National Historic Preservation Act compliance
- Action area 3: Cost-share programs
- Action area 4: Review of the Engineering Design Review Guideline to better align technical reviews to project complexity
- Action area 5: Review of the workload initiation process and resource allocation tools at the Technical Service Center
- Action area 6: Revisions to the Reclamation Manual; and
- Action area 7: Exploration of all available contracting authorities, including but not limited to a potential Indefinite Delivery Indefinite Quantity contract for Reclamation to provide scalable access to commercially available construction management/testing resources on an individual project basis.

Reclamation has divided this report into the above seven "Action areas", but has included additional information in the Conclusion section describing other areas where implementation of the SO is also planned or underway. Reclamation is integrating the policy guidance SO 3446 into the full scope of its activities, including specific lines of pre-existing communication with stakeholders, as well as new efforts still to be developed.

This report fulfills the requirement to submit a report to the Assistant Secretary for Water and Science within 90 days of the Order. This report was prepared by Reclamation's SO 3446 workteam in February 2026.

Action area 1: Environmental Compliance

Reclamation's environmental compliance processes follow statute and regulations that are frequently established by other federal agencies. Environmental compliance program leads are working with staff across the Department of the Interior (DOI), and with external agencies like the Environmental Protection Agency (EPA) and Corps of Engineers (Corps), to integrate new and streamlined processes as soon as those regulations are updated. The first two sections of this report will focus on the National Environmental Policy Act (NEPA) and the National Historic Preservation Act (NHPA), but the bureau will also be adjusting its internal procedures as necessary to comply with existing or updated requirements such as those under the Clean Water Act (updates led by EPA and the Corps) and the Endangered Species Act (updates led by the Fish and Wildlife Service).

Reclamation's compliance with NEPA is guided by the statute itself (42 U.S.C. §4321 et seq.), by federal regulations at 43 CFR Part 46, and by the Departmental Manual at 516 DM 1 and 14. Reclamation is implementing the policy guidance of SO 3446 in the NEPA action area through both pre-existing and forthcoming NEPA activity described below.

With respect to pre-existing NEPA activity, in the fall of 2025, a Reclamation team of NEPA practitioners from the Regions and Denver engaged with stakeholders on reforms to NEPA, pursuant to statements in an August 2025 stakeholder letter. A central focus for Reclamation was to acquaint stakeholders with the revised DOI NEPA implementing regulations and DOI's new NEPA Handbook, which the Department adopted in July 2025, and which contains new content that addressed many ongoing concerns the Reclamation stakeholder community expressed for several years (<https://www.doi.gov/oeep/national-environmental-policy-act-nepa>).

During those discussions from September 2025 through January 2026, it became clear that Reclamation stakeholders' members were not fully conversant with the extent of reforms contained in the revised regulations and the new NEPA Handbook. For example, the availability of new Categorical Exclusions (CEs), new language on existing environmental documents, procedures for applicant-prepared NEPA documents, and reduced requirements for public involvement.

After reaching a common understanding on these topics, stakeholders also expressed concern that Reclamation field staff were not fully aware of the reforms in the regulations and Handbook. As a means of advancing the reforms and satisfying stakeholders, Reclamation and the stakeholder group co-drafted a short NEPA guidance document, and committed to conduct internal orientations and external outreach to assure awareness of the regulations and Handbook. The NEPA guidance document is in final clearance as of February 2026.

In addition to the above activities, on January 6, 2026 the Department, on behalf of Reclamation, transmitted to the Council on Environmental Quality (CEQ) two new hydropower-related proposed CEs:

- A proposed CE applicable to maintenance, rehabilitation, and replacement of existing hydropower facilities and equipment.

Examples might include modernizing pumps, unit controls, transformers, circuit breakers, turbines, generators, and related equipment, and

- A proposed CE on issuance of leases of power privilege (LOPPs) or alternative authorizations for non-Federal hydropower development that augments or supplements existing Reclamation Project facilities. LOPPs typically authorize use of water released from Federally-owned dams and canals to generate hydropower for water associations and other non-Federal users.

These NEPA-related activities support implementation of E.O. 14154 Unleashing American Energy and a companion DOI Secretary's Order (S.O. 3418, Unleashing American Energy). The Department of the Interior now awaits consultation with CEQ on these two new CEs, which would become effective and available for use upon publication in the Federal Register.

The NEPA guidance document, the new hydropower CEs, and the policy direction of SO 3446 are aligned, and Reclamation will integrate the three initiatives during the internal and forthcoming external outreach to be conducted during 2026.

Action area 2: National Historic Preservation Act compliance

Reclamation's compliance with the National Historic Preservation Act (NHPA) of 1966 is guided by the statute itself (54 USC 306108), by federal regulations at 36 CFR Part 800, by the Departmental Manual at 519 DM 1, and by Reclamation Manual releases primarily in the LND series. Reclamation is using the policy guidance of SO 3446 to invigorate its approach to efficient NHPA implementation through wider use of existing and new programmatic agreements (PAs), and wider use of a 'Program Comment' approach. Both are described below.

PAs are a tool in the form of a negotiated and executed document between Reclamation, stakeholders, and State Historic Preservation Officers for an alternate process for NHPA compliance. The Advisory Council on Historic Preservation (ACHP) is an independent federal agency that promotes the preservation and sustainable use of historic resources. Established by the NHPA itself, the ACHP's primary role is to oversee the Section 106 review process, providing advice and guidance to federal agencies considering the effects of their projects on historic properties. Governor-appointed State Historic Preservation Officers assist citizens, units of local government, public and private organizations, and federal agencies like Reclamation, to carry out their part of the national preservation program.

A central area of concern for Reclamation and its stakeholders in the implementation of the NHPA is the Section 106 process, specific to the effects of federal decisions on historic properties. Negotiating new programmatic agreements with State Historic Preservation Officers is time intensive and relies on robust partnership with Reclamation stakeholders, tribes and states.

The ACHP is meeting on February 12, 2026, with one point of business being to consider potential revisions to the existing Section 106 regulations at 36 CFR Part 800, as announced by the Vice Chairman in correspondence with Council Members on January 26, 2026. Reclamation is participating in this meeting. The goal of this effort will be to consider how the Section 106 regulations might be modified, clarified, or streamlined to better accomplish the statutory objectives and requirements of NHPA.

Concurrent with its engagement with ACHP, Reclamation is also focusing streamlining efforts at the regional level through its own use of existing alternative methods, including a new NHPA Program Comment. In June, 2025, Reclamation adopted a new Program Comment, *Program Comment on Certain Housing, Building, and Transportation Undertakings*. Program Comments provide federal agencies with an alternative way to review effects under Section 106. Activities listed in Appendix A of the Program Comment do not require further Section 106 review, which streamlines NHPA compliance on these specific undertakings. Since adopting the Program Comment, Reclamation was able to use this alternative pathway for six different projects across Reclamation in 2025.

Reclamation will track closely any potential further changes to Section 106 regulations and will supplement this report with information on the ACHP's direction if and when information becomes available.

Action area 3: Cost-share programs

There are multiple Reclamation projects and programs with cost share requirements. Most commonly of interest to stakeholders are financial assistance, including competitive grant programs (i.e., Notices of Funding Opportunity [NOFOs]). NOFO cost-share requirements vary across programs, from discretionary scoring criteria that incentivize non-federal participation to those mandated by program authorities. Programs include those under the WaterSMART umbrella; Small Storage; those administered by the Research and Development Office; and those administered by Native American Affairs. All NOFOs accord with Executive Order 14332, “Improving Oversight of Federal Grantmaking” (August 7, 2025), and undergo leadership review prior to posting, to adhere to administration priorities for cost-sharing programs.

All Reclamation NOFOs being prepared for publication during 2026 were reviewed by leadership during 2025 and early 2026 to assure conformity with Administration policy. Eligibility and Merit Review criteria were updated to emphasize construction priority, cost share priority, and/or the extent to which candidate projects advance the Trump Administration’s priorities, as appropriate to the program. Several Reclamation NOFOs under review at the leadership level are pending re-publication since January 2025, and include the new criteria described above.

Programs administered under the WaterSMART umbrella include multiple competitive financial assistance opportunities with cost share requirements established by program authority. Most WaterSMART grant programs require a non-Federal cost share, commonly 50 percent of eligible costs. Programs also include evaluation criteria that emphasize readiness to proceed, prior planning and design efforts, and the magnitude of project benefits. Projects demonstrating advanced planning, advanced or completed design work, and secured non-Federal funding receive higher merit-based scores. Cost share requirements, merit review criteria, and any allowable flexibilities are explicitly defined in each NOFO and are fully outlined to leadership as part of the NOFO approval process and management review of proposed selections.

Reclamation’s Small Storage Program opened a funding opportunity in July 2025 that closes April 17, 2026 to allocate approximately \$43.5 million in remaining funding. This will be the final Small Storage Program NOFO unless Congress extends the program’s authorization, which expires on November 15, 2026. The revised NOFO published in July divides its scoring into 5 criteria based on statutory direction and feedback from leadership: water supply reliability; water management flexibility; benefits to rural communities; stakeholder support; and economic benefits. By law, the maximum Federal cost share is 25% of eligible project costs. Any funding flexibilities under grant programs are fully outlined to leadership as part of the selection process.

For federally recognized tribes, the Emergency Drought Relief to Tribes program utilizes funding from Inflation Reduction Act, Section 80004. A NOFO posted from July 12, 2025 to October to allocate the approximately \$9 million remaining program funding. Project selections are under review. The Program authority expires September 30, and this will be its last NOFO. For the Native American Affairs Technical Assistance program utilizing annual appropriations, a NOFO posted on July 22, 2025 and closed in October to allocate approximately \$7 million in

program funding. This NOFO stated that cost sharing is encouraged, though not statutorily required. Prospective selected projects are under review. Reclamation has provided briefing material to the Assistant Secretary on cost share programs in December 2025 and January 2026 and is standing by to provide any additional information or briefing that may be needed.

Action area 4: Review of the Engineering Design Review Guideline to better align technical reviews to project complexity

Reclamation has experienced an increase in the number of engineering and design projects being performed by partners/stakeholders using private Architect-Engineering (AE) firms. This project delivery method is expected to increase under SO 3446. The Bureau of Reclamation Technical Service Center (TSC) has recognized a need to expand the internal technical guidance for reviewers to a broader framework that is both consistent and transparent in what types of projects are favorable for partner-lead engineering and design, and descriptive of the type and level of design reviews a non-Reclamation design partner can expect by Reclamation through the life of a project, from preliminary design through construction.

To meet this need, and to increase responsiveness and accountability, the TSC posted a draft concept for a *Review Guidelines for Design Activities Performed by Non-Reclamation Entities*, on the www.usbr.gov/SO3446 website in December 2025. This document aims to help Reclamation reviewers move from very thorough technical reviews for all designs, to one that defines the level of review based on project complexity and clearly defining roles and responsibilities for the project Engineer of Record and the Reclamation design review team to help streamline the review process. The proposed framework will culminate in new guidelines that define roles and responsibilities and set consistent expectations for Reclamation’s level of review, submittal requirements, and design requirements for designs performed by non-Reclamation entities. The TSC AE design review guideline team has considered the following factors when defining the level of design review:

- Asset ownership responsibilities
- Structure type
- Design Stage
- Funding Source
- Political importance
- Asset function
- Technical rigor
- Risk to the public

		Level of Review		
Type of Structure	A	2	3	3
	B	1	2	3
	C	1	1	2
		Tie-into BOR Assett	BOR Title- Transferred Works	BOR Title - Reserved Works
Figure 1		Ownership		

An initial matrix to determine the level of design review effort is shown in Figure 1, with emphasis on ownership responsibilities and the type of structure being designed.

The TSC plans to streamline the development of *Review Guidelines for Design Activities Performed by Non-Reclamation Entities* through a stepped, parallel approach. The first full draft will be posted in April 2026 for stakeholder review and feedback concurrently with the internal Reclamation review period, and will allow external partners to shape the guidelines and ensure alignment with on-the-ground local experience. A second draft, incorporating first draft

comments, will follow. This will allow for progressive development and consensus-building opportunities between Reclamation and partnering entities.

Action area 5: Review of the workload initiation process and resource allocation tools at the Technical Service Center

The Technical Service Center (TSC) has implemented key process improvements to its internal workflow to enhance efficiency and better respond to client needs. These changes focus on how work is initiated and how resources are managed, ensuring that projects are delivered on time, at the right scale, and with the appropriate technical expertise.

In 2025, TSC introduced a formal Workload Initiation Process that provides clear intake guidance, structured approval checkpoints, and a transparent approach to resolving resource conflicts. This process ensures that all required technical disciplines are engaged early, projects are properly scoped, and leadership accountability is strengthened. By reducing rework and improving coordination, TSC has accelerated project delivery and minimized unnecessary costs.

To support this process and EO 3446, the TSC posted our process on the www.usbr.gov/SO3446 website for comments in December 2025 and continues to refine its Resource Allocation Tools, including a centralized resource tracker and a workload dashboard. These tools integrate with existing enterprise systems to provide accurate, real-time data on staffing and financial resources. This digital approach eliminates duplicate data entry, improves transparency, and enables data-driven decisions about project scope and scheduling before commitments are made.

Together, these improvements allow TSC to adapt quickly to changing priorities, optimize resources, and forecast future needs. By modernizing workload management and resource planning, TSC is delivering technical services more efficiently and providing greater agility to meet the evolving needs of water and power users.

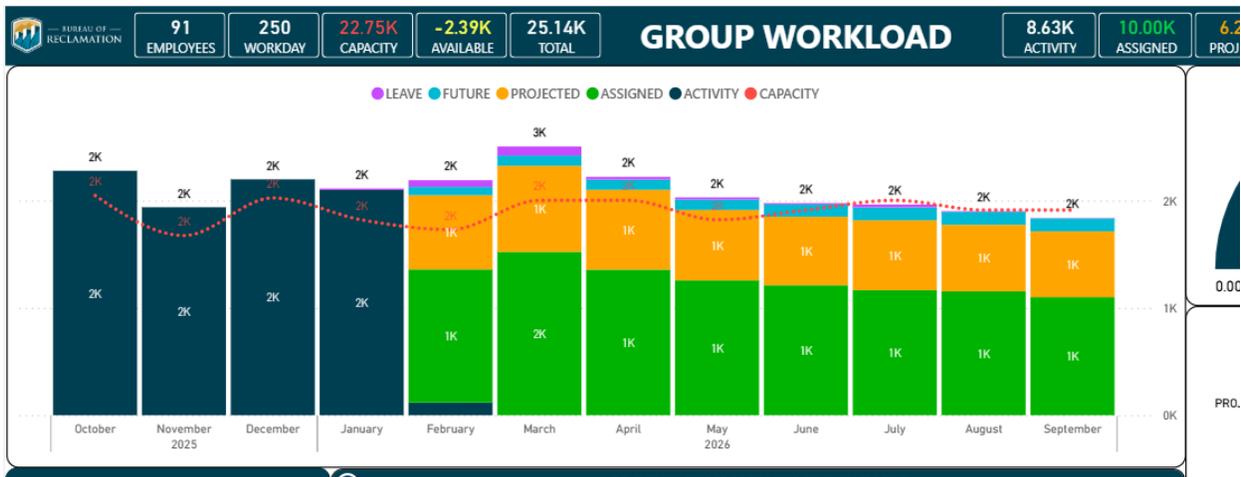


Figure 1. Snapshot of the Group Workload page from the TSC Workload dashboard. This tool helps visualize incoming work and the availability of staffing resources by division, group, and employee.

Action area 6: Revisions to the Reclamation Manual

Within the first few weeks of 2026, Reclamation has already proposed to fully delete one entire Directive and Standard (D&S) within the Reclamation Manual (PEC 05-08 on contract compliance reviews), and substantially simplify another D&S (PEC 05-03, on extended repayment for extraordinary maintenance). These actions vividly illustrate Reclamation's work in 2026, consistent with SO 3446, to reduce burdens or duplicative reporting obligations on its water and power customers.

As background, the Department of the Interior mandates each bureau to establish a directives system ([381 DM 1](#), "Directives Management"). Reclamation does so through the [Reclamation Manual](#) (RM), which consists of Policy elements, specific Directives and Standards, and delegations. Reclamation describes the process for developing, revising, reviewing and approving elements of the RM through a specific RM release known as [RCD 03-01](#) (Reclamation Manual Release Procedures).

Included in the existing process for making substantive revisions to an RM release is a 30-day public review of the proposed draft, where comments can be provided directly to the Reclamation employee overseeing the revision. Reclamation is currently conducting a review of its RM releases for applicability to SO 3446, and developing plans to make further improvements based on this review effort. Substantive revisions to RM releases from this effort will be combined with RM release improvements that have already been identified during annual RM planning activities, and will be provided for public comment through the usual and transparent RCD 03-01 procedures. Additionally, the [RM website](#) provides contact information for Reclamation staff responsible for the RM where comments and suggestions have always been welcome.

Reclamation implementation of SO 3446 will go beyond elements of the RM, however, and Reclamation will leverage the transparent processes of RCD 03-01 to increase awareness of both RM revisions and other procedures being revised pursuant to the SO. For example, Reclamation will continually cross-post RM releases under review on both the RM web page and the SO 3446 web page (usbr.gov/SO3446), as it has done for recent RM revision efforts. Reclamation is actively working on revisions beyond those currently posted on the RM and SO 3446 websites, and is reviewing the RM for further streamlining opportunities. Reclamation will continue to engage with its project partners and other stakeholders through this process.

Reclamation Design Standards establish technical requirements and processes to enable drawings, specifications, and report preparation necessary to manage, develop, and protect Reclamation mission critical water and power projects. Reclamation design activities, whether performed by Reclamation or by a non-Reclamation entity, must be performed in accordance with Reclamation design criteria and standards in accordance with RM D&S FAC 03-03, "Design Activities", which also provides an approval processes for deviating from these criteria.

The TSC regularly updates www.usbr.gov/tsc webpages with information on Reclamation standards, guidelines, technical manuals, but understands it may be difficult for stakeholders to access these references quickly. In support of SO 3446, the TSC chose to cross-post links to the design guides and standards on the www.usbr.gov/so3446 site to encourage further stakeholders engagement on technical topics or process. The TSC Director presented at both the December 2025 and January 2026 stakeholder webinars to ensure participants were aware of these resources and ability to provide additional feedback.

Action area 7: Exploration of all available contracting authorities, including but not limited to a potential Indefinite Delivery Indefinite Quantity contract for Reclamation to provide scalable access to commercially available construction management/testing resources on an individual project basis

Acquisition Offices supporting the Bureau of Reclamation are exploring the use of a multi-pronged strategy to provide Reclamation with flexibility to meet diverse project needs, cost efficiency through streamlined procurement and economies of scale, and scalability for surge capacity on managing large or complex construction projects. This approach could ensure legal compliance by maintaining FAR standards for Federal-led acquisitions while introducing partner-led pathways under SOL oversight for eligible projects. By diversifying procurement options, Reclamation is able to mitigate risks related to schedule delays and capacity constraints, ultimately supporting faster, more cost-effective delivery of critical infrastructure projects.

Accordingly, Reclamation could utilize FAR compliant vehicles to provide scalable access to construction management (CM), civil/mechanical/electrical inspection, and materials testing services on an individual project basis. Reclamation could also utilize Partner-Led Procurement Pathways under SO 3446 where they are legally supportable, enable qualified transferred works operators to conduct procurement for reserved works using SOL reviewed clause language and governance controls, while safeguarding Federal interests.

Acquisition offices supporting Reclamation projects will leverage the full range of tools in the acquisition toolbox to implement SO 3446 and provide timely, cost-effective project and construction support for Reclamation's projects, customers and stakeholders.

- **Multi-Award Indefinite Delivery Indefinite Quantity (IDIQ)'s that provide for construction management**, inspection, and testing services organized by labor categories and geographic zones to ensure surge capacity. Ordering: Rapid task-ordering, standardized task order Statement of Work (SOW) templates, and performance-based task orders when feasible. The IDIQs would be in compliance with existing policy and regulation including, but not limited to: the Service Contract Labor Standards (SCLS) for services; Davis-Bacon where task orders include construction labor; Competition & Socioeconomic requirements; Buy Indian Act preferences where applicable; and Quality

& Safety requirements and site safety conformance, including contractor quality control plans reviewed by the Government.

- **Architect-Engineer (A-E) IDIQs that utilize SF-330 qualifications-based selection** for tasks meeting the statutory definition of A-E services, allowing for construction management/inspection/testing that is non-A-E and commercial on the primary FAR based IDIQs to expand Reclamation's ability to service and support its projects and stakeholders.
- **General Services Administration Multiple Award Schedule (MAS) / Blanket Purchase Agreements** will be used when market research confirms suitable coverage and pricing to complement Reclamation IDIQs for standardized testing/inspection service categories and ancillary supplies/services.
- **Interagency Agreements (IAAs)** where capacity or specialized capability is needed (e.g., USACE labs), Reclamation will partner with Bureau's and Agencies to augment and support Reclamation's projects.

This multipronged approach:

- Provides Reclamation with flexibility to respond quickly to diverse project needs through multiple acquisition channels
- Diversifies procurement options to reduce schedule delays and capacity constraints
- Reduces administrative burden and consumer costs by streamlining procurement and leveraging economies of scale
- Provides surge capacity for large or complex projects through multi-award IDIQ pools and regional coverage, and
- Maintains statutory and FAR compliance for Federal-led acquisitions while introducing partner-led pathways under SOL oversight for eligible projects.

Conclusion:

SO 3446 constitutes direction to Reclamation to find better, cheaper or faster ways to do business by reforming its processes or finding more efficient ways to complete projects. Since the SO was signed in November, Reclamation has conducted two webinars with stakeholders to emphasize this, and empowered staff across the organization to continually assess procedures for their conformity with the SO. About a dozen different Reclamation process or workflow documents have been or are about to be posted to the SO 3446 web page, with several more to follow pursuant to continual review throughout the year. Stakeholders can sign up for notifications of new procedures put out for comment. The discussion during Reclamation's two webinars put the stakeholder community on notice that their involvement is valued, and a channel of communication for them to propose other lines of activity consistent with the SO is always available to them. Reclamation expects that as we move through 2026, further process changes will be developed and refined, and briefed to leadership prior to their adoption to certify Reclamation's continuing compliance with SO 3446.