

RECLAMATION

Managing Water in the West

Drought Response Program: *Draft Funding Criteria for Review and Comment*



**U.S. Department of the Interior
Bureau of Reclamation
WaterSMART Program**

February 2015

Summary

In fiscal year (FY) 2015, the Bureau of Reclamation (Reclamation) will begin implementing a new Drought Response Program based on a reformulation of the existing Drought Program. Reclamation has prepared draft criteria (see pages 5-10, below) for use in allocating funding under the new program and we are seeking comments on those criteria. Funding for this program will be allocated through competitive processes for drought contingency planning, drought resiliency projects, and emergency response projects. FY 2015 funding opportunities for the Drought Response Program will be announced in the spring of 2015. For information on FY 2015 funding opportunities for the Drought Response Program, please see Reclamation's website at: www.usbr.gov/drought.

Opportunity to Comment

Reclamation invites other Federal agencies, the public, not-for-profit organizations, or States, Tribes and local governments to comment on the draft criteria on pages 5-10, below, **by March 12, 2015**. Comments on the draft criteria may be sent to **Ms. Avra Morgan at aomorgan@usbr.gov or to the address below:**

Bureau of Reclamation
Attention: Avra Morgan
84-51000
PO Box 25007
Denver, CO 80225-0007

For questions regarding the Drought Response Program or the opportunity to comment on draft funding criteria, please contact Ms. Avra Morgan at (303) 445-2906 or aomorgan@usbr.gov.

Background

Many areas in the West are currently experiencing unprecedented drought conditions. While droughts are common in the Western U.S., there is growing evidence that climate change is causing longer and more frequent droughts in some areas.¹ Drought directly impacts Reclamation's ability to deliver water and power to contractors, which is central to Reclamation's mission. As the Nation's largest wholesale water supplier, Reclamation must also support our customers, stakeholders and partners in building resiliency to drought and climate change.

¹ The Third National Climate Assessment, published by the U.S. Global Change Research Program in 2014, links climate change to increased droughts in western states. <http://nca2014.globalchange.gov>

Reclamation has reformulated its existing Drought Program to improve our ability to assist States, Tribes and local governments to prepare for and address drought in advance of a crisis. Through this program, Reclamation will provide assistance to water users to conduct drought contingency planning, including consideration of climate change information, and to take actions that will build long-term resiliency to drought. The proactive approach underlying this program is consistent with the President's Climate Action Plan, released in June 2013. Likewise, Reclamation's Climate Change Adaptation Strategy (Climate Strategy), available at <http://www.usbr.gov/climate/docs/ClimateChangeAdaptationStrategy.pdf>, includes a commitment to increase support for climate adaptation planning, including planning for drought.

The amount of FY 2015 funding available for the Drought Response Program is \$5 million. The amount of Federal funding available for each project or plan will be identified annually in program funding opportunities and may be adjusted based on the demand for program funding and on appropriations. As an estimate, we expect this amount to range from \$100,000 to \$200,000 per project or plan. Drought Response Program funding will be allocated through competitive processes for the following activities:

1. **Drought contingency planning:** Reclamation will provide Federal funds through a Funding Opportunity Announcement (FOA) on a 50/50 cost-share basis to develop or update drought contingency plans. Plans must include input and participation by multiple stakeholders. Plans will also consider climate change impacts to drought conditions and identify potential drought mitigation and response actions to build resilience to drought as exacerbated by climate change. Actions identified in the plans may be eligible for funding as "drought resiliency projects" (see below), so long as they meet program requirements and subject to available appropriations. In general, plans and plan updates funded under this FOA should be completed within two years of award.
2. **Drought resiliency projects:** Reclamation will provide Federal funds through an FOA on a 50/50 cost-share basis to implement projects that build long-term resiliency to drought. To be eligible, proposed drought resiliency projects must be supported by an existing drought contingency plan (plans are not required to have been approved by Reclamation and may include plans prepared by someone other than the applicant, e.g., an existing state, county, municipal, or other plan is acceptable). Projects identified in a drought contingency plan as "mitigation" or "response" actions are eligible for funding, so long as the project will result in long-term benefits that will build resiliency to future droughts (e.g., temporary construction projects and water hauling are not eligible drought resiliency projects). Projects that are eligible for funding should address at least one of the following goals: 1) increase the reliability of water supply and sustainability; 2) improve water management and/or decrease consumptive use; 3) implement systems to facilitate voluntary sale, transfer, or exchange water; 4) provide benefits for fish and

wildlife and the environment; and 5) mitigate poor water quality caused by drought. In general, projects funded under this FOA should be completed within two years of award.

- Emergency response actions:** Reclamation will continue to fund emergency drought response actions to address ongoing drought emergencies as authorized under Title I of the Reclamation States Emergency Drought Relief Act of 1991 (Drought Act), contingent on available funding. To be eligible, a state governor or tribal leader must declare a drought and request assistance in writing for the proposed emergency response action. Emergency response actions are typically crisis-driven actions in response to unanticipated emergencies. Eligible projects include temporary construction activities (e.g., temporary pipes and pumps, among other installations) and other actions authorized under Title I of the Drought Act (e.g., water purchases and use of Reclamation facilities to convey and store water) that can be completed within six months. Wells are no longer eligible as emergency response actions but are eligible for consideration as drought resiliency projects. Consistent with the Drought Act, emergency response actions will be conducted by Reclamation or through a contract with Reclamation, not through the provision of financial assistance. No cost-share is required for emergency assistance.

Eligibility

Applicant eligibility for drought contingency planning, drought resiliency projects and emergency drought response projects is listed below:

Drought Contingency Planning

Applicants eligible to apply for funding to develop or update drought contingency plans include: States, cities, or sub-divisions of a state or city; Indian tribes or tribal water organizations; irrigation or water districts, water conservancy districts and other similar associations located within the following 17 Western U.S. States: Arizona, California, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Wyoming, Utah, and Washington; and Hawaii.

Drought Resiliency Projects

Applicants eligible to apply for funding for drought resiliency projects include: States, cities, or sub-divisions of a state or city; Indian tribes or tribal water organizations; irrigation and water districts, water conservancy districts, and other organizations with water or power delivery authority.

Applicants must also be located in the western United States or Territories as identified in the Reclamation Act of June 17, 1902, as amended and supplemented; specifically: Arizona, California, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota,

Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Wyoming, American Samoa, Guam, the Northern Mariana Islands, and the Virgin Islands.

Emergency Response Actions

Entities eligible for emergency drought assistance include States, Tribes and local government entities located in the 17 Western United States and Hawaii, as identified in the Reclamation States Emergency Drought Relief Act of 1991, as amended.

As noted on the first page of this document, Reclamation is seeking public comments on the draft funding criteria for the Drought Response Program, see pages 5-10, below.

OPPORTUNITY TO COMMENT:

Draft Funding Criteria for Review and Comment

Funding criteria for drought contingency planning, drought resiliency projects and emergency drought response projects are listed separately below. Reclamation is seeking public comments on the following criteria, set forth on pages 5-10 of this document. See page 1 for instructions on submitting your comments.

1. Drought Contingency Planning – Draft Criteria

The following criteria, **listed in descending order of importance**, will be used by the Application Review Committee to rank proposals to conduct a drought contingency plan or plan update, submitted under the Drought Contingency Planning FOA. A more detailed description of the type of information that applicants can use to address each criterion will be included in the FOA.

Need for a Drought Plan or Plan Update

This criterion evaluates the extent to which the proposal demonstrates a compelling need to develop or update a drought contingency plan, based on the following:

- (1) Absence of a drought plan or existence of an outdated plan. Support for this criterion could include an explanation of why no drought plan has been adopted to date. Or, in the alternative, a description of any existing plan, when it was drafted, how comprehensive it is, and an explanation of why a new plan or plan-update is needed.
- (2) Severity of drought conditions. Support could include descriptions of existing drought conditions (can include references to drought indices, such as the U.S. Drought Monitor) or recent drought experiences.
- (3) Severity of consequences for not addressing drought risks to water supplies. Support could include a description of existing or potential risks to: Human health and safety, including water quality risks; endangered, threatened, or candidate species; agricultural water supplies; hydropower production; fish and wildlife habitat; recreation; and any other risks (this can be a qualitative analysis of the severity of anticipated risks).

Project Implementation

This criterion evaluates the extent to which the proposal supports the applicant's ability to meet the program requirements within the two-year timeframe, based on the following:

- (1) Proposal demonstrates a sound approach to addressing the six required elements of a drought plan² within the two year timeframe. Note, new plans must address all six required elements, whereas plan updates may address only those elements not (sufficiently) addressed in an existing plan. Support for this criterion should include:
 - a. A schedule and description of how each element will be addressed within the timeframe, and should demonstrate an understanding of those elements;
 - b. A description of the availability and quality of existing data and models³ applicable to the proposed plan or plan update;
 - c. A detailed budget estimate describing the cost of the proposed work; and
 - d. Technical expertise, including the availability of staff with appropriate technical expertise (i.e., a description of the qualifications of staff members), or plans to request technical assistance from Reclamation or by contract.

Diversity of Stakeholders

This criterion evaluates the extent to which the proposal demonstrates that the planning process will incorporate input and participation by a diverse range of stakeholders, based on the following:

- (1) Identification of multiple stakeholders representing diverse interests (e.g., agricultural, municipal, environmental, tribal) who seek involvement in the planning process. Support could include letters from stakeholders expressing support for the planning process, or if stakeholders have not yet been identified, a description of how they will be identified and contacted.
- (2) Demonstration that stakeholders with a significant interest in water supply issues will be involved. Support could include a description of key stakeholder interests existing in the planning area and how those interests will be represented in the planning process.

² The six required elements of a drought contingency plan under this program include: (1) Drought monitoring process; (2) vulnerability assessment, including consideration of climate change risks and impacts; (3) identification of mitigation actions; (4) identification of response actions; (5) administrative and organizational framework; (6) process for updating the drought contingency plan. The FOA will provide a more detailed description of the six elements.

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

Nexus to the Bureau of Reclamation

This criterion evaluates the extent to which the proposal demonstrates a nexus between the development of a plan or plan update and a Reclamation project or activity. Support for this criterion could include description of a Reclamation project or activity in the planning area, and any related benefits expected to result from the plan or plan update.

2. Drought Resiliency Projects – Draft Criteria

The following evaluation criteria, **listed in descending order of importance**, will be used to rank proposals submitted for funding under the Drought Resiliency Projects FOA.

Actions that Reclamation will fund under the Drought Resiliency Projects FOA include projects that will build long-term resilience to drought and reduce the need for emergency response actions. Examples include projects that: 1) increase the reliability of water supply and sustainability; 2) improve water management and/ or decrease consumptive use; 3) implement systems to facilitate voluntary sale, transfer, or exchange water; 4) provide benefits for fish and wildlife and the environment; and 5) mitigate poor water quality caused by drought. A more detailed description of eligible projects will be included within the FOA. In addition, please note that drought resiliency projects that are proposed for funding must be identified in an existing drought plan in order to be eligible for consideration under this FOA.

A. Drought Planning and Preparedness

This criterion evaluates the extent that the proposed drought resiliency project is supported by an existing drought plan, based on the following:

- (1) Description of how the proposed project will implement action(s) (e.g., response or mitigation actions) that are identified in an existing drought plan.

As stated above, drought resiliency projects that are proposed for funding must be identified in an existing drought plan in order to be eligible for consideration under the Drought Resiliency Projects FOA. Applicants will be asked to provide copies of the applicable drought plan, or sections of the drought plan, as appropriate. Plans are not required to have been approved by Reclamation and may include plans prepared by someone other than the applicant (e.g., an existing State, county, municipal, or other plan is acceptable).

B. Project Benefits

This criterion evaluates the benefits that are expected to result from implementing the proposed project, based on the following:

- (1) Whether the project will result in benefits to the health and safety of people (e.g., projects that will provide access to safe, clean, and affordable potable water supplies

for human consumption, cooking, health care facilities, and sanitary purposes) and/ or assist Reclamation with meeting its trust responsibilities to Tribes;

- (2) Whether the project will result in benefits to fish and wildlife and the environment;
and
- (3) Whether the project is expected to result in other benefits that are not captured above including, but not limited to, projects that support agriculture, promote and encourage collaboration among parties, prevent a water-related crisis or conflict, and facilitate the voluntary sale, transfer or exchange of water.

C. Need for the Project

This criterion evaluates the risks that exist as a consequence of existing or potential drought events, based on the following:

- (1) The current drought situation (e.g., using the Drought Monitor or similar sources);
- (2) The period of time that the area has been experiencing drought conditions;
- (3) The history of drought in the area;
- (4) The magnitude of the impacts if the proposed project is not funded (e.g., economic, social, public health, etc...);
- (5) How many people will be impacted by the risk(s); and
- (6) How the project will address the existing or potential drought risks.

D. Project Implementation

This criterion evaluates how well the applicant has thought through the steps that are required for implementing their proposed project, based on:

- (1) Proposal demonstrates a sound approach to implementing a drought resiliency project within the two year timeframe. Support for this criterion should include:
 - a. An estimated project schedule that shows the stages and duration of the proposed work, including major tasks, milestones, and dates) for implementing their project, and
 - b. A detailed budget estimate that demonstrates that the costs for the project are reasonable.

E. Nexus to Reclamation

This criterion will evaluate the extent that the proposed project has a nexus to Reclamation project activities.

3. Emergency Response Actions- Draft Criteria

The following evaluation criteria, **listed in descending order of importance**, will be used to rank requests for emergency assistance under Title I of the Drought Act. Emergency response actions are intended to respond to current drought emergencies. To be eligible for emergency assistance, a state governor or tribal leader must declare a drought and request assistance in writing for proposed emergency response actions.

Funding for emergency response actions will be limited to temporary construction activities and other actions authorized under Title I of the Drought Act that can be completed within six months. Examples include temporary construction activities (e.g., temporary pipes and pumps) that minimize losses and damages resulting from drought conditions, water purchases, and using Reclamation facilities to convey and store water.

A. Project Benefits

This criterion will evaluate the benefits that are expected to result from implementing the proposed project/ activity (e.g., qualitative benefits of the project, economic benefits, etc.), based on the following:

- (1) Whether the project will result in benefits to the health and safety of people (e.g., projects that will provide access to safe, clean, and affordable potable water supplies for human consumption, cooking, health care facilities, and sanitary purposes) and/ or assist Reclamation with meeting its trust responsibilities to Tribes
- (2) Whether the project will result in benefits to fish and wildlife and the environment
- (3) Whether the project is expected to result in other benefits that are not captured above including, but not limited to, projects that promote and encourage collaboration among parties, prevent a water-related crisis or conflict, and facilitate the voluntary sale, transfer or exchange of water

B. Need for the Project

This criterion will evaluate the extent to which the proposal demonstrates a compelling need to implement the project during an existing drought, based on the following:

- (1) The current drought situation (e.g., using the Drought Monitor or similar sources);
- (2) The period of time that the area has been experiencing drought conditions;

- (3) The magnitude of the impacts if the proposed project is not funded (e.g., economic, social, public health, etc...);
- (4) How many people are being impacted by the risk(s); and
- (5) How the project will address the existing drought risks.

C. Project Implementation

This criterion will evaluate how well the applicant has thought through the steps that are required for implementing their proposed project, based on:

- (1) Proposal demonstrates a sound approach to implementing the emergency response action within six months of entering into an agreement. Support for this criterion should include:
 - a. An estimated project schedule that shows the stages and duration of the proposed work, including major tasks, milestones, and dates) for implementing their emergency response action, and
 - b. A detailed budget estimate that demonstrates that the costs for the project are reasonable.

D. Cost-Sharing

This criterion will evaluate whether the applicants will provide a non-Federal cost-share towards the total cost of the emergency response action. A non-Federal cost-share is not required for emergency response actions funded under the Drought Response Program; however, applicants that provide a non-Federal cost-share will receive a small number of points under this criterion.

E. Connection to Reclamation Project Activities

This criterion will evaluate the extent that the proposed project has a nexus to Reclamation project activities.