

Reclamation Manual

Directives and Standards

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| Subject: | Reimbursability of Security Costs |
| Purpose: | Establishes provisions for the reimbursability of Bureau of Reclamation security costs. The benefits of this Directive and Standard (D&S) are equitable and transparent procedures for allocating security-related operation and maintenance (O&M) costs in accordance with governing statutes. |
| Authority: | Reclamation Act of June 17, 1902 (32 Stat. 388; 43 U.S.C. 391) and acts amendatory thereof and supplementary thereto; Consolidated Natural Resources Act of 2008, Section 513, Bureau of Reclamation Site Security (Act) (Pub. L. 110-229) |
| Approving Official: | Director, Mission Assurance and Protection Organization (MAPO) |
| Contact: | MAPO, Security Division (84-57000) |

1. **Introduction.** Section 513 of the Consolidated Natural Resources Act of 2008 is titled Bureau of Reclamation Site Security, and includes provisions for the treatment of Reclamation site security costs, as well as an annual report to Congress. This D&S establishes procedures for appropriate classification, tracking, and reimbursement of costs in accordance with the Act. This D&S does not change the general procedures for allocation of O&M costs to reimbursable and non-reimbursable project purposes as established in Reclamation Manual Policy, *Allocation of Operation, Maintenance, and Replacement Costs* (PEC P07).
2. **Applicability.** This D&S applies to all Reclamation projects that incur security costs as established in this D&S.
3. **Definitions.**
 - A. **Facility Fortifications.** Facility fortifications include, but are not limited to, the following items when used for a security or law enforcement purpose:
 - (1) vehicle barriers;
 - (2) vessel exclusion barriers;
 - (3) access control systems;
 - (4) intrusion detection systems;
 - (5) cameras;
 - (6) lighting;

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- (7) locking devices;
- (8) gates and fences;
- (9) security and law enforcement buildings and control centers; and
- (10) structural hardening.

B. Replacement. The construction or installation of property, plant, and equipment (PP&E) to replace PP&E that is retired or has reached the end of its service life. This includes replacing the existing PP&E in its entirety, enlarging or improving the capacity of existing PP&E, or significantly altering the item's intended use or technology. It also includes replacement of an individual component (such as a camera) that has reached the end of its service life.

C. Service Life. The useful life of a category of equipment. This is usually based on the average service life of a group of similar items. Service lives for security equipment are established in Appendix A.

4. Responsibilities.

A. Director, MAPO. The Director, MAPO is responsible for developing policies and procedures for the reimbursability of security costs, annually indexing the security reimbursability ceiling, compiling the financial data necessary for application of the reimbursability ceiling, and developing the annual report to Congress.

B. Regional Directors. The regional directors are responsible for implementing these D&S, segregating and tracking security-related O&M costs as established by these D&S, budgeting for security-related O&M costs, and providing the data necessary for application of the reimbursability ceiling and the annual report to Congress.

C. Area Managers. The area managers are responsible for ensuring that security O&M costs are accurately captured and recorded in the financial system as established by these D&S and as directed by the appropriate regional office.

D. Chief Security Officer. The Chief Security Officer is the principal staff person responsible for the development, implementation, and oversight of these D&S.

5. Non-Reimbursable Security Costs. The following security costs will be non-reimbursable:

A. Facility fortification costs incurred by Reclamation after September 11, 2001 (9/11), for the physical fortification of Reclamation facilities to satisfy increased post-9/11 security needs, including the construction, modification, upgrade, or replacement of facility fortifications. (This does not include replacement of guard and response force equipment which is covered in Paragraphs 7.A.(1) and 8.A.(1).

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- B. The portion of security O&M costs that is allocated to non-reimbursable project purposes (e.g., flood control, recreation, fish and wildlife) under Reclamation law or contract.
 - C. Security program activities that are not considered O&M activities including, but not limited to, security reviews and risk assessments, security-related studies and development, management of information security programs, threat and intelligence analysis, policy development, and program management activities.
 - D. The increased costs of additional guards or patrols when implemented by Reclamation in response to:
 - (1) a National Terrorism Advisory System elevated or imminent threat alert, or
 - (2) a temporary elevated threat condition at a specific Reclamation facility.
6. **Security Reimbursability Ceiling (Ceiling).** Public Law 110-229, Section 513 sets an annual limit, or ceiling, on the amount of post-9/11 security-related O&M costs incurred by Reclamation that may be collected by Reclamation as reimbursable costs under Reclamation law. Applicable reimbursable costs that exceed this ceiling will be paid by Reclamation. The ceiling begins at \$18.9 million annually in fiscal year (FY) 2008 and is indexed in accordance with Paragraph 6.C. below.
- A. The ceiling applies to post-9/11 reimbursable security-related O&M costs incurred by Reclamation and collected by Reclamation as reimbursable costs under Reclamation law.
 - B. The ceiling does not apply to:
 - (1) pre-9/11 reimbursable security-related O&M costs;
 - (2) security-related O&M costs incurred by Reclamation, but not collected by Reclamation as reimbursable costs under Reclamation Law, including:
 - (a) costs for non-reimbursable project purposes paid directly by Reclamation, and
 - (b) costs for non-reimbursable project purposes paid by Reclamation to an operating partner; and
 - (3) security-related O&M costs incurred by an operating partner and therefore not collected by Reclamation as reimbursable costs under Reclamation law, including:
 - (a) costs incurred and paid directly by the operating partner, and

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- (b) costs incurred by the operating partner, but reimbursed by Reclamation under an operating agreement or contract.
 - C. The ceiling is to be indexed each FY after FY 2008 according to the preceding year's Consumer Price Index (CPI). The Reclamation-wide ceiling will be applied beginning in FY 2009.
 - D. Procedures to compute and apply the ceiling are discussed in Paragraph 10.
7. **Post-9/11 Reimbursable Security-Related O&M Costs Subject to the Ceiling.** Public Law 110-229, Section 513 establishes that increased post-9/11 security-related O&M costs are reimbursable, and are subject to the security reimbursability ceiling, as described below:
- A. The portion of post-9/11 security-related O&M costs that are allocated to reimbursable project purposes (i.e., irrigation, municipal and industrial, and power) will be reimbursable and are subject to the security reimbursability ceiling, including:
 - (1) guard and patrol costs incurred by Reclamation for post-9/11 increased levels of guards, contract guards, and guards and patrols by local and tribal law enforcement entities, including training; operation, maintenance, and replacement of guard and response force equipment; and contract procurement and administration costs associated with guard and patrol activities;
 - (2) costs incurred by Reclamation for the O&M of post-9/11 facility fortifications; and
 - (3) post-9/11 increased level of costs associated with the Hoover Dam Police Department.
 - B. Fortification and equipment that existed prior to 9/11, including guard force and Hoover Dam Police Department equipment, that is upgraded or replaced due to a change in purpose or use based on increased post-9/11 security needs will be considered post-9/11 fortification and equipment and the O&M costs will be subject to the security reimbursability ceiling.
 - C. Security-related O&M costs are reimbursable to the same project beneficiaries in the same manner and allocation as normal O&M costs.
8. **Pre-9/11 Reimbursable Security-Related O&M Costs Not Subject to the Ceiling.** Public Law 110-229, Section 513 requires that "Reclamation project security costs at the levels of activity that existed prior to September 11, 2001, shall remain reimbursable." These reimbursable costs are not subject to the security reimbursability ceiling.

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- A. The portion of pre-9/11 security O&M costs that are allocated to reimbursable project purposes shall remain reimbursable, including:
- (1) guard and patrol costs incurred by Reclamation for guards, contract guards, and guards and patrols by local and tribal law enforcement entities, including training; operation, maintenance, and replacement of guard and response force equipment; and contract procurement and administration, at the levels of activity that existed prior to 9/11;
 - (2) costs incurred by Reclamation for the operation, maintenance, and replacement of facility fortifications, at the levels of activity that existed prior to 9/11; and
 - (3) costs associated with the Hoover Dam Police Department, at the levels of activity that existed prior to 9/11.
- B. Pre-9/11 fortification and equipment, including guard force and Hoover Dam Police Department equipment, that is upgraded due to changes in technology, availability, or serviceability will remain a pre-9/11 level of activity when the use and purpose of the upgraded fortification and equipment is consistent with its pre-9/11 use and purpose. O&M of this equipment is not subject to the security reimbursability ceiling, but would remain a part of project costs that are subject to existing project reimbursability requirements.
9. **Costs That Are Not Security-Related O&M Costs.** The following costs are not considered security-related O&M costs and are therefore not subject to the security reimbursability ceiling as described in Paragraphs 6, 7, and 8. These costs may be otherwise reimbursable as appropriate under Reclamation law.
- A. The salary and associated costs of O&M personnel at Reclamation facilities, when involved in temporary security activities, such as participation in facility security reviews and risk assessments and review of facility security plans.
 - B. The administrative costs of hiring Reclamation employees and contractors, including the costs of conducting background investigations and issuing personal identity verification cards.
 - C. Costs associated with general maintenance of a multi-purpose building, a portion of which contains a security control room or equipment – for example, maintenance of a visitor center or powerplant that also serves as a security guard post or houses security equipment.
 - D. Costs associated with maintaining equipment that is installed for safety and operational purposes, such as reservoir safety buoys and operations-related cameras, lighting, and fences.

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E. O&M costs associated with information technology (IT) security, such as IT security of a supervisory control and data acquisition (SCADA) system or a local area network. An exception to this would be an IT system that is an integrated part of a physical security system (e.g., the IT components of an electronic intrusion detection system).

10. Application of the Ceiling.

- A. During the first quarter of each FY, MAPO will index the ceiling using the previous FY's Consumer Price Index (CPI). The CPI will be the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers (CPI-U).
- B. Reclamation will use the following process for adjusting reimbursable payments at the end of each FY based on the ceiling:
 - (1) At the end of the FY, Reclamation will determine the actual post-9/11 reimbursable security-related O&M costs that were incurred by Reclamation during the FY.
 - (2) Reclamation will compute a reimbursability ratio by dividing the indexed ceiling by the actual Reclamation-wide post-9/11 reimbursable security-related O&M costs. If the indexed ceiling exceeds the actual Reclamation-wide post-9/11 reimbursable security-related O&M costs, the reimbursability ratio will be 1.0.
 - (3) Reclamation will determine the reimbursable costs for an individual facility or project by multiplying the reimbursability ratio by the actual post-9/11 reimbursable security-related costs attributed to that facility or project.
 - (4) If an additional payment or credit is due for the previous FY, Reclamation will process the necessary billing or credit, or will adjust O&M charges or rates, based on established practices and procedures, contracts, and discussions with project beneficiaries as appropriate.
 - (5) In the case of the Central Valley Project of California, reimbursable security costs allocated to irrigation and municipal and industrial water service will be collected exclusively through inclusion of these costs in the O&M water rates.
- C. Since most O&M costs are paid in advance, through power rates or advanced collections, regional offices may make adjustments in these advance O&M payments, in collaboration with project beneficiaries. Adjustments in advance payments must be based on a reasonable projection of the reimbursability ratio for the FY for which costs are being collected. Final adjustments, as described in Paragraph 10.B.(4), must then take into account any previous adjustments made to advance payments.

11. **Budgeting and Accounting for Security-Related O&M Costs.** The regions will provide annual budget estimates to MAPO for accurate forecasting of security-related O&M costs.

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During budget formulation, security O&M costs related to guards and patrols will be included in MAPO budget proposals; other security-related O&M costs will be included in regional office budget proposals. Budgets must include the portion of O&M costs that are allocated to non-reimbursable project purposes, and O&M costs that are projected to exceed the indexed ceiling.

- A. **Power Repayment Studies.** Only those expenses reimbursable by power customers shall be included in the work plans submitted to the Western Area Power Administration for rate-setting purposes.
 - B. **Accounting.** In order to meet the reimbursability ceiling and annual reporting provisions of Public Law 110-229, Section 513, the regional and area offices must establish, maintain, and utilize accounting structures that separate:
 - (1) security O&M costs from other project O&M costs;
 - (2) pre-9/11 from post-9/11 security O&M costs; and
 - (3) guard and patrol costs from other security O&M costs.
12. **Annual Report to Congress.** Reclamation will report annually to the House Natural Resources Committee and the Senate Energy and Natural Resources Committee on site security actions and activities undertaken pursuant to the Act for each FY. The report will include a summary of Federal and non-Federal expenditures for the FY and information relating to a 5-year planning horizon for the program, detailed to show pre-9/11 and post-9/11 costs for site security activities. Regional offices will collect this information each FY and submit it to MAPO by November 15 of the subsequent FY. MAPO will consolidate the information and prepare a Reclamation-wide report to Congress.

RECLAMATION MANUAL TRANSMITTAL SHEET

Effective Date: _____

Release No. _____

Ensure all employees needing this information are provided a copy of this release.

Reclamation Manual Release Number and Subject

Summary of Changes

NOTE: This Reclamation Manual release applies to all Reclamation employees. When an exclusive bargaining unit exists, changes to this release may be subject to the provisions of collective bargaining agreements.

Filing instructions

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Filed by: _____

Date: _____