

# RECLAMATION

*Managing Water in the West*

## **Title XVI Water Reclamation and Reuse Program: Draft Funding Criteria**



## Summary

The Bureau of Reclamation (Reclamation) has prepared draft criteria for use in allocation of funding under the Title XVI Water Reclamation and Reuse Program (Title XVI Program). Reclamation invites other Federal agencies, the public, not-for-profit organizations, or State, local, or tribal governments to comment on those draft criteria **by April 16, 2010**.

Once comments have been incorporated into revisions, Reclamation plans to use these criteria as part of a funding opportunity announcement to identify projects to receive available funding in fiscal year (FY) 2011. Reclamation proposes to consider construction and pre-construction activities that can be commenced in FY 2011 and completed within 24 months. In the future, Reclamation plans to use these criteria as part of the process of allocating program funding.

## Opportunity for Comment

Comments on the draft criteria listed below may be sent to the address below **by April 16, 2010**:

Bureau of Reclamation  
Attention: Dean Marrone  
84-52000  
PO Box 25007  
Denver, CO 80225-0007

You may request copies of the draft criteria by writing to the above address or by contacting Mr. Dean Marrone at (303) 445-3577. Comments may be submitted by electronic mail to [dmarrone@usbr.gov](mailto:dmarrone@usbr.gov).

## Background and Applicability

Title XVI of P.L. 102-575, as amended (Title XVI), directs the Secretary of the Interior, acting through Reclamation's Commissioner, to undertake a program to identify and investigate opportunities to reclaim and reuse wastewaters and naturally impaired ground and surface water in the 17 Western States and Hawaii. Title XVI also provides authority for the Secretary to provide up to the lesser of 25 percent of, or the Federal appropriations ceiling (typically \$20 million) for, the cost of planning, design, and construction of specific water recycling projects.

The Title XVI Program is part of the Department of the Interior's WaterSMART (Sustain and Manage America's Resources for Tomorrow) program to work

toward a sustainable water strategy to meet the Nation's water needs. For purposes of the Title XVI program, a water reuse project is a project that reclaims and reuses municipal, industrial, domestic, or agricultural wastewater and naturally impaired groundwater and/or surface waters. Reclaimed water can be used for a variety of purposes, such as environmental restoration, fish and wildlife, groundwater recharge, municipal, domestic, industrial, agricultural, power generation, or recreation. Water reuse is an essential tool in stretching the limited water supplies in the West.

Title XVI projects develop and supplement urban and irrigation water supplies through water reuse, thereby improving efficiency, providing flexibility during water shortages, and diversifying the water supply. Title XVI projects provide growing communities with new sources of clean water while promoting water and energy efficiency and environmental stewardship.

The President's budget for fiscal year (FY) 2011 includes a request for \$20 million for a Title XVI Funding Opportunity. Reclamation has developed draft criteria that will be used to assess applications for funding to the extent allowed by final appropriations. The development of these criteria is part of Reclamation's effort to prioritize projects for funding as it continues to address the Federal cost-share of authorized Title XVI projects. In the future, Reclamation plans to use these criteria as part of the process of allocating funding to specific Title XVI projects.

The draft criteria described in this notice are applicable to entities seeking funding under the Title XVI Program. There are currently 53 Congressionally authorized Title XVI projects for which Reclamation may provide construction funding. Other proposed projects may be authorized by Congress in the future. Other entities may request funding for planning and design of water recycling projects. Criteria will be revised if necessary following Reclamation's evaluation of comments received. Reclamation will then publish final criteria as part of a subsequent notice.

## **Eligibility**

Any funding opportunity will be open to sponsors of authorized Title XVI projects (for construction activities) and others (for pre-construction activities such as feasibility study development, financial capability preparation, or environmental compliance). Construction and pre-construction activities that can be commenced in FY 2011 and completed within 24 months may be included in applications for funding. Expenditures made prior to FY 2011 are not eligible for this funding opportunity.

To be eligible to receive funding for construction activities, a water reclamation and reuse project must be specifically authorized under Title XVI. Funds for

construction activities associated with an individual project will not be disbursed until all Title XVI pre-construction requirements have been met for that project. These include: (1) a finding that the feasibility study meets the requirements of Title XVI; (2) complete compliance with the National Environmental Policy Act and other environmental clearances; (3) an approved determination of financial capability; and (4) an executed cooperative agreement for financial assistance.

If the amount of Federal funds currently received (including obligated funds) for the project is less than 25 percent of the overall expenses, then the project sponsor may request Federal funds greater than 25 percent for the proposed activity as long as the overall Federal cost share does not exceed 25 percent of incurred expenses.

The FY 2011 selection process will be similar to steps used in 2009 to allocate \$135 million in funding to Title XVI projects under the American Recovery and Reinvestment Act.

## **Proposed Criteria**

### **1. Water Supply – 50 points**

Reclamation will consider and award points based on the extent to which the project is expected to reduce, postpone, or eliminate development of new or expanded water supplies; to reduce demand on existing Federal water supply facilities; and to reduce or eliminate the use of existing diversions from natural watercourses, or withdrawals from aquifers:

(a) Will the project reduce, postpone, or eliminate the development of new or expanded non-recycled water supplies? How many acre-feet of water are expected to be made available each year upon completion of the project or phase?

(b) How significantly (as a percentage of the Federal Water Supply) will the demand on existing Federal water supplies be reduced? List the expected reduction to Federal water supply demand (in acre-feet) and the total Federal water supply demand (in acre-feet). The Federal Water Supply is water supplied directly or indirectly by a Federal facility to the project sponsor. Consider the sources for calculations provided.

(c) How will the project reduce diversions from natural watercourses or withdrawals from aquifers? Responses should be specific (including number of acre-feet) and should include the percentage by which diversions or withdrawals will be reduced.

(d) Will the project make water available to address a specific concern (e.g., water supply shortages due to drought, climate variability, and/or heightened competition for limited water supplies)? Consider the number of acre-feet of water to be made available and explain the specific concern and the role of the project in addressing that concern.

(e) Consider the performance measures that will be used to quantify actual benefits upon completion of the project.

## **2. Title XVI Project Completion – 30 points**

Reclamation will consider and award points based on the extent to which the funding for the project or phase would bring an authorized Title XVI project to completion (i.e., to full Federal funding levels) or close to completion and the extent to which the project or phase is ready to proceed:

(a) How much Federal funding has been provided for the authorized Title XVI project to date? How much Federal funding is necessary to fully satisfy the authorized Federal cost-share?

(b) Is the project or phase ready to proceed? What is the status of necessary environmental compliance measures and other permits? When is environmental compliance expected to be complete?

## **3. Environment and Water Quality – 25 points**

Reclamation will consider and award points based on whether the project improves surface, groundwater, or effluent discharge quality; restores or enhances habitat for non-listed species; or provides water or critical habitat for Federally-listed threatened or endangered species:

(a) Will the project improve the quality of surface or groundwater within the project area? Consider the description of the scope of the impact and whether the project will improve effluent quality beyond levels necessary to meet state or Federal discharge requirements.

(b) Will the project restore or enhance habitat for non-listed species? If so, how?

(c) Will the project provide water or habitat for Federally listed threatened or endangered species? If so, how?

#### **4. Renewable Energy and Energy Efficiency – 20 points**

Reclamation will consider and award points based on whether the project incorporates the use of renewable energy and/or addresses energy efficiency:

- (a) Will the project include installation of small-scale hydroelectric, solar-electric, wind energy, or geothermal power systems, or other facilities that enable use of these or other renewable energy sources? Consider quantified expected benefits.
- (b) Will completion of the project lead to a reduction in energy consumption? Compare the project's energy consumption to alternative water supply options (including existing water supply options).

#### **5. Economics – 20 points**

Reclamation will consider and award points based on the extent and geographical distribution of the net positive economic benefits and the cost effectiveness of the project (cost/acre-foot of water created):

- (a) Describe the local, regional, and national economic benefits of the project.
- (b) Calculate the cost per acre-foot using the following formula:  $\text{Annualized Life Cycle Cost (\$/Average annual volume of water that will be created (acre-feet))}$ . Justification or a citation for the values used should be provided.

#### **6. Legal and Contractual Water Supply Obligations – 20 points**

Reclamation will consider and award points based on the extent to which the project serves rural and or economically disadvantaged communities and helps to meet Reclamation's legal and contractual obligations, such as Indian water right settlements, river restoration, minimum flow requirements, and court orders:

- (a) Does the project help fulfill any of Reclamation's legal or contractual obligations such as providing water for Indian tribes, water right settlements, river restoration, minimum flows, legal court orders, or other obligations?
- (b) Does the project serve a small, rural, or economically disadvantaged community? (A rural community is defined as a community with fewer than 50,000 people.)

## **7. Watershed Perspective – 10 points**

Reclamation will consider and award points based on the extent to which the project promotes or applies a watershed perspective by implementing an integrated resources management approach, implementing a regional planning effort, or forming a collaborative partnership with other entities: Does the project help promote or apply a watershed perspective by implementing a regional or state water plan, implementing an integrated resource management plan, or including a collaborative partnership with other entities?

**Total– 175 points**