



Part III Financial Assistance Update November 7, 2012

Introduction

Reclamation finalized the Part III Guidelines in August 2012 to provide information to local agencies for obtaining federal financial assistance for Friant Division groundwater recharge and/or banking projects. In September 2012 Reclamation invited all Friant Division long-term contractors to small group workshops to present the Guidelines and begin considering potential projects.

The Guidelines include Eligibility Criteria (2.3.2) which must be met for a proposed project to receive consideration. The Guidelines also describe Evaluation Criteria (2.3.3) which Reclamation will use to evaluate, prioritize, and rank eligible applications. Evaluation Criteria will be weighted by importance when Reclamation requests proposals in Funding Opportunity Announcements.

Evaluation Criteria

Broadest Benefit: Applications will be evaluated based on their ability to provide the broadest benefit to the Friant Division service area and the public. Applications that provide water supply benefits for multiple Friant Division long-term contractors will be given higher priority than those applications that benefit only one Friant Division long-term contractor. Priority will be given to applications that provide water in Millerton Lake for the benefit of all Friant Division long-term contractors. The prioritization process will emphasize the equitable distribution of water supply benefits to all Friant Division long-term contractors based on anticipated water supply impacts resulting from the implementation of the SJRRP.

RWA Reduction: Applications will be evaluated based on their effectiveness at reducing the RWA of the project sponsor(s) in relation to the anticipated water supply impacts of each sponsor(s) resulting from the implementation of the SJRRP. Applications that demonstrate a higher RWA reduction potential relative to the anticipated impacts of each sponsor will be given higher priority. The RWA reduction potential of a project will be determined in accordance with the "Project Benefit Methodology" section of these guidelines. It should be noted that this methodology will be incorporated into the cost-share agreement and will be an enforceable component of the funding agreement.

Cost Effectiveness: Applications will be evaluated based on the Federal cost per unit of new yield produced to provide RWA reduction. Applications with the lowest Federal cost per unit of new yield produced to provide RWA reductions will generally be given highest priority. It should be noted that while the "Economic Analysis" section determines the cost effectiveness of all project alternatives based on total project costs, this section will evaluate the cost effectiveness of the proposed project based on the Federal cost-share portion only. This includes any Federal cost-share funding for

planning and environmental compliance and mitigation activities requested by the project sponsor. Therefore, project sponsors requesting less Federal funding per unit of new yield to provide RWA reduction will receive higher priority.

Environmental Impacts: Applications will be evaluated based on the number and extent of identified environmental impacts, as well as the complexity and cost of any mitigation strategies. Applications with fewer and less significant negative environmental impacts will be given higher priority than applications with significant impacts.

Legal, Institutional, and Regulatory Constraints: Examples constraints include: (1) results of consultation activities under applicable Federal and State laws between the non-Federal sponsor and appropriate Federal, State, regional, and local authorities; (2) compatibility with Federal, State, regional, and local environmental and public health regulatory requirements; (3) economic, environmental, and water rights effects of changing the source water from its current use; and (4) other applicable legal, institutional, and regulatory requirements (e.g., contractual water supply obligations, Indian trust responsibilities, water rights settlements, county groundwater ordinances). Applications will be evaluated based on:

- comprehensive consideration of potential constraints;
- the number and severity of identified legal, institutional, and regulatory constraints; and,
- complexity and cost of mitigation strategies.

Federal Participation: To remain eligible for funding, a project sponsor must offer to the Secretary any project capacity in excess of that required to reduce, avoid, and offset water supply impacts resulting from the release of Interim and Restoration flows at a price no higher than the project sponsor's costs; or offer to the Secretary an expansion of project capacity if feasible. Applications having available capacity for Federal participation, or the ability to expand capacity for Federal participation, will be given higher priority. Projects funded under Part III of Public Law 111-11 will be owned and operated by one or more non-Federal project sponsors. Therefore, Federal participation in a project is expected to be limited to operational agreements with the project sponsor(s), including, but not limited to, agreements to bank water purchased by the Federal government in a project sponsor's facility or agreements to purchase yield from a project sponsor's facility.

Management and Financial Capability: Applications will be evaluated on the management and financial capabilities of the project sponsor(s) as determined in accordance with the "Management and Financial Capabilities" section of these guidelines. Applications that provide a complete and robust description of the project sponsor(s)' past performance with Federal financial assistance and comprehensive and rigorous Implementation and Financial Plans will be given higher priority over applications that demonstrate a poor history of performance and provide vague Implementation and Financial Plans with little detail.