

## CHAPTER 12 - CHALLENGE COST-SHARING PROGRAM

12-1. Purpose. This chapter establishes the policy for challenge cost-sharing agreements.

12-2. Policy. It is the policy of the Corps of Engineers that:

a. The challenge cost-sharing program, as authorized by Section 225 of the Water Resources Development Act of 1992, shall be used to provide opportunities for non-Federal public and private groups and individuals to contribute to and participate in the operation and/or management of recreation facilities and natural resources at Corps water resource development projects. Partnering with others provides a way to stretch the Corps of Engineers budget by sharing the cost of operating and/or managing recreation facilities and natural resources.

b. Challenge cost-sharing agreements at water resource development projects may be used to provide for the operation and/or management and development of recreation facilities and natural resources where such facilities and resources are being maintained at complete Federal expense.

c. Challenge cost-sharing agreements for recreation facilities may be entered into when they supplement Corps programs without increasing future Corps Operation and Maintenance (O&M) costs or result in reduced future Corps O&M costs, or, if future Corps O&M costs will be increased, when it is a sound business decision (e.g., any increase in O&M costs will be offset by future revenue increases).

d. Challenge cost-sharing agreements may be used for the identification, protection, improvement, rehabilitation, preservation, management, or interpretation of natural resources, environmental features, recreation areas and facilities, or cultural resources.

e. The challenge cost-sharing partner may contribute funds, including cash, materials, personal property, equipment, or services as their portion of the challenge cost-sharing agreement. In addition, the Corps may contribute to work accomplished by the partner. These contributed resources will be combined with regular project resources as a supplement to accomplish the work designated in the agreement.

f. Real estate cannot be accepted as a partner's share of a challenge cost-sharing agreement.

g. Work selected for challenge cost-sharing agreements shall be within current authorities and contained in the annual or five-year plan in the approved Operational Management Plan (OMP). Work will generally be accomplished during one fiscal year. Proposed work not in an approved OMP must be approved by the next higher management level.

h. Personal property that is contributed and accepted will be recorded, accounted for, and managed in the same way as other Corps property.

i. All facilities and work accomplished become the property of the government. The Challenge Cost-Share partner may not assume any ownership rights in the facilities constructed or in Federal lands involved in the cooperative effort.

j. Challenge cost-sharing agreements must be negotiated and executed with non-Federal

\* public and private entities before those entities may participate in challenge cost-sharing. The contribution by the Corps and the Challenge Cost-Share partner(s) is to be determined by negotiation on a case-by-case basis. Each agreement must address the mutual benefits of the work, what each party will provide, and administration of the agreement. A sample agreement format may be found in Chapter 12 of EP 1130-2-500. \*

\* k. MSC commanders are responsible for the administration of the challenge cost-sharing program within their MSC and for the approval/execution of challenge cost-sharing agreements that involve water resources projects from two or more of their subordinate districts. The MSC commander may assign these duties to a coordinator within the civil works operations element. The coordinator will monitor and evaluate the district-administered challenge cost-sharing program, provide assistance to district counterparts, and act as a liaison between the districts and HQUSACE. District Commanders are responsible for the approval/execution of challenge cost-sharing agreements that involve water resources projects solely within their district. Approval of agreements of \$200,000 (total cost) or less may be delegated to the Chief of Operations. Approval of agreements of \$25,000 (total cost) or less may be delegated to Operations Project Managers. \*

l. Funds and materials for a given year must be available before the work begins. Partners shall not be given special privileges for participation in the challenge cost-sharing program. Negotiators will not agree to any provision that limits the Corps ability to negotiate, accept, and execute challenge cost-sharing agreements or contributions from other qualified entities. Challenge cost-sharing with multiple partners on the same work project, other work projects, and/or in other physical locations may be accepted notwithstanding other agreements being negotiated, accepted, or executed.

m. The Operations Project Manager may decline any challenge cost-sharing proposal that the Operations Project Manager determines could adversely affect the operation and beneficial use of the project, or would violate existing laws or regulations, or would reflect unfavorably on the integrity of the Corps of Engineers and the United States Army.

n. Services that the partner performs as a part of the challenge cost-sharing program shall be carried out in conformance with Federal, state and local laws and standards. For the purpose of determining the value of the partner's services, the actual cost, including labor, shall be used. Specific guidance on: cost calculations; accounting and reporting requirements; permissible partner access to Federal equipment, materials, supplies, vehicles, and facilities; and other information of an operational nature is found in Chapter 12 of EP 1130-2-500.

o. For each location at which challenge cost-sharing agreements are in place or are likely, the Operations Project Manager shall have a plan that describes the work that will be accomplished through any current or potential agreements that are signed. The plan shall be reviewed and updated as necessary as work items are completed and new ones are added.

p. The Corps shall encourage participation in the challenge cost-sharing program by informing prospective partners in a diplomatic manner of the opportunities that are available.

q. Recognition shall be encouraged as a way to express appreciation to partners and publicly acknowledge support that has been received. Partners should be advised to keep the Corps apprised of any publicity that they initiate. All publicity will be a joint effort by the partner and the Corps, to include review and change authority. Procedures for appropriate types of recognition and publicity are provided in Chapter 12 of EP 1130-2-500.