

APPENDIX - F
SUMMARY OF WATER PROJECT COST SHARING
AS MODIFIED BY
THE WATER RESOURCES DEVELOPMENT ACT OF 1986 (PL 99-662)
AND
THE WATER RESOURCES DEVELOPMENT ACT OF 1986 (PL 100-676)
NON-FEDERAL RESPONSIBILITIES

Non-Federal Interests Are Responsible For:

F-1. Commercial Harbors (Section 101). (See Attached Examples Illustrating Cost Sharing Principles.)

a. Construction.

(1) 10 percent of the cost of general navigation features (GNF) for depths not in excess of 20 feet, paid during construction (PDC).

(2) 25 percent of the cost of GNF for increment greater than 20 feet but not in excess of 45 feet, PDC.

(3) 50 percent of cost of GNF for increment over 45 feet, PDC.

(4) For projects consisting of GNF that do not modify project depths, a non-Federal contribution required of 10 percent, 25 percent, or 50 percent of the cost of GNF, based upon the depth of existing project. Contributions of paragraphs 1.a.(5), (6), and (7) also apply to such projects.

(5) An additional 10 percent of the cost of GNF repaid over a period not to exceed 30 years. Credit is allowed for the value of lands, easements, rights-of-way, relocations and dredged material disposal areas (LERRD) against this 10 percent, including utility relocation costs.

(6) LERRD

(7) Perform or assure the performance of all relocations of utilities necessary to carry out the project. Note: An exception is made for deep-draft harbors and for projects implemented by non-Federal interests under Section 204, where one-half of the cost of each such relocation shall be borne by the owner of the facility being relocated and one-half of the cost of each such relocation shall be borne by the non-Federal interest.

b. Bridge Modifications.

Costs not assigned the bridge owner, using Truman-Hobbs principles, are project costs considered to be a part of the GNF.

c. Operation and Maintenance.

(1) For deep harbors, 50 percent of the excess of the cost over the cost that would be incurred if the project had a depth of 45 feet.

(2) LERRD needed for operation and maintenance.

(3) The 0.04 percent tax on commercial cargo is appropriated to the Harbor Maintenance Trust Fund. Appropriations from this fund provide up to 40 percent of systemwide O&M costs.

d. Prevention or Mitigation of Erosion or Shoaling Attributed to Federal Navigation.

(1) Construction shared in same proportion as the cost sharing provisions applicable to the project causing the shore damage.

(2) Operation, Maintenance, Repair, Replacement, & Rehabilitation (OMRR&R).

100 percent.

F-2. Inland Waterways (Section 102). (See Attached Examples Illustrating Cost Sharing Principles.)

a. Construction.

(1) Projects specifically authorized to be funded in part by Inland Waterways Trust Fund (IWWTF). 50 percent of the

costs through fuel taxes paid into the IWWTF when specifically authorized. Projects in Title IV in PL 99-88; Title III, Section 1103(j) and 844, in PL 99-662; and Section 3(a)(6) in PL 100-676 have been authorized to use trust funds. Note that construction costs defined by Section 102 of PL 99-662 include planning, engineering, surveying, and acquisition of all LERRD.

(2) Cost sharing for projects not authorized to use funds from the IWWTF will be in accordance with the provisions of the authorizing legislation.

b. Operation and Maintenance.

(1) None for projects authorized to be funded in part from IWWTF.

(2) LERRD, if required for projects not funded from IWWTF.

F-3. Flood Control (Section 103). (See Attached Examples Illustrating Cost Sharing Principles.)

a. Construction (Structural).

(1) Cash payment of 5 percent of the costs assigned to flood control (FCC), PDC.

(2) LERRD, except alterations of railroad bridges and their approaches, which are FCC.

(3) Added cash contribution needed to make total non-Federal share equal to 25 percent of FCC, PDC.

(4) Contributions in excess of 30 percent of FCC, i.e., 5 percent cash plus 25 percent LERRD may be reimbursed over a period not to exceed 15 years.

(5) Maximum contribution is 50 percent of FCC, i.e., 5 percent cash plus 45 percent LERRD.

(6) Cost sharing subject to ability to pay under 103(m).

b. Construction (Non-Structural).

(1) LERRD, limited to 25 percent of FCC.

(2) Added contribution to make total equal to 25 percent of FCC.

Note: Applies when LERRD is less than 25 percent of FCC.

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(3) Cost sharing subject to ability to pay under 103(m).

c. OMRR&R.

100 percent.

F-4. Hydroelectric Power (Section 103). * #

a. Construction.

100 percent of the joint and separable costs.

b. OMRR&R.

100 percent.

F-5. Municipal and Industrial Water Supply (Section 103). *

a. Construction.

100 percent of the joint and separable costs, PDC. **

b. OMRR&R.

100 percent.

F-6. Agriculture Water Supply (Section 103). *

a. Construction. (New Projects).

(1) 35 percent of the joint and separable costs assigned to agriculture water supply, PDC. **

(2) Cost sharing subject to ability to pay under Section 103(m).

b. OMRR&R. (New Projects).

100 percent.

c. Interim Use of M&I Water Supply Storage for Agriculture.

(1) 35 percent of the annual payment required of an M&I sponsor.

(2) 100 percent of the OMRR&R allocated to the contracted storage.

F-7. Recreation (Section 103).

a. Construction.

(1) 50 percent of the separable costs, PDC. **

(2) 50 percent of joint and separable costs allocated to recreational navigation at harbor and inland waterway projects, PDC.**

b. OMRR&R.

100 percent.

F-8. Hurricane and Storm Damage Reduction (Section 103). *

<u>Shore Ownership and Project Purpose</u>	<u>Maximum Level of Non-Federal Participation</u>	
	<u>Construction</u>	<u>Maintenance</u>

a. Federally-owned

Hurricane & Storm Damage Reduction	0	0
Loss of Land	0	0
Recreation (Separable Cost)	0	0

b. Publicly and privately-owned
(protection results in public
benefits)

Hurricane & Storm Damage	35%	100%
Loss of Land	50%	100%
Recreation (Separable Cost)	50%	100%

c. Privately-owned, use limited
to private interests

Hurricane & Storm Damage Reduction	100%	100%
Loss of Land	100%	100%
Recreation (Separable Cost)	100%	100%

F-9. Aquatic Plant Control (Section 103).

50 percent of control operations, PDC.

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F-10. Fish Wildlife Mitigation (Section 906). (See Attached Examples for Commercial Harbors and Flood Control Projects Illustrating Cost Sharing Principles.)

Construction and OMRR&R costs are allocated among project purposes and shared or reimbursed to the same extent as such other project costs are shared or reimbursed.

F-11. Fish and Wildlife Enhancement (Section 906).

a. Construction.

(1) None, if the action:

- Provides benefits to species identified by the National Marine Fisheries Service as of national economic importance, species that are subject to treaties or international convention to which the United States is a party, and anadromous fish;

- Is designed to benefit species that have been listed as threatened or endangered by the Secretary of the Interior; or

- Is located on lands managed as a national wildlife refuge.

(2) 25 percent of the joint and separable costs assigned to fish and wildlife enhancement, if benefits are other than shown in paragraph 11.a.(1).

b. OMRR&R.

25 percent.

F-12. Studies (Section 105).

a. Reconnaissance.

None.

b. Feasibility (Other Than Inland Waterways).

50 percent during study period and not more than one-half may be made by provision of services, materials, supplies, or in-kind services necessary to prepare feasibility report.

c. Feasibility (Inland Waterways).

None.

F-13. Preconstruction Engineering and Design (PED).

a. Authorized for Construction.

Shared in the same percentage as the purpose(s) of the project. The Federal government finances the non-Federal share, with adjustments to reimburse costs during the first year of construction.

b. Authorized for PED (Section 105).

50 percent of the cost of planning and engineering, during planning and engineering.

F-14. Design (Section 105).

Shared in the same percentage as the purposes of the project. The Federal government finances the non-Federal share of design, with adjustments to reimbursable costs during the first year of construction.

F-15. Dam Safety Modifications to Existing Dams (Section 1203).

a. Construction.

15 percent of modification costs to be assigned to project purpose(s) in accordance with the cost allocation in effect when construction or modification is initiated. Costs so assigned are then shared in accordance with the cost sharing in effect for each purpose when the initial project was constructed. Payment will be in accordance with existing contracts for the reimbursable purposes. An exception is made for costs assigned to irrigation which the Secretary of the Interior is for recovering in accordance with repayment provisions of PL 98-404.

b. OMRR&R.

Shared the same as basic project OMRR&R.

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F-16. Waiver of Cost Sharing for the Territories (Section 1156).

Local cost sharing requirements for all studies and projects in American Samoa, Guam, the Northern Mariana Islands, the Virgin Islands, and the Trust Territory of the Pacific Islands, will be reduced by an amount up to a cap of \$200,000, for each study and \$200,000 for each project, in accordance with Section 1156. A non-Federal share for each study or project will be determined using the general cost sharing criteria, and then reducing this amount by \$200,000, or to zero if the non-Federal share is less than \$200,000.

F-17. Ability to Pay for Flood Control and Agriculture Water Supply (Section 103m).

Alternative provisions have been developed to cover the two possible outcomes of the ability to pay test. The first case is where a project fails the ability to pay test and the second case is where the test results in a determination that a reduction in the non-Federal cost share is warranted. The two provisions are included as alternative "Whereas Clause" options in the Model LCA for Structural Flood Control at Appendix D.

FOOTNOTES:

* Non-Federal interests for these projects purposes shall provide LERRD, except to the extent limited by the cost sharing provisions applicable to each purpose. The value of these contributions shall be credited toward the non-Federal share for each project purpose.

Section 103(c)(1) provides that cost sharing for hydropower projects shall be in accordance with existing law, which anticipates recovery of project costs after project completion through rates set by the appropriate power marketing agency (PMA). Projects constructed using voluntary contributions of funds provided by project sponsors during construction will require separate agreements between the sponsors, the Department of the Army, and the appropriate PMA.

** Section 103(k) permits the Secretary to recover these costs with interest over a period not to exceed 30 years. Every effort should be made to obtain payment during the construction period and any exception will require prior ASA(CW) approval.

FLOOD CONTROL COST SHARING
EXAMPLES OF STRUCTURAL PROJECTS

	CASE I 5% plus LERRD less than 25%	CASE II 5% plus LERRD equal to 25%	CASE III 5% plus LERRD between 25-30%	CASE IV 5% plus LERRD between 30-50%	CASE V 5% plus LERRD exceeds 50%
1. Basic Project (w/o F&WL Mitigation)					
a. Construction	850	740	700	570	380
b. LERRD	<u>80</u>	<u>165</u>	<u>160</u>	<u>250</u>	<u>460</u>
c. Subtotal	930	905	860	820	840
2. F&WL Mitigation					
a. Construction	50	60	70	80	70
b. LERRD	<u>20</u>	<u>35</u>	<u>70</u>	<u>100</u>	<u>90</u>
c. Subtotal	70	95	140	180	160
3. Total Project					
a. Construction	900	800	770	650	450
b. LERRD	<u>100</u>	<u>200</u>	<u>230</u>	<u>350</u>	<u>550</u>
c. Subtotal	1000	1000	1000	1000	1000
4. Non-Federal Contribution - During Construction					
a. 5% Cash	50	50	50	50	50
b. LERRD	100	200	230	350	550
c. Additional Cash	<u>100</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
d. Subtotal	250	250	280	400	600
e. Adjusted Non-Federal Share					
	250	250	280	400*	500*
- Cash	150	50	50	50	50
- Minimum LERRD at Construction	100	200	230	250	250
- Maximum subject to Repayment** (Up to 15 years)	0	0	0	100	200
5. Non-Federal Contribution - OMRR (All O&M Costs, Including Mitigation, Are Non-Federal)					

* Because of the 30% option under Section 103(a)(4) and the 50% limit on the non-Federal contribution under Section 103(a)(3), the Corps of Engineers may be required to finance that portion of the accomplishment of LERRD that exceeds these amounts.

** Appropriate interest charges (including interest during the construction period) will be added to a deferred payment or to an amount repaid over a period of time. The interest rate shall be determined by the Secretary of Treasury, taking into consideration the average market yields on outstanding marketable obligations of the United States with remaining periods of maturity of one year or equal to the reimbursement period, whichever is greater, during the month preceding the fiscal year in which costs for the construction of the project are first incurred plus a premium of one-eighth of one percentage point for transaction costs. Repayment contracts shall provide for recalculation of the interest rate at five-year intervals.

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FLOOD CONTROL COST SHARING
EXAMPLES OF STRUCTURAL PROJECTS

CECW-RP

	CASE I abc's less than 25%	CASE II abc's equal to 25%	CASE III abc's exceed 25%
1. Basic Project (w/o F&WL Mitigation)			
a. Construction	850	690	380
b. LERRD	<u>80</u>	<u>195</u>	<u>460</u>
c. Subtotal	930	885	840
2. F&WL Mitigation			
a. Construction	50	60	70
b. LERRD	<u>20</u>	<u>55</u>	<u>90</u>
c. Subtotal	70	115	160
3. Total Project			
a. Construction	900	750	450
b. LERRD	<u>100</u>	<u>250</u>	<u>550</u>
c. Subtotal	1000	1000	1000
4. Non-Federal Contribution - During Construction			
a. LERRD	100	250	550
b. Additional Contribution	<u>150</u>	<u>0</u>	<u>0</u>
c. Subtotal	250	250	550
d. Adjusted Contribution	250	250	250*
- Minimum LERRD at Construction	100	250	250
- Maximum subject to Repayment** (Up to 15 years)	150	0	0
5. Non-Federal Contribution - OMRR (All O&M Costs, Including Mitigation, Are Non-Federal)			

* Since non-Federal contribution is limited to 25%, the Corps of Engineers will be required to finance the non-Federal accomplishment of LERRD that exceeds 25% (300) unless non-Federal interests are willing to accomplish the total LERRD and be subsequently reimbursed by the Corps.

** Interest (Section 106 rate) will be added to the amount repaid over time.

Navigation Cost Sharing						
Harbor Improvement Increments		Illustrative Harbor Projects		Inland Waterways		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
≤20'	>20' ≤45'	>45'	Channel from 15' to 25' 1/2	Channel from 42' to 50' 2/2	Trust Fund Appropriations Authorized	No Trust Fund Authorization
1. Basic Project (w/o Mitigation)						
a. Construction	900	900	1800	1800	600	600
b. LERRD	0	50	25	75	100	100
c. Utility Relocation	0	25	25	50	NA	NA
d. Subtotal	900	975	1850	1925	700	700
2. F&W Mitigation						
a. Construction	100	100	200	200	50	50
b. LERRD	0	50	25	75	50	50
c. Utility Relocation	0	0	0	0	NA	NA
d. Subtotal	100	150	225	275	100	100
3. Erosion or Shoaling Prevention						
a. Construction	30	40	70	80	NA	NA
b. LERRD	10	20	25	35	NA	NA
c. Subtotal	30	60	95	115	NA	NA
4. Total Project						
a. Construction	1030	1040	2070	2080	650	650
b. LERRD	10	120	75	185	150	150
c. Utility Relocation	0	25	25	50	NA	NA
d. Subtotal	1040	1185	2170	2315	800	800
5. Non-Federal Contribution during Construction						
a. Construction	103	260	363	780	0	0
b. LERRD	10	65	75	185	0	150
c. Utility Relocation	0	25	25	50	NA	NA
d. Subtotal	113	350	463	1015	0	150
6. Non-Federal Contribution Over 30 years 3/						
a. Additional 10% of Construction less credit for LERRD	93	39	132	23	NA	NA

Navigation Cost Sharing

	Harbor Improvement Increments		Illustrative Harbor Projects		Inland Waterways		
	(1) ≤20'	(2) >20' ≤45'	(3) >45'	(4) Channel from 15' to 25' <u>1/</u>	(5) Channel from 42' to 50' <u>2/</u>	(6) Trust Fund Appropriations Authorized	(7) No Trust Fund Authorization
7. Total OMRR							
a. Project w/o Mitigation	50	80	50	130	130	10	10
b. F&W Mitigation	10	10	10	20	20	10	10
c. LERRD	5	5	5	10	10	4	4
d. Erosion or shoaling prevention	<u>3</u>	<u>6</u>	<u>6</u>	<u>9</u>	<u>12</u>	<u>NA</u>	<u>NA</u>
e. Subtotal	68	101	71	169	172	24	24
8. Non-Federal Contribution - OMRR							
a. Project w/o Mitigation	0	0	25	0	25	0	0
b. F&W Mitigation	0	0	5	0	5	0	0
c. LERRD	5	5	5	10	10	0	4
d. Erosion or shoaling prevention	<u>3</u>	<u>6</u>	<u>6</u>	<u>9</u>	<u>12</u>	<u>NA</u>	<u>NA</u>
e. Subtotal	8	11	41	19	52	0	4

1/ For this illustration, the costs in column (1) are assumed to represent the cost of modifying the project from 15' to 20' plus the costs in column (2) are assumed to represent the costs of modifying the project from 20' to 25'.

2/ For this illustration, the costs in column (2) are assumed to represent the cost of modifying the project from 42' to 45' plus the costs in column (3) are assumed to represent the cost of modifying the project from 45' to 50'. Note that the costs in line 6a are not additive because of the formula for credit for LERRD; Line 6a = (0.10 x line 4a) - line 5b.

3/ See flood control examples for discussion of interest charges and 5-year recalculations that also apply to this repayment.

Note: Interest during construction is not required on the added 10% contribution on harbor improvements.