



DEPARTMENT OF THE ARMY
U.S. ARMY CORPS OF ENGINEERS
441 G STREET, NW
WASHINGTON, DC 20314-1000

REPLY TO
ATTENTION OF

DEC 03 2014

CECW-P

MEMORANDUM FOR Commanders, Pacific Ocean Division and South Atlantic Division

SUBJECT: Implementation Guidance for Section 1032 of the Water Resources Reform and Development Act of 2014 (WRRDA 2014) – Territories of the United States

1. Section 1032 of WRRDA 2014 amends Section 1156 of the Water Resources Development Act of 1986 ("Section 1156") (33 U.S.C. 2310) to provide that the waiver of up to \$200,000 of non-Federal cost-sharing for studies and projects in specified territories of the United States be adjusted to account for inflation from November 17, 1986 to June 10, 2014, the date of enactment of WRRDA 2014. In addition, it adds Puerto Rico as a territory eligible for this waiver of non-Federal cost sharing. A copy of Section 1156, as amended, is enclosed.
2. Adjusted Waiver Amount. Using an inflation factor based on the composite index for the first quarter of FY 1986 and the composite index for the third quarter of FY 2014 contained in the Civil Works Construction Cost Index System guidance dated March 31, 2014 (EM 1110-2-1304) the adjusted waiver amount is \$455,000.
3. Application of the Waiver Amount. Section 1156 applies to American Samoa, Guam, Commonwealth of the Northern Mariana Islands, the Virgin Islands and Puerto Rico. The adjusted waiver amount under Section 1156 will be applied only to those studies for which a Feasibility Cost Sharing Agreement (FCSA) is executed on or after June 10, 2014 and to those projects for which the initial construction contract is awarded on or after June 10, 2014. As applicable, the adjusted waiver amount is separately applied to both study and construction of a project as follows: 1) up to \$455,000 is applied toward the non-Federal sponsor's cash requirement for the study; and, 2) up to \$455,000 is applied toward the non-Federal sponsor's cash requirement for design and construction of the project, including the 5 percent minimum cash contribution required for structural flood damage reduction projects. For the study and for the construction of a project, cost sharing is first calculated using the general cost sharing criteria. Then the non-Federal sponsor's cash requirement is reduced by \$455,000, or to zero if the non-Federal cash requirement is less than \$455,000. If the cash requirement waived for a study is less than \$455,000, the remaining balance of the study waiver is not applied to increase the amount of the waiver applied to construction of the project.
4. Executed FCSAs or Project Partnership Agreements. For studies or projects to which the adjusted waiver amount applies, existing agreements should be amended to adjust the amount of the Section 1156 waiver, or to add waiver language for

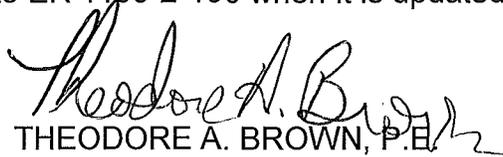
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agreements involving Puerto Rico. Review and approval of an amendment for this purpose is delegated to the MSC Commander and may not be further delegated. The District Commander is authorized to execute the amendment after its approval. Continuing Authority Program model agreements have been updated to reflect the adjusted waiver amount.

5. This guidance will be incorporated into ER 1105-2-100 when it is updated.

Encl


THEODORE A. BROWN, P.E.
Chief, Planning and Policy
Directorate of Civil Works

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Enclosure
Section 1156, as amended

Section 1156 of the Water Resources Development Act of 1986, as amended

- (a) In general. The Secretary shall waive local cost sharing requirements up to \$200,000 for all studies and projects in American Samoa, Guam, the Northern Mariana Islands, the Virgin Islands, Puerto Rico, and the Trust Territory of the Pacific Islands.
- (b) Inflation Adjustment. The Secretary shall adjust the dollar amount specified in subsection (a) for inflation for the period beginning on November 17, 1986, and ending on the date of enactment of this subsection.