Thank you for the opportunity to comment on the March 22, 2013 “Draft Interagency Guidelines for Implementing the Principles and Requirements.” Since National Association of Flood and Stormwater Management Agencies (NAFSMA) members are active local sponsors, partner with the federal government on flood risk management, ecosystem restoration and flood risk mitigation projects, and/or manage stormwater management programs, they will be working directly with the Corps of Engineers, the Federal Emergency Management Agency and the U.S. Environmental Protection Agency in applying the updated Principles and Requirements to identify and implement future joint projects to reduce flood and stormwater risks in their localities. Many NAFSMA member organizations have experience with planning and implementing projects and programs that balance multiple objectives, actively engage stakeholders and the community, and have actual experience with federal agencies and requirements on water resource projects.

NAFSMA commends the federal water resource agencies under the direction of CEQ for moving forward with updating the Principles and Requirements to help our nation address challenging water resource issues for many years to come. The next step, developing clear and practical Interagency Guidelines for a variety of federal agencies to follow is both essential and challenging. A statement in the Administration’s March 22, 2013 press release on the Updated Principles and Guidelines for Federal Investments in Water Resources stated an excellent goal for the Interagency Guidelines and Agency-Specific Guidelines. That statement was: “These Guidelines will ensure smart, front-end, collaborative planning among Federal agencies, states, local communities, stakeholders, and the public so that projects move faster, stay on budget, and support community needs.”

NAFSMA would like to thank CEQ and the federal water resource agencies for considering our previous comments and recommendations and incorporating many of them. NAFSMA supports and agrees with much of the March 22 draft Interagency Guidelines, although there are some areas where clarifications or changes are needed so federal and non-federal partners can work together efficiently to identify and implement successful water resource projects.

- **NAFSMA recommends the Interagency Guidelines acknowledge and emphasize the critical role of the non-federal or local partner.**

  For Corps of Engineers, EPA and FEMA projects and programs, the non-federal partner’s funding, local knowledge, experience, expertise, and relationship with the community are critical to the project’s or program’s success. Although the Collaboration section in the Principles and Requirements recognizes the importance of State, Tribal, and local governments, it does not clearly recognize the role of the non-federal partner, which is not the same as a stakeholder.
- **NAFSMA recommends that the Interagency Guidelines recognize the difficulty in analyzing, measuring, evaluating, and balancing the complex interdependencies between the economic, environmental, public safety, and social factors of a potential alternative by acknowledging that agencies will need to limit the cost, time, level of detail, etc. and/or establish a transition period to establish methodologies, approaches, and techniques before full implementation of the Principles and Requirements.**

  The alternatives evaluation process described and required in the draft Interagency Guidelines is explained well, but the result is likely to be a planning process that is even longer, more expensive, and more complex than it is now. Historically, implementation guidance and application grows more complex, time-consuming, and expensive without increasing the quality of the project. Currently, it is very difficult to complete a Corps of Engineers study in a reasonable time and at a reasonable cost. The level of complexity proposed in the Interagency Guidelines procedure will paralyze the Corps of Engineers and its non-federal partners carrying out Corps-partnered flood risk management projects.

  The Administration recognizes in the Principles and Requirements that “Existing techniques, including traditional benefit costs analysis, are capable of valuing a subset of the full range of services, and over time, as new methods are developed, it is expected that a more robust ecosystem services based evaluation framework will emerge.” In order for studies and projects to “…move faster, stay on budget, and support community needs”, agencies and non-federal or local partners need a defined transition period to establish both simplified and full analysis methods and techniques, as well as establish interagency concurrence and procedures. One approach is to use a variety of pilot projects during this transition period.

- **NAFSMA requests confirmation that all projects non-federal partners implement with FEMA’s mitigation grant funds are classified as program level and not project level. NAFSMA also requests that projects funded through EPA programs, such as the Section 319 nonpoint source projects, also be classified as program level.**

  FEMA’s mitigation programs have resulted in substantial reductions in house flooding and impacts to communities across the Nation. The same is true of EPA water quality, source water protection and other programs. The application and implementation processes set forth by both agencies are reasonable. Non-federal partners do not want these existing processes to become as time-consuming and burdensome as the current Corps of Engineers study and planning process.

- **NAFSMA recommends the Implementation Cost in the Baseline Threshold Criteria in Table 1 (Section 3.b.) differentiating between a full project analysis and simplified project analysis be increased from $20 million to at least $50 million; and the Baseline Threshold Criteria in Tables 1 and 2 between exclusion from analysis and simplified analysis be increased from $10 million to $20 million.**

  Project costs don’t necessarily reflect the complexity or potential impact of a project or local program. A higher cost threshold with the option to use a full project analysis is more in line with the Administration’s stated goal - “These Guidelines will ensure smart, front-end, collaborative planning among Federal agencies, states, local communities, stakeholders, and the public so that projects move faster, stay on budget, and support community needs.”
• NAFSMA recommends including procedures to adjust the Baseline Threshold Criteria in Tables 1 and 2 (Section 3.b.) for inflation.

NAFSMA commends CEQ for recognizing that the Interagency Guidelines are to be updated regularly. However, federal guidance may endure longer than anticipated and adjustments to financial thresholds would be valuable in keeping the document relevant.

• NAFSMA recommends excluding operations and maintenance activities of existing facilities from P&R analysis (Section 3.b.).

The maintenance of existing facilities is basic requirement of existing assets and should not be required undergo additional analysis. NAFSMA recognizes that major rehabilitation or proposals that change the nature or purpose of a facility would warrant P&R analysis, but should be treated as an exception.

• NAFSMA recommends the Interagency Guidelines take effect for new projects or programs after the Agency-Specific Procedures are completed and issued (Section 2).

The draft Interagency Guidelines state they “shall apply to relevant investment decision activities which have commenced 180 days after date of issuance ...”. It is likely some or all federal agencies will take longer than 180 days to develop their agency specific procedures. In fact, some agencies may not have adequate resources (funding and staff) to develop their specific procedures especially under the current sequestration requirements. In addition, the Corps of Engineers is currently prohibited to expend funds to develop or implement rules or guidance for the Principles and Requirements finalized in FY2013 (See Energy and Water Development Appropriations Act, 2012 Conference Committee Report). Without the initial procedures, it will be difficult to begin to apply the new Principles and Requirements to a project or program.

• NAFSMA requests the opportunity to be actively involved in the development of the agency specific procedures that directly affect the federal projects and programs that require non-federal and local partners.

The Corps of Engineers, FEMA, EPA, and other agencies’ specific procedures will have a direct impact on the federal government’s funding, technical, and legal non-federal and local partners. Non-federal and local partner involvement is critically important in order to meet the stated goal of the Administration, “These Guidelines will ensure smart, front-end, collaborative planning among Federal agencies, states, local communities, stakeholders, and the public so that projects move faster, stay on budget, and support community needs.”

• NAFSMA recommends that the federal agencies develop specific budget prioritization guidelines in conjunction with the Office of Management and Budget while the agency specific procedures are being developed.

NAFSMA members understand the differences between project authorizations and appropriations, and that the federal planning process for identifying projects should not be constrained by budgeting and appropriation considerations. However, since the new Principles and Requirements require analyzing, measuring, evaluating, and balancing the complex interdependencies between the economic, environmental, public safety, and social factors of potential alternatives and selecting the recommend alternative, it will be more difficult to prioritize projects for federal funding. In addition, knowing the budget priority guidelines will help the study team to narrow down the multitude of potential factors and parameters to those that are critical in determining if there is a federal investment interest.
Thank you again for the opportunity to share NAFSMA’s comments and recommendations with the CEQ and federal water resource agencies. NAFSMA is ready to discuss our comments or provide additional feedback.

For additional information, please contact NAFSMA Executive Director Susan Gilson at sgilson@nafsma.org or 202-289-8625.