

Final LCR MSCP Program Decision Document: 08-001
October 24, 2007
Subject: In-kind Credit for Goods and Services

The Funding and Management Agreement (FMA) provides the ability for Parties, who are signatory to the FMA to obtain credit for providing In-kind Goods or Services to the MSCP Program. The FMA defines In-Kind Goods or Services as “contributed time and effort, real and personal property, and goods and services to include but not limited to: land conservation easements, capital improvements, water and professional technical services” (FMA 3.26).

The purpose of this program decision document is to outline the process for determining in-kind credit for goods and services. Goods and services that can be provided as in-kind credit can include construction and maintenance services, site operations, research and monitoring services, or restoration development services. The process for determining in-kind credit for land and water is documented in Program Decision Document 06-001.

The FMA states that the contribution of In-Kind Goods or Services shall be credited to a Party only to the extent agreed by the Program Manager and the Steering Committee (FMA 8.7.4). A Party will identify its interest in seeking in-kind credit for goods and services as part of the annual work plan process. Once the draft work plan is released in April, a party will notify Reclamation of its interest in performing a service for the following year. Reclamation will then work with the party in establishing a scope of work, agreed to costs, and performance requirements. The value of in-kind credit for goods and services will be based on the actual cost for the service or a government cost estimate, whichever is lower. For scopes of work under \$100,000, the program manager will have the ability to approve the in-kind credit for services. Requests for in-kind credit for goods and services over \$100,000 will be approved by the Steering Committee. For short term needs, such as use of heavy equipment, Reclamation will establish, in advance, regional service agreements with interested entities. These regional service agreements will include established labor and equipment rates. Reclamation will access these services on an as needed basis.

A schedule determining when credit for in-kind goods and services will be applied to a Party’s funding obligation shall be part of the agreement by the Program Manager and the Steering Committee (FMA 8.7.4). At the end of the fiscal year in which the work is performed, the entity will submit to Reclamation documentation of expenditures as outlined by Reclamation Memorandum “Criteria and Procedures for Reviewing Cost-Share Agreements on Reclamation Projects” dated November 17, 1999 and OMB Circular’s 87, 21, 122, and 133. Reclamation will review the costs, and if appropriate, financial credit for the work will be included in the Annual Accomplishment Report for that year. In-kind credit will be given in the year in which the service is performed. An entity will also provide its required cash contribution for that year. In-Kind Credits will be used in the following year and an entity’s cash contribution will be reduced by that amount. Credits greater than the amount of the annual contribution may be carried forward up to five years as agreed to by the Program Manager, or longer with Steering

Committee approval. Credits for in-kind goods and services will be consistent with each States internal cost-share agreements (i.e. For Arizona – Arizona Trust Indenture and Joint Payment Agreement).

The value of in-kind credit will be adjusted for inflation based on the process outlined in 8.1.1 of the FMA. The in-kind credit may not be applied to another Party. Annual reporting and auditing requirements are outlined in OMB Circular's 87, 21, 122, and 133.

This program decision document will be reviewed in five years.

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ACE I. ROBISON, *Vice Chairman*
GEORGE M. CAAN, *Executive Director*

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**COLORADO RIVER COMMISSION
OF NEVADA**

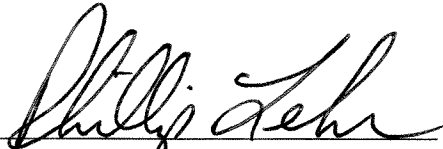
October 15, 2007

MEMORANDUM

To: Lower Colorado River Multi-Species Program Steering Committee
From: Phillip Lehr, Ad Hoc LCR MSCP In-Kind Credit Work Group
Re: Program Decision Document 08-001

The In-Kind Credit Work Group met in Las Vegas on February 12, 2007 to discuss the background for issues and concepts to be included in a draft program decision document regarding in-kind credit for goods and services. Program Decision Document 06-001, which memorialized in-kind credit for land and water, was adopted by the Steering Committee on April 26, 2006. The Program Manager provided a draft program decision document for goods and services to the Work Group for review on September 21, 2007 and a Work Group conference call was held on October 10, 2007.

Based on the October 10, 2007 conference call and the subsequent revised draft, all issues raised by those commenting on the draft program decision document for goods and services have been addressed. The In-Kind Credit Work Group recommends adoption of Program Decision Document 08-001, In-Kind Credit for Goods and Services, by the LCR MSCP Steering Committee.



Phillip Lehr