

CHAPTER 12 - CHALLENGE COST SHARING PROGRAM

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

12-2. Background. The challenge cost-sharing program, authorized by Section 225 of the Water Resources Development Act of 1992, provides opportunities for public and non-Federal 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 managing recreation facilities and natural resources.

12-3. Guidance.

a. A sample financial work sheet that itemizes the monetary value of each party's contribution is in Appendix T and will be completed as part of the agreement. A sample challenge cost-sharing agreement is included in Appendix U.

b. Discretion to Decline. Challenge cost-sharing opportunities may, due to the nature of the proposal; its use; conditions imposed; profit motive or the character or notoriety of the contributor; appearance contrary to, compromising or inconsistent with the laws, regulations, purposes, principles, integrity, standing, or reputation of the Corps of Engineers, the United States Army or the Government, be declined at the discretion of the Commander or a designated representative. Challenge cost-sharing opportunities that would create or give the appearance of a conflict of interest or have conditions inconsistent with the Corps mission must be declined.

c. Services. Services that the partner performs as a part of the challenge cost-sharing program are to 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 labor cost will be used.

d. Materials and Equipment. The value of materials and equipment should be determined using the local market value of comparable items for purchase, or rent if for short-term use.

e. Operation of Vehicles, Vessels and Equipment. Partners may be authorized to operate Government-owned or leased vehicles, vessels or other equipment if deemed appropriate and beneficial. In such cases, the same licensing policies and procedures that apply to Corps personnel in similar situations will apply to partners. Partners who are assigned to operate machinery or equipment (such as chain saws, power shop tools, or specialized equipment) must first have demonstrated proficiency in the operation of that equipment and understanding of safety requirements to the satisfaction of the Corps.

f. Safety. All safety rules and regulations apply to work accomplished with challenge cost-sharing agreements. Safety training provided to Corps personnel will also be provided to partners performing services, including review of the "Activity Hazard Analysis." Injuries to partners performing services will be reported in the same manner as those involving Corps personnel. The reporting procedures will be the same except that item 17 on ENG Form 3394, U.S. Army Corps of Engineers Accident Investigation Report, will be checked "other - partner."

g. **Quality of Work.** Challenge cost sharing agreements are a means of completing a task. These accomplishments will be of the same quality as if carried out under any other Corps program. Challenge cost-sharing agreements should be administered according to good business practices and sound financial controls. The activities and products should be inspected, and the schedule and specifications monitored, to assure that they are accomplished as indicated in the agreement.

h. **Tax Information.** The Corps does not provide tax advice. If solicited, Corps representatives should suggest partners consult their tax advisors to determine if their share of a challenge cost-sharing agreement is charitable for tax purposes or deductible for any other reason.

i. **Procurement and Contracting Requirements.** Challenge cost-sharing agreements will not be used as a substitute for contracts or procurements subject to the Federal Acquisition Regulations and other applicable procurement statutes and regulations.

12-4. Accounting and Reports.

a. **Revenue.** Revenue collected from challenge cost-sharing partners will be deposited into account 96x8862 of the U.S. Treasury according to the requirements outlined in ER 37-2-10, Chapter 4. ENG Form 3313 (Remittance Register) or DD Form 1131 and a copy of the SF 215 (Deposit Ticket) are the authorized forms for transmittal to the finance and accounting officer.

b. **Funds Availability.** These funds are immediately available to the collecting installation for obligation and expenditure without further action by HQUSACE after the confirmed receipt is received from the Federal Reserve Board. All funds will be disbursed under the same standards of accountability as appropriated funds.

c. **Accepting Officials.** Appointment of authorized collectors and accepting officials for receiving funds from challenge cost-sharing agreements must be made in writing by the Finance and Accounting Officer in accordance with ER 37-2-10, Chapter 4.

d. **Reports.** Each water resources project office will maintain accurate records on challenge cost-sharing agreements according to ER 37-2-10 and Chapter 12 of ER 1130-2-550. Reports will consist of the name of the partner(s), the project undertaken, the total amount of challenge cost-sharing agreements, the partners' amount, and the Corps amount. This information will be reported annually via the Natural Resources Management System (RCS: CECW-0-39). Divisions or districts may require more frequent reports of greater detail.

12-5. Promotion. The Corps may encourage participation in the challenge cost-sharing program by informing prospective partners of the opportunities that are available. Potential participants include non-Federal public and private entities such as civic organizations, conservation clubs, cooperating associations, local businesses, universities, corporations, state and local governments, and individuals.

12-6. Recognition.

a. **Recognition.** The Corps will express its appreciation in a manner consistent with the mission and goals of the Corps and the standards of ethical conduct. This may include letters or certificates of appreciation, (ENG Form 4883-R or a locally designed certificate), news releases, photo opportunities, ribbon cutting ceremonies, articles in the project news briefs, or other appropriate means.

b. Recognition will avoid any suggestion of commercialization, advertising, or endorsement of a product, service, or organization. Corps personnel may recommend exceptional partners to HQUSACE (CECW-ON) for possible special recognition.

c. On-site Recognition. On-site recognition that might clutter, detract or interfere with the scenic value of the environment or project facilities is not permitted. An honor roll of challenge cost-share partners may be placed in the project visitor center. Other on-site recognition may be done on a limited basis to provide recognition for special partners. This on-site recognition may be a small plaque, marker, or sign that blends with the environment and project facilities.

d. Partner's Publicity. 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.