

Comprehensive Documentation of Benefits Frequently Asked Questions (FAQs)

PURPOSE: The FAQs are a living document, intended to:

- (1) Emphasize or clarify key points of policy as stated in the ASA(CW) Memorandum, SUBJECT: POLICY DIRECTIVE – Comprehensive Documentation of Benefits in Decision Document (5 January 2021; Attachment 1), and
- (2) Address commonly asked questions regarding how the Corps is approaching implementation of this guidance during feasibility study development and Vertical Team review, and
- (3) Comply with the vision set forth by the Honorable Michael Connor, ASA(CW), May 2022.

The FAQs seek to align with the ASA(CW) Civil Works Vision and are not a modification or supplementation of the ASA(CW) Memorandum (a.k.a. Comp Benefits Memo).

Respectfully,

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CIVIL WORKS VISION

“My vision for the future is driven by a sense of urgency. I’d like the Army Corps, a capable and talented organization, to be innovative in developing new strategies and to build climate resilience to better protect and prepare communities for some of the challenges they’re facing. We need to take advantage of nature-based infrastructure and figure out how we can bring multiple benefits to our projects so that we’re not just doing flood risk and coastal storm management but are also helping to further environmental restoration and even augment water supply where we can.”

Hon. Michael Connor, May 2022

ACRONYMS

ASA(CW)	Assistant Secretary of the Army (Civil Works)
CSRM	Coastal Storm Risk Management
EQ	Environmental Quality
FRM	Flood Risk Management
LPP	Locally Preferred Plan
NED	National Economic Development
NER	National Ecosystem Restoration
OSE	Other Social Effects
PDT	Project Delivery Team
RECONS	Regional Economic System
RED	Regional Economic Development

Q1: Are PDTs required to specifically formulate for a plan “that maximizes net total benefits across all benefit categories” ?

A1: YES. Paragraph 5g of the policy directive states: *“Each study must include...a plan that maximizes net total benefits across all benefit categories.”* A comprehensive plan formulation strategy should include objectives for the NED, RED, EQ, and OSE accounts with focus on *“addressing the identified problems and meeting study objectives, including those responsive to national, state and local concerns”* (paragraph 5b, Comp Benefits Memo). Where historically our primary objective would be to maximize net benefits in the NED account, the Comp Benefits Memo directs us to identify and analyze benefits *“equally across a full array of benefit categories”* (paragraph 4, Comp Benefits Memo).

However, formulating for a plan that maximizes net total benefits across all benefit categories does not mean having a specific study objective to maximize net benefits. In practice, it may be difficult to formulate around objectives to maximize net benefits, in total, across all benefit categories, given that net benefits could increase indefinitely in certain categories. For instance, RED net benefits based on construction costs will continue to increase as construction costs increase, meaning that there generally is not a “cap” on net benefits. Therefore, in order to formulate for a plan that maximizes net total benefits, PDTs should identify comprehensive benefits that *“use plan formulation strategies that emphasize the economy (national and regional), society and communities, and the environment alone or in combination to develop a reasonable array of alternative plans”*, (paragraph 5b, Comp Benefits Memo), and from that array identify the final array of alternatives.

The key point is that if non-NED objectives are going to be relevant to the decision-making, they usually should be explicitly identified and formulated early in the study (by the Alternatives Milestone Meeting), and not added on later in the process, in an attempt to justify a non-NED/NER plan. It may be that objectives need to be modified or added after the Alternatives Milestone Meeting based on additional information gained

during the course of the study. If objectives are added or modified, then the PDT may need to revisit whether sufficient alternatives to address that objective have already been developed or consider if additional formulation is needed.

Q2: Are studies required to recommend the plan “that maximizes net total benefits across all benefit categories”?

A2: NO. The Comp Benefits Memo only requires identification of a plan that maximizes net total benefits across all benefit categories (paragraph 5g, Comp Benefits Memo), another plan can still be recommended, if properly justified.

Q3: Is an exception from the ASA(CW) still required if a plan other than NED or NER is being recommended?

A3: YES. The Comp Benefits requirement does not change the criteria from the Principles, Requirements and Guidelines that the NED/NER Plan be recommended, unless the Secretary grants an exception (paragraph 7c, Comp Benefits Memo). This applies to pre- and post-authorization decision documents (reports), as well as other decision documents approved under delegated authorities.

Q4: If the plan “that maximizes net total benefits across all benefit categories” is the recommended plan, is it still subject to Federal cost-sharing, as authorized for that study and in accordance with guidance?

A4: YES. It is possible that the plan that maximizes net total benefits across all benefit categories could also be the NED/NER plan, or it could also be a Locally Preferred Plan (LPP) (paragraph 5g.(5), Comp Benefits Memo), or it could be a different plan from the NED/NER Plan or LPP.

If the plan that maximizes net total benefits across all benefit categories is also the NED/NER plan, then cost-sharing, as authorized for the study, would apply.

If the plan that maximizes net total benefits across all benefit categories is also the LPP, then LPP cost-sharing would apply, that is, the non-federal sponsor pays 100% of costs over the NED/NER or other plan identified as having federal interest.

In any case, recommendation of a non-NED/NER plan (either as a LPP or as non-NED/NER plan with federal interest) would require an exception from the ASA(CW) (paragraph 7c, Comp Benefits Memo).

Q5: How is it determined if a plan that maximizes net total benefits across all benefit categories has federal interest, if it is not already the NED/NER plan?

A5: Publication ER 1105-2-100, Appendix E, specifies how to establish federal interest. Within USACE, “federal interest” for a NED/NER plan is confirmed by the MSC Commander, Director of Civil Works, and Chief of Engineers. LPPs and non-NED/NER plans are approved by ASA(CW).

While there is not a definitive set of criteria that is applied when identifying if a plan has federal interest, it is important to recognize that although all benefit categories are used in terms of calculating comprehensive benefits, that does not mean all benefit categories are considered equally when determining the level of federal interest. For instance, benefits in the RED account may not be sufficient basis for recommending an alternative as having federal interest, rather than as a LPP. Benefits that are being realized based on local preferences or constraints, but that are not consistent with Federal policies, may also point to a plan being a LPP vs a plan with federal interest.

It is incumbent on the PDT to demonstrate a clear justification for the federal interest in the benefits being claimed as part of the recommended plan, coordinate that closely with the Vertical Team, and present their analyses and conclusions to decision-makers to be carried forward in the study or eliminated from further consideration. If appropriate, the information would be included as part of the exception request to the ASA(CW). Ultimately, it is the ASA(CW) who would make the decision as to whether a non-NED/NER plan would have federal interest.

Q6: How do we determine which plan maximizes net benefits across all benefit categories?

A6. There is not one approved or acceptable method for determining which plan maximizes net benefits across all benefit categories. The PDT should engage with the Vertical Team early in the study to come to alignment on 1) if/how net benefits will be measured in the different accounts, and 2) if/how benefits will be combined across accounts. This should occur prior to the Alternatives Milestone Meeting and is an essential part of study scoping. The agreed upon methodologies should be used as the basis for evaluating an initial array of alternatives and arriving at the required final array of alternatives and ultimately recommending a plan.

While there is not one approved method for determining the plan that maximizes net benefits across all benefit categories, there are lessons learned. One example that has been seen for combining benefits across categories is to rank alternatives in each of the four accounts (NED/NER, RED, EQ, OSE), give each alternative a score based on the ranking (for example, if there are 4 alternatives giving the highest scoring one a 4,

second highest a 3, etc), and then add those scores together, with the highest scoring alternative being the one that maximizes net benefits across all benefit categories. The problem with this simple approach is that it does not consider the magnitude of differences between alternatives within a particular account – for instance, under this approach a small difference between the top two alternatives in one account would be treated the same as a large difference between the top two alternative in another account. However, it is anticipated that PDTs may develop study-specific methodologies for discerning the significance of different levels of expected performance.

In calculating net benefits, PDTs must consider trade-offs both within an account (e.g., is an increase in life safety at the expense of community cohesion a net benefit in the OSE account?) and between accounts (e.g., is an increase in environmental quality at the expense of NED benefits a net overall benefit)? ER1105-2-100, Appendix E, and the Trade-Off Analysis Planning and Procedures Guidebook (IWR 02-R-2, April 2002) provides information on trade-off analyses.

Regardless of the approach, the Comp Benefits Memo requires that any non-standard procedures being used to “support complete and commensurate evaluation of all benefit types and enable an assessment of the total benefits associated with any plan including total benefits across all categories of benefits” requires approval of the ASA(CW) (paragraph 7f, Comp Benefits Memo).

Q7: When do benefits need to be quantified, and when is a qualitative assessment sufficient?

A7: The Comp Benefits Memo provides specific guidance on quantitative and qualitative assessments, and states that “the level of analysis will vary based on the magnitude of the change, its relevance to decision-making, and the availability of data, tools, and procedures to quantify or monetize the benefit or impact” (paragraphs 4 and 6a-c). NED/NER benefits will continue to be quantified. Benefits for which there are existing and approved tools for measuring (e.g. RED benefits using RECONS) should generally be quantified. For other benefit categories, the key item to coordinate early in the study with the Vertical Team is the “relevance to decision-making”.

Specifically, Comp Benefits Memo, paragraph 5c, states,

All USACE planning study PDTs must evaluate and provide a complete accounting, consideration and documentation of the total benefits of alternative plans across all benefit categories. Total benefits involve a summation of monetized and/or quantified benefits, along with a complete accounting of qualitative benefits, for project alternatives across national and regional economic, environmental and social benefit categories.

Factors to consider in this regard are the magnitude of anticipated change in the benefit, whether the benefit will be measurably different across alternatives, and whether the analysis will be used to justify and recommend a plan that would involve increased expenditure of Federal dollars as compared to the NED/NER plan. Generally, an empirical analysis would be expected for the benefit category(ies) that are being used to make this justification. However, empirical does not necessarily mean monetization of benefits. For instance, if we are recommending a plan on the basis of life safety, we can quantify the reduction in average annual life loss that the plan would provide, but there is no requirement to calculate the monetary value of a life loss.

Q8: Does the Comp Benefits Memo allow teams to formulate measures or alternatives for a project beyond the study's authorized purpose?

A8: NO. The Comp Benefits Memo does not change study authorization or purposes; therefore, measures and alternatives that are formulated must be consistent with the authorized study purpose(s) and address the study objectives, including objectives for each of the four accounts. For instance, PDTs would not formulate measures or alternatives specifically for an Ecosystem Restoration purpose in a single purpose FRM study. This does not mean in a FRM study, we cannot have study objectives related to other benefit categories (providing environmental or social benefits for instance), if the measures formulated to meet these objectives also address the authorized FRM purpose. Per the Comp Benefits Memo (paragraph 5b), "*Consideration of state and local objectives in concert with national objectives necessitates the inclusion and assessment of a broad range of benefits... "*

Q9: Are Ecosystem Restoration projects required to measure benefits in the NED account?

A9: IT DEPENDS. Similar to the other accounts, PDTs are required to consider whether there are NED effects generated by the final array of alternatives, and the recommended plan and results appropriately displayed in the report. Although, ER 1105-2-100 states that the Federal Objective under Ecosystem Restoration is maximizing NER, rather than NED outputs, PDTs should assess the NED account both in terms of the project costs and benefits. In performing this analysis, PDTs should discuss and align with the Vertical Team as to whether the level of effort being proposed to evaluate NED benefits is commensurate with the relevance of NED benefits to the decision-making for that study.

Q10: Is a non-structural alternative required to be in the final array of alternatives for CSR studies?

A10: NO. However, the Comp Benefits Memo requires that a non-structural plan must be included in the final array for FRM studies (paragraph 5g.4). FRM and CSR are distinct project authorities, subject to different policies and laws. Therefore, unless otherwise indicated, policies applicable to FRM projects do not automatically apply to CSR projects, and vice-versa. However, CSR studies must give equal consideration to non-structural measures and alternatives, even if they are not ultimately included in the final array of alternatives.

Q11: Where a non-structural plan is required in the final array of alternatives, does that plan have to consist entirely of non-structural measures?

A11: NO. Alternatives may consist of combinations of non-structural and structural measures. Per ER 1105-2-100, nonstructural measures must be given equal consideration as structural measures. If the PDT believes that a plan consisting of structural and non-structural alternatives should be recommended instead of an entirely non-structural plan, the recommendation and supporting analysis must be discussed with the Vertical Team on a case-by-case basis.

Q12: How are benefits measured in the EQ account, if the project is not providing environmental benefits?

A12: From ER 1105-2-100, page C-2: Provisions for environmental considerations are integrated throughout the Principles and Guidelines, and are specifically addressed in discussions of the EQ Account (Section 7 of the Principles and Chapter II, Section 1.7.3, of the Guidelines) and the EQ Procedures (Chapter III of the Guidelines). The EQ procedures should be applied early in the planning process so that the significant natural and cultural resources of the study area can be identified and inventoried, used in developing planning objectives, and accommodated in a reasonable set of alternative plans, which achieve the planning objectives.

The EQ account is not the same as NER benefits, even though NER benefits can be included as part of the EQ account. Ecosystem restoration projects must still separately evaluate alternatives in the EQ account. NER evaluation specifically measures non-monetary benefits to habitat resulting from ecosystem restoration, while the EQ account considers broader effects on significant natural and cultural resources.

For the EQ account, PDTs may utilize an ecosystem services analysis to identify and quantify (including monetize, if appropriate) the environmental effects of alternatives. The approach for evaluating ecosystem services must be endorsed by the Vertical Team, and should include characterizing uncertainties and risks attributable to each ecosystem service to be enumerated. In addition, environmental benefits of an alternative could also be measured in terms of lesser degree of impact to a resource as compared to other alternatives.

In calculating EQ benefits, the effects of mitigation should be fully considered. For instance, two alternatives may have differing levels of impact on a resource prior to mitigation, but once mitigation is considered, the net impacts on that resource from the alternatives may be the same. In that case, the net benefits under the EQ account may be identical for the two alternatives; however, a higher mitigation cost for one alternative over the other would be reflected in the NED account and cost estimates. The PDT must avoid double counting benefits across the different accounts (paragraph 5d, Comp Benefits Memo).
