

# Section 902 Analysis Certified Tool

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## 1.0 References

Section 902 of the Water Resources Development Act (WRDA) 1986

Section 106 of the Energy and Water Appropriations Act of 1997

ER 1105-2-100, Appendix G

EM 1110-2-1304 Civil Works Construction Cost Index System (CWCCCIS)

Bureau of Labor and Statistics (BLS) - Consumer Price Index Series ID: CUUR0000SEHA

## 2.0 Background

*What is the 902 Limit?*

Section 902 of the Water Resources Development Act (WRDA) of 1986 defines the maximum amount that a project may cost. This is often called the 902 Limit or Project Cost Cap. It is, “The maximum project cost limit imposed by Section 902 is a numerical value specified by law which must be computed in a legal manner (ER 1105-2-100 Appendix G).”

*What is included in the 902 Limit?*

“The maximum project cost includes the authorized cost (adjusted for inflation), the current cost of any studies, modifications, and action authorized by WRDA '86 or any later law, and 20 percent of the authorized cost (without adjustment for inflation). The cost of modifications required by law is to be kept separate and added to other allowable costs. These three components equal the maximum project cost allowed by section 902.”

## 3.0 Input Requirements

The following data will be required in order to calculate a 902 limit calculation within the spreadsheet. It will be entered in the ‘Instructions’ tab:

- 1/ All authorization language pertaining to the project or program;
- 2/ Project Name (**Enter in Cell C20**);
- 3/ Date 902 Limit calculation is prepared (**Enter in Cell C21**);
- 4/ Total authorized cost (**Enter as Thousands (000's) in Cell C23**);
- 5/ Authorized cost of construction (**Enter as Thousands (000's) in Cell C24**);
- 6/ Enter authorized cost of real estate (**Enter as Thousands (000's) in Cell C25**);
- 7/ Enter Date of Authorized Price Level (**Enter as MM/DD/YYYY IN Cell C26**);
- 8/ Enter first year of any expenditure on the project (**Enter as MM/DD/YYYY in Cell C27**);
- 9/ Enter current cost estimate (**Enter as Thousands (000's) in Cell C29**);
- 10/ Enter current cost of construction (**Enter as Thousands (000's) in Cell C30**);
- 11/ Enter current cost of Real Estate (**Enter as Thousands (000's) in Cell C31**);

- 12/ Enter current fully funded cost estimate (Enter as Thousands (000's) in Cell C32);
- 13/ Enter Date of Current Price Level (Enter as MM//DD/YYYY in cell C33);
- 14/ Enter costs of modifications specified by law (Enter as Thousands (000's) in Cell C35);
- 15/ Enter project purpose from drop down menu (Enter in Cell C37);
- 16/ Enter date of EM 1110-2-1304 used (Enter in Cell C39);
- 17/ Enter type of CWCCIS used (Enter in Cell C40);
- 18/ Enter date of Real Estate Index used (Enter in Cell C41);
- 19/ Enter type of Real Estate Index used (Enter in Cell C42);
- 20/ Enter CWCCIS Index values for appropriate FY's (Enter in Cells B49 to B99 as appropriate);
- 21/ Enter Real Estate Index values for appropriate FY's - BLS Consumer Price Index Series ID CUUR0000SEHA (Enter in Cells C49 to C99 as appropriate);
- 22/ Enter construction expenditures (Enter as Thousands (000's) in Cells F49 F104 as appropriate);
- 23/ Enter real estate expenditures - typically this falls under the 01 Lands and Damages Cost Account - (Enter as Thousands (000's) in Cells G49 to G104 as appropriate).

## **Appendix A - Common Scenarios**

When calculating the total project cost cap, or 902 limit, no one single scenario will apply to all projects. This is because there is no one way for a project to be authorized. A project may be authorized as a program cost cap limit, authorized in multiple laws, authorized in multiple increments, authorized prior to WRDA 1986, and so on. Under any scenario you encounter, the mathematical computations are the same. What will change from scenario to scenario are the assumptions that are used to set up those mathematical computations. Below are some common scenarios that may be encountered, although they do not define all of the possible scenarios. It is prudent to contact District Counsel, Major Subordinate Command (MSC), or Headquarters USACE if help defining the inputs is needed.

### ***Scenario 1 – Entire Project is Authorized prior to WRDA 1986***

If a project was authorized prior to WRDA 1986 and no subsequent authorization pertaining to the project, the 902 limit may not apply. If it is believed that this scenario applies, District Counsel should be involved to concur with the determination.

### ***Scenario 2 – A Portion of the Project Authorization is Pre-WRDA 1986 Authorization***

If a project was authorized prior to WRDA 1986 and separable elements were authorized in WRDA 1986 or after, then those portions authorized *in or after* WRDA 1986 *are* subject to the 902 Limit. It will be necessary to separate the costs of those project elements subject to the 902 Limit in order to calculate the cost cap.

### ***Scenario 3 - Authorization covered under a single Law***

If all of the authorization(s) are after WRDA 1986 and fall under a single Law, i.e. there are no subsequent laws after the initial authorization, then the cost from that law is the 902 Limit and all inflation is based on the year the law was passed.

Example: Section 1 of WRDA 1987 authorizes Project A to be constructed for \$1 million dollars. There are no other authorizations for Project A after WRDA 1987, thus Section 1 of WRDA 1987 is the only law that applies to Project A. The 902 Limit for Project A is \$1 million plus 20% plus inflation from 1987.

### ***Scenario 4 – Coastal Storm Damage Reduction Projects***

Coastal Storm Damage Reduction (CSDR) projects are different from all other types of Corps projects with regard to the 902 Limit because periodic nourishments are considered continuing construction. For this reason, there are TWO 902 limits for CSDR projects. The 902 limit for initial construction is calculated the same as any other project. The 902 Limit for the periodic nourishments (also called renourishments) is calculated using the specified total periodic nourishment cost as specified by law, the periodic nourishment costs expended, the current cost of all remaining periodic nourishments, and the fully funded cost of all remaining periodic nourishments. It is important to contact someone at the MSC or Headquarters if the user does not have experience with these types of 902 calculations.