



# United States Department of the Interior

BUREAU OF RECLAMATION  
Washington, DC 20240



JUL 18 2008

IN REPLY REFER TO:

96-42020  
ADM-1.10

## MEMORANDUM

To: Commissioner  
Attn: 96-00000  
Directors  
Attn: 86-60000, 86-68000  
Regional Directors  
Attn: PN-1000, MP-100, LC-1000, UC-100, GP-1000

From: Robert W. Johnson  
Commissioner  
**Acting For**

Subject: Decision Regarding Team Recommendation for *Managing for Excellence* Action Item 13, Alternatives for Funding Engineering and Design Work

I have reviewed the final report of Team 13, dated May 2008, and the "Decision Document" for Action Item 13 (copy attached). I hereby approve the recommendation of Team 13 as set forth in the attached "Decision Document." Therefore, no changes will be made at this time in the manner in which Reclamation funds engineering and design work.

Attachment

cc: Attn: 91-10000, 92-00000, 94-00000, 94-30000, 96-40000  
Directors, Attn: 84-20000, 84-40000, 84-50000, 84-21000, 84-27000, 86-61000, 86-62000  
(w/att to each)

A report entitled "Alternatives for Funding Engineering and Design Work" is the final product of Team 13. As set forth in this report, Team 13 has concluded that Reclamation's current business practices for funding E&D staff activities represent an efficient business model for the recovery of the costs of engineering and design-related technical services and the associated maintenance of core capability. Furthermore, the team noted that the business model developed by Team 12, and approved by the Commissioner, includes processes which will enable Reclamation to assess the impact of workload distribution decisions on Reclamation's ability to maintain its core technical capability.

**Deliverables**

The sole deliverable for Team 13 is its final report, "Alternatives for Funding Engineering and Design Work."

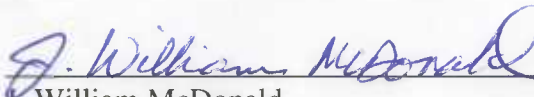
**Recommendation**

Team 13 recommends, as set forth in their final report: "... that there be no changes to Reclamation's current practices for funding E&D staff and core capability."

**Submitted by:**

  
Larry Walkoviak  
Team Lead

7/08/2008  
Date

  
J. William McDonald  
Executive Sponsor

7/8/08  
Date

# **Decision Document for Action Item 13: Alternatives for Funding Engineering and Design Work**

## **Executive Sponsor**

J. William McDonald

## **Team Members**

Team Lead -- Larry Walkoviak

Team Members -- Lowell Pimley and Tom Luebke

## **Action Item Statement from the Managing for Excellence *Action Plan***

The February 2006 *Action Plan* describes Action Item 13 as follows:

Analyze the potential benefits and requirements/tradeoffs associated with alternative funding of the engineering and design [E&D] staff. This would include an analysis of whether the costs of maintaining core capabilities within the Technical Service Center (TSC) should appropriately be funded by direct appropriations, by water and power customers, or by some combination of the two.

## **Team's Analysis and Final Report**

This action item was prompted by the recommendation in the report of the National Research Council, *Managing Construction and Infrastructure in the 21st Century*, which stated that: "Alternative means should be developed for funding the staff and operating costs necessary for maintaining core TSC competencies, thereby reducing the proportion of engineering service costs reimbursable by customers." Team 13 reviewed the National Research Council's report and believes that this recommendation may have been influenced by a perception that the costs to users of the TSC's services include significant components associated with maintaining necessary Reclamation core capability.

Accordingly, Team 13 started its work by examining current funding practices for E&D staff in the TSC and in the regional and area offices. This review demonstrated, as documented in the team's final report, that this perception is not correct.

The team went on to examine other potential funding methods focused on core capability and identified the pros and cons of various options. The team's analysis of potential alternative methods for funding E&D staff included an analysis of whether the costs of maintaining core capabilities within the TSC should appropriately be funded by direct appropriations, by water and power customers, or by some combination of the two. As the team developed its analysis, it examined the results of other teams that had relevant information and, where appropriate, incorporated such information into its analysis.