

RECLAMATION

Managing Water in the West

Participant Comments **Reclamation Meeting on *Managing*** ***for Excellence***

Las Vegas, NV
July 10-11, 2006



Contents

Introduction.....	1
Summary of Key Comments.....	1
Evaluation Form - Written Comments on the Meeting Purpose and Expectations	2
General Session.....	3
Overview.....	3
Engineering and Design.....	4
Breakout Session Comments and Feedback.....	7
Action Item 19: Adding Value to Major O&M Repairs.....	7
Action Items 20-23: Project Management.....	8
Action Item 25: Project Costs.....	11
Action Item 28: Title Transfer.....	12
Action Items 29-30: O&M Planning and Effectiveness.....	14
Action Item 31: Benchmarking Water O&M.....	16
Closing Session Comments.....	18

Introduction

On July 10-11, 2006, Reclamation held its first public meeting on its *Managing for Excellence* initiative to provide the public with information on the objectives, direction, and action items associated with the *Managing for Excellence* Action Plan and to obtain feedback and answer questions related to specific action item ideas and concepts. This meeting was announced in the Federal Register on June 16, 2006, which drew participants from water, power, and environmental consortiums, as well as individual water districts. Federal representatives in attendance included the Assistant Secretary for Water and Science from the Department of Interior, as well as numerous Reclamation staff, such as the Acting Commissioner, several Senior Executives, external and public affairs staff, and several action item team leaders.

The following document is a summary of the comments received both orally and in writing. The first part of this report captures the written comments provided in a meeting evaluation form at the end of the meeting. On this form, each participant was asked to answer a series of questions on the usefulness of the meeting and give their suggestions for improvement. This report also captures feedback received and questions raised during the general and breakout sessions. Reclamation responses to questions and comments are also provided, where applicable.

Summary of Key Comments

- Respondents to the meeting evaluation said the overview and breakout sessions were helpful, but they requested that they be provided with additional opportunities to learn about and become involved in the project.
- The issue of right-sizing generated the most discussion. Stakeholders want Reclamation to ensure that they identify core competencies and workload at the lowest level to meet the mission requirements. To manage costs, work needed above and beyond this level should be addressed through alternative means such as outsourcing. Additionally, within core competencies, Reclamation should seek out means to give customers more control over the work and decision making through transfer of Title and O&M.
- When work is taken on by districts through O&M transfers, there should be real, tangible costs savings in which districts see a difference in what they are being charged.
- Some felt there is a need to revisit and discuss Reclamation's mission to clearly define the work that Reclamation *should* be doing in order to meet the water resource needs of the West in the 21st Century.
- Stakeholders requested more information on the action items to help them determine where they should become more involved. They also recommended

that Reclamation provide information to participants on the breakout sessions and materials to be discussed in advance of public meetings.

Evaluation Form - Written Comments on the Meeting Purpose and Expectations

All participants were given the opportunity to complete a meeting evaluation form to provide feedback on the usefulness of the meeting. The following is a summary of the comments received on the evaluation forms following the meeting.

Did this meeting meet your expectations?

- Most found the meeting helpful.
- Initial information and presentations were appreciated.
- A good start to outreach, but more is needed.
- No, the meeting needed more feedback from the water users.

What was useful about this forum?

- Overview of what was happening in *Managing for Excellence*.
- Diverse exchange of ideas.
- Ability to ask questions and get answers.

Do you have any suggestions for future communication on *Managing for Excellence*?

- Encourage more input and involvement from customers.
- Provide materials for review in advance of the meeting via the website or email.
- Seek feedback on specific team concepts and ideas prior to the next meeting and share results.
- Seek out participation from more customers and contractors as they would benefit from these sessions.

In Future Internal Meetings on *Managing for Excellence*, what other topics would you like discussed?

- Design, specifications, and cost estimating and how, if at all, these topics will be affected by *Managing for Excellence*.
- Transfer of O&M.

- More breakout sessions so participants can hear and provide feedback on all the information presented.
- How solutions affect power customers - concern about a one size fits all approach.

Other Comments and Suggestions

- The website looks like a good resource.
- The Northern Colorado Water Conservancy District would like the opportunity to visit with various action item teams.

General Session

Overview

Mark Limbaugh, Assistant Secretary for Water and Science in the Department of Interior; Bill Rinne, Acting Commissioner Bureau of Reclamation; and Larry Todd, Deputy Commissioner for Policy, Administration, and Budget gave presentations on the purpose, approach and importance of *Managing for Excellence*. The following summarizes the comments provided during their presentations.

- Stakeholders in the National Meeting in April asked that action teams develop proposals for how they will address action items (e.g. concept paper) so that stakeholders could decide whether or not they want to be involved. What happened to that idea and when do stakeholders get to comment on the action item process upfront?
Response – Reclamation has provided general information on its website on each action item and the corresponding objectives and milestones. However, it will look further into development and distribution of concept papers.
- Are the three public meetings the only opportunity for engagement?
Response – No. Some teams have developed external outreach plans and will be contacting a sample of districts to obtain information and feedback on their action item approach, ideas, etc...However, we still need to be careful of FACA regulations and that we are not seeking input on Reclamation business from a select group of stakeholders.
- Are all Reclamation action teams made up of Reclamation employees only? Customers have a unique relationship with Reclamation and should be at the table with team members to provide advice and direct feedback.
Response – Only Reclamation employees can be on the teams due to FACA regulations. However, through breakout sessions and meetings with stakeholders, we are seeking stakeholder input into the process.
- There is a fear that customers will be interviewed and then Reclamation will go back and work in a vacuum.

- The breakout sessions only cover 12 action items. Is that because these are ripe for discussion? Will future meetings build upon these sessions and include more of the action items?
Response – Yes, these sessions were planned based on those action items ripe for discussion. Likewise, future meetings and breakout session will be planned around the action teams and those that have ideas, concepts, and proposals to share.
- How does a representative of a customer support Reclamation in this process? Participants are having trouble knowing how they can engage. Key questions that should be answered:
 - What is it that Reclamation does?
 - What does Reclamation legally have to do and where is there discretion? Customers need to understand core responsibilities.
 - Are there activities that customers want Reclamation to do that it currently cannot/is not legally mandated to do?
 - What else should Reclamation be doing to improve water management and how can customers help Reclamation obtain additional authorities?
- Over 50 percent of projects are over 50 years old and many are in need of rehabilitation. However, most of those areas are within districts that cannot afford to rehabilitate. Is Reclamation addressing this issue as part of *Managing for Excellence*?
Response: Yes – through asset sustainment and major repair challenges. One area where this is being addressed is through the Loan Guarantee Program, which Reclamation recently testified on positively.

Engineering and Design

Engineering and Design is one of eight functional areas addressed in *Managing for Excellence*. Reclamation provided an overview of the functional area and action items. The objectives of Engineering and Design are to define core capabilities to fulfill Reclamation’s mission; foster a center of excellence for our engineering and technical capabilities; and implement the most effective and efficient organizational structure. The presentation also discussed progress to date and issues associated with accomplishing the action items.

- Engineering standards and design services that meet federal customer needs.
- Is Reclamation looking at the age of its employees as part of its workload analysis?
Response – Not yet. Reclamation is currently determining the type and number of positions related to Engineering and Design.
- As part of right-sizing, if it is determined that the older people’s skills are no longer needed, retirement may be an option for downsizing and saving the customer money.
Response – The opposite is true as well. The older folks may have the knowledge and Reclamation may need to focus on keeping these folks on and doing succession planning and knowledge transfer. It is yet to be determined.

- The discussion of mission and how Reclamation does business through *Managing for Excellence* are intertwined. Reclamation should address and revisit the mission under *Managing for Excellence*.
Response – Reclamation agrees that Managing for Excellence will affect how the agency carries out its mission, however, changing the mission is currently out of our control. It must be addressed by Congress. We can control identifying the workload and creating a model organization for that work.
- If Reclamation does not address the mission, what will it right-size to? The current mission may not bring Reclamation into the 21st Century and Reclamation will need to determine the mission first before any right-sizing can begin or be effective.
Response – Through Action Item #9, Reclamation is currently looking at using past and current workload to determine the best ways to deliver that work. Addressing the future of Reclamation and what its workload will look like is a secondary step.
- Another perspective - Reclamation’s mission is clear to maintain the infrastructure at peak efficiency. Any work above this level is beyond the mission. Reclamation should right-size to the work defined under its current mission.
- Need to assume some level of funding to determine near-term and future workload. This affects what level of positions you need and how you keep critical positions on board. However, the question remains if those positions are needed in-house. Reclamation should set its baseline low and assume that there will be work that they will not have the capacity to manage in-house and will have to find other ways to cover.
- In the A-76 process, who pays the cost of employees developing a proposal to compete for work against the private sector?
Response – The agency pays the cost of developing bids as part of its proposal just like external contractors.
- National Park Service is discussing a model that may be useful to Reclamation. Reclamation may want to look into their model.
Response – Reclamation can learn more about it. Note that the Park Service is very different from Reclamation and is not outsourcing its core mission. Reclamation would need to seriously analyze any approach that competes all of a core competency.
- Part of looking at whether to outsource is to consider value and service to contractors. When Reclamation conducts an A-76 process, how will it consider the value that service provides to customers?
Response - The A-76 process is not extremely clear on the various types of work, so it makes classifying somewhat difficult. Inherently governmental positions are those that commit the government to work, responsibilities, funds, etc...Commitment of the government needs to be considered in the classifying process under A-76. The A-76 process will be a piece of information that will describe the “most efficient organization” (MEO) that Team 12 will consider in its process. However, Reclamation can and will consider customer needs,

expertise, skills and other factors in determining what to maintain and what to outsource.

- The MEO may be achieved through Title and O&M Transfers and not just an A-76 outsourcing process. However, other participants commented that Title Transfer comes with responsibilities and costs. The question is whether the district can run the project cheaper than the Federal government.
- On transferred works, districts have the option of using Reclamation or private contractors.

Breakout Session Comments and Feedback

Action Item 19: Adding Value to Major O&M Repairs

Through Action Item 19, Reclamation will work with stakeholders to develop innovative processes that can add value to major repair projects. The purpose of this breakout session was to seek feedback from stakeholders on a series of questions related to the value of O&M repairs and share findings and ideas to date.

- Reclamation has neglected those projects with limited money that are unable to take on major repair challenges. There is no mechanism in place for Reclamation to assist those who do not have the financial capability to address major repairs. Reclamation has a responsibility to recommend to Congress how those projects should be addressed. Example: St. Mary's/Milk River.
- If Reclamation has no options to assist districts with limited financial means, districts' only options may be abandonment of projects or seeking earmarks from Congress for Reclamation to conduct the major repair (possibly through non-reimbursable funds)
- Supplement the loan guarantee program through other assistance.
- Reclamation and Interior need to have the fortitude to provide recommendations that OMB may not like. For example, Reclamation needs to go to Congress and tap the Reclamation Fund – go back to its original intent.
- Develop programs and policies that recognize projects with financial resources that can't pay back loans in a short period of time and need other means of accomplishing major maintenance.
- Revitalize R & B program. Add longer repayment period.
- Be open with customers. Tell them why you are doing something.
- Adding Value may require Congressional authority.
- Reclamation sometimes impacts (holds up) the process for? transferred works.

Breakout Question – What does adding value mean to you?

- Finish projects on time and within budget.
- Looking at the big picture.
- Sometimes to achieve greater value in a major repair, you may need to obtain additional project authorization (i.e. adding power while doing rehabilitation).
- Dealing with environmental and ecological issues, ESA issues, and recreation issues.

- Good timing and planning to find right time for repairs.
- Coordination with and timing of major repair projects with other agencies.

Breakout Question – What is your experience with adding value?

- There is opportunity to use more automation on distribution systems. Adding automation to repairs can lead to future efficiencies and reduced operational costs (e.g. instrumentation/cameras to monitor facilities have added value and helped reduce man power and time). Water 2025 needs to be funded more to support innovations like this.
- Automation on a project will help us comply with some ESA requirements. Allows the management of water to be more efficient and comply with ESA.
- When working with Hoover Dam to replace leaky gates we were able to increase value during that time.

Breakout Question – How can Reclamation strengthen partnerships?

- More communication and working toward a solution to benefit all parties.
- Help customers address major repair recommendations resulting from reviews and inspections through analyzing a variety of options to conduct the repair.
- Customers should hold a different level of standing with Reclamation than other stakeholders.

Breakout Question – Do you have suggestions for adding value to project management?

- Project managers need to ensure maintenance items and operational activities keep on track.
- Seek input from Team 20-23 on Project Management.

Breakout Question - Is there anything that did not work so well?

- Is someone keeping a historical record, analyzing state and condition of the resource, and using that information to determine the appropriate timing for the repair?

Response - It varies, condition based maintenance vs. preventative scheduled maintenance.

Action Items 20-23: Project Management

Action items 20-23 address project management of construction projects and whether Reclamation should develop and adopt a comprehensive and structured project management process for managing projects from inception through the planning and construction stages and into operation. During the breakout session, the Team Lead presented progress to date, and sought feedback on a draft Project Management Primer.

- Is the decision of what is a “Project” and what is “Project Management” at the heart of the issue (across Reclamation)?
Response - This team is working on defining the breadth of application for any changes to a structured Project Management (PM) approach. The “needs assessment” shows some form of PM is appropriate to apply to some other work which would be considered “non-construction” projects. -For work associated with the Central Utah Project, a structured PM approach which included using a Work Breakdown Structure, detailed CPM scheduling, risk and contingency management, etc. has been used with very good success for the past 12 years. Also use of techniques such as “partnering”, team building, and regular project status meetings has been used to support the Project Management effort.
Response - Reclamation’s PM team will account for this information in our considerations for recommendations to management.
- Will there be a PM “manager” who is responsible or will there be a PM “team” where no one is responsible? There has been experience with Reclamation projects where there appears to be no one in charge and problems have occurred. There has also been experience where it was clear who was in charge and those situations were positive.
Response - This issue will be accounted for by the team and will continue to be a topic of considerable discussion. It has not been resolved at this point. It is recognized from our research that private industry clearly relies upon an approach using “responsible PM’s”. Reclamation’s current matrix organization poses challenges in this area. This team is focused on making recommendations which will be successfully implemented in today’s Reclamation culture.
- Finding someone to make a decision (without a charge number) is difficult.
Response - This team anticipates that a PM M4E end result will help situations such as this.
- Cannot see how any large project gets done with out PM. An advantage to performing PM is that it provides a means to foresee significant cost and schedule issues, allowing for mitigation opportunities.
Response - Our team believes good PM practices are necessary for all large and small “construction type” projects. However, in our world today the predominant labor is directed to smaller type projects and there is no consistent PM process as was also found by the NRC study.
- Caution that we have enough flexibility to allow for local processes that are working.
Response - This issue will be accounted for by our team and will continue to be a topic of considerable discussion. This issue has not been resolved at this point. We recognize the need for flexibility and efficiency balanced with some order of consistency and accountability. This team is focused on making recommendations which will be successfully implemented in today’s Reclamation culture.
- Consistency is needed. *See response above.*
- Encourage stakeholder input. This is very important. EIS’s also. Some centralization could have value.

Response - Our needs assessment of PM in today's Reclamation concludes that improved stakeholder input is necessary. Consideration of using some PM techniques and processes for EIS's will be considered by the team. Centralization concepts may have merit and will continue to be discussed; however, we recognize the importance for having local presence. This team is focused on making recommendations which will be successfully implemented in today's Reclamation culture.

- Could Reclamation apply PM to NEPA, RIPS, etc. similar to the PM being practiced at the Animas-La Plata Project? Experience has shown that poor management of an EIS can have greater project impacts than construction problems.

Response - Using some PM techniques and processes for EIS's will be considered by the team.

- Apply PM to specifications and design phases to avoid going back to previously discussed options. Need field inspectors to participate in the design and specifications process.

Response - Use of some PM techniques and processes for the design and specifications processes will be considered by the team. It is recognized that involvement by the field engineering staff during the design process is good practice, if it can be accomplished economically.

- Construction/Project Managers should be licensed engineers. Please investigate. Require Professional registration for biologists.

Response - Reclamation currently has a policy for registration for certain positions. This team will consider the requirement for registration for Project Managers. Consideration for requiring registration for biologists is beyond the scope of this teams work.

- Look at the Family Farm Alliance 2005 report submitted to the NRC team for successful projects used for the Sacramento River fish screen projects.

Response - This team will review the FFA report and consider this information.

- There is a difference between customers and stakeholders. Modern Reclamation PM practices should account for this difference and should involve both.

Response: This team will consider this important point.

- Engineers seem to overreact while doing project work to opinions from environmentalists and biologists.

Response - Dealing with this delicate relationship is beyond the scope of this teams work.

Does Reclamation have a mentoring program?

Response - There is a formal training program for new engineers and there is no formal mentoring program for PM. This idea will be considered by the team.

- Any policy statement needs an "accountability" statement up front which addresses who is accountable for the Project Management. There is a need to distinguish between Project Management needed to provide a product and process management such as would be needed to get through the NEPA process. .

Response - The team will clearly express the "accountability" statement in our recommendations to management. The distinction between PM and processes will be considered by the team.

Action Item 25: Project Costs

Through Action Item 25, Reclamation will establish and implement a standard, agency-wide process for evaluating and communicating the current financial circumstances of all Reclamation infrastructure, including cost invested, repayment status, Operation and Maintenance (O&M) cost allocation, design life, facility condition, etc. During this breakout session, participants were provided with a detailed review of Reclamation's costing process and provided with sample cost reports for their review and comment.

- Where are security costs charged?
Response – The costs of guards and patrols at the dam and reservoir are considered operation and maintenance (O&M) costs of the project, and are allocated to the project “functions” (i.e. Irrigation, M&I, Power, Flood Control, etc.), some of which are reimbursable and others which are non-reimbursable.
- Is the Administration's continued pursuit of ABC going to change this charging system?
Response – We have been able to maintain our charging processes and methodologies while satisfying the Department of Interior's ABC reporting requirements.
- We are frustrated from not understanding what was done for the hours worked. It is difficult to glean from this account setup. We need system that matches up costs with what was done.
Response – As requested by our customers, we can and have established separate accounts for the specific activities that are of interest to our customers for cost tracking purposes. Costs are available at a high level of detail, but in some cases, may require more detailed analysis of the accounts.
- Have you talked to any engineering firms about their account systems and what they report. It may be instructive to look at these.
Response – We have not talked to private firms, but will consider this suggestion.
- What happens to TSC rates if you downsize?
Response – The TSC rates are a factor of the expertise necessary to accomplish the work. The affect of “downsizing” on the TSC rates cannot be determined without also knowing the change to the level of expertise required.
- What are the three TSC rates for?
Response – The three rates are associated with the three tiered skill levels identified by the TSC to accomplish and charge out its work. Skill Level 1 includes employees at the GS-10 and under pay grades, Skill Level 2 includes GS-11 and 12 pay grades, and Skill Level 3 includes GS-13 and above pay grades.
- Yesterday, Reclamation spoke about retirements. Is this especially true of particular parts of the organization?
Response – Not necessarily. We expect increased retirements throughout all Reclamation organizations, especially in the higher and more experienced skilled positions.
- Reclamation needs to look into revenue crediting from the 1920 Act for paid out projects. Also, recreators are increasing O&M – specifically security costs – and the irrigators are bearing the brunt.

- There is a major concern about O&M allocations. Particularly that Recreation is allowed and not bearing the costs of O&M. Also, is there a process for changing these allocations?
- *Response – Since not all projects are alike, we will follow up with specific customers on those questions pertaining to their projects. We will also review those questions that apply to customers Reclamation-wide (i.e. process for changing cost allocations), and will develop an appropriate response and/or guidance.*
- Once we get the budget, it is set. There is no way to comment on eliminating positions, programs, etc. We need to be further up in the process so we can have meaningful input.
- *Response – All Reclamation offices have been instructed to seek their customer’s input and involvement in the formulation of their projects’/programs’ budgets. Our Reclamation managers will be reminded of this requirement, and we encourage our customers to be proactive in providing input to the budget process.*
- From a tribal aspect we’re focused on looking at how costs have been incurred and allocated on tribal projects, specifically the Navajo Indian Irrigation Project (NIIP) and Animas La Plata. We need to be able to better explain to our policymakers where costs have come from, how they have been incurred, and the basis on which they’re allocated.
- *Response – The cost details for NIIP are in Reclamation’s accounting records and can be made available upon your request. Since NIIP is a BIA project, we suggest you submit your request via that office.*
- Are the costs of the Managing for Excellence initiative going to be charged to projects?
- *Response – The costs of Managing for Excellence are not considered project costs and will not be reimbursable.*
- Are the reports you have presented here today going to be standard reports for all customers?
Response – We plan to include these in a standard suite of reports that can be available to all customers to satisfy their specific reporting requirements.

Action Item 28: Title Transfer

The Team for Action Item 28 is tasked with determining where opportunities exist for mutually beneficial transfer of title to project sponsors in order to eliminate Reclamation’s responsibility and costs for those facilities, and encourage any that are appropriate. During this breakout, Reclamation presented the history of the Title Transfer Program, lessons learned, and next steps, and sought feedback on barriers and opportunities for increasing the number of transfers.

- Has the 2003 “Evaluation of the Title Transfer Program of the Bureau of Reclamation” report been released? Can customers obtain a copy of the report?

Customers that have gone through Title Transfers could give a good critique of the report.

Response – This report has not been officially approved and released by DOI. Reclamation will look into the possibility of releasing key sections of the report.

- Reclamation is considering more O&M transfers of the Colorado Big Thompson Project. However, other beneficiaries of that water are not sitting at the table. Those affected entities should be part of the negotiations.

Response – this will be passed on to Action Item 26 – Transfer of O&M.

- NWRA spent a lot of time and effort on title transfer and found it was too painful and expensive. Even the “low hanging fruit” transfers identified by Reclamation were expensive and problematic. Reclamation should try to overcome staff resistance, if there is any.

Response – There are a number of projects with little Federal involvement that make sense to transfer. However, the required legal and administrative process to transfer a facility acts as a disincentive because of the time, resources and expense.

- Consideration should be given to making the requirements less severe based on a set of criteria. Reclamation could sell this idea based on the savings to the Federal government.
- Need to streamline the title transfer process, including NEPA and NHPA as they are currently large barriers to transfer.
- Recommend that new programmatic legislation should not allow Federal discretion and simply be a mandate that “Reclamation shall transfer...”
- You talk about creating incentives for title transfer? Who are the incentives for?
Response – for districts and customers.
- The Federal government provides protection for the public. For example, some projects have significant recreation facilities. After a transfer, what is to stop a non-Federal entity from charging large amounts of fees to the public and changing the scope and availability of the recreation benefit?
- Has Reclamation transferred or selected for transfer projects with power generation? Recommends an exclusion of facilities with power generation because the power is spoken for/paid for by power customers and marketed by WAPA and it would be too complicated to transfer.
- There should be a recognition or accounting of project payment by power customers and how much has been paid to date before considering transfers. Did the 2003 report include interviews and brainstorming with power customers? Need to involve them in the report and in the beginning of title transfer of projects where there is power generation.
- If increased transfers will occur, there needs to be real reductions in staff cost and not shifts to other program areas.
- For those facilities that have been transferred, what was the water rights situation?

Response – water rights for storage go with the transfer. Value of the project needs to include the value of the water right in addition to the debt owed.

- Need to look for beneficial use of projects and that is where water rights go.
- It is important to ensure that transfer criteria include explicit requirements that transferee accept and be obligated to maintain environmental responsibilities.

This includes not only Clean Water Act (CWA) compliance (e.g. TMDLs) and ESA, but also general resource stewardship (e.g. conservation, protection and restoration of native and sport fisheries) and maintenance of important recreational assets.

- Reclamation needs to be cognizant of transfers where there are ESA issues. Sometimes the mitigation for a project is being done/met by another project not part of the transfer. Transferring either project will have an effect on ESA activities and compliance.
- Need to have funds set aside for title transfer work.
- In programmatic legislation, should have criteria for NOT transferring without legislation – power, ESA issues.
- Property clause issues will cause a problem with new legislation in Congress. Even though the facility is being/has been paid for by customers, there are water rights issues. States have the water rights so the property may be considered the states'. State engineers would need to review the transfer to determine if there are effects to others.
- This is a very important issue – top 5 - for Family Farm Alliance.
- Generic legislative authority for title transfer based on a district's capability to assume ownership and continue with a viable project would be a great benefit. NEPA/NHPA should not apply to some transfers where impacts are insignificant.
- Another avenue could be to modify the requirements of 36 CFR PART 800.5(a)(2)(viii).

Reclamation Action – Determine status of 2003 “Evaluation of the Title Transfer Program of the Bureau of Reclamation” Report and try to make copies of all or part available to stakeholders.

Action Items 29-30: O&M Planning and Effectiveness

Action items 29-30 call for Reclamation to analyze the effectiveness of its current O&M planning and to integrate O&M planning with the budgeting process. During the breakout session, Reclamation provided an overview of the action item purpose, progress to date, initial findings, and sought stakeholders' feedback on a series of questions related to their experience with O&M planning with Reclamation and within their own districts.

- In the budgeting and planning process, if Reclamation has to cut requests to meet OMB budget targets, does that lead to O&M deferred maintenance? In the past, cuts to maintenance lead to critical failures.
Response – O&M maintenance is a high priority and Reclamation tries to avoid having deferred maintenance as much as possible. Commissioner Keyes re-emphasized the priority of O&M and made it a planning and budgeting priority.
- There are 12-13 functions that bureau employees do for districts. What is a work week for a bureau employee? If districts are doing more of the work (e.g. measurements on the river) shouldn't the work of employees be reduced and save costs? How can districts be more a part of the planning to determine work load

and cost savings as they take on O&M through transfers? Example – El Paso has taken on more work through O&M transfer, yet it seems that there has not been a reduction in staff in those functions that have been taken over and, in fact, costs charged to the district continue to increase.

- How aggressive has the bureau been in working with OMB to understand funding priorities and importance of funding O&M? GP Region’s O&M funding continues to go down.

Response – OMB is concerned with the overall budget target. We do work with them on priorities.

- How do you deal with single purpose projects that struggle to pay their O&M costs? The aging infrastructure problem is manifesting itself in the older single purpose projects. These projects are struggling with paying back maintenance, so many times things don’t get scheduled because they cannot afford to pay it back. Maintenance and Major Rehabilitation lines are blurring.

- Is the budget process the same for facilities that have been transferred? Some districts are still part of the budget process for other non-O&M costs.

Response – Facilities that are still Reclamation’s responsibilities are usually treated the same in the budget process.

- What is included in the definition of O&M? Is it primarily maintenance and operations or some of the administrative work? Customers are involved in the operations, but not the administrative issues, and should be if administrative costs are being passed on.

Response – The team’s review includes all work related to O&M.

- Participants would like a copy of the questions for internal managers.
- How is the Team defining external stakeholders? There are others outside of those that have a financial link/contractual relationship to Reclamation that would be interested in this process.

Response – Reclamation can contact customers that it has a contractual relationship with without triggering FACA. However, FACA requirements apply to those stakeholders who are not customers.

- It would be useful if Reclamation would distinguish in its presentations the difference between “stakeholders” and “customers”.
- There is a perception that bureau is overstaffed, too many people at meetings, and that the customers pay for these costs.
- A district assumed O&M responsibilities 25 years ago. Reclamation costs have increased by 2 million, although the district has taken on more responsibilities. Although the district’s costs have increased as well, Reclamation costs have increased more dramatically. It appears that these costs are more administrative.
- How does Reclamation define O&M backlog (deferred maintenance)? Need some benchmarks or metrics when maintenance needs to be scheduled.

Action – Reclamation will provide a copy of the questions for O&M managers to those who request them and put them on the internet under the Action Item.

Action Item 31: Benchmarking Water O&M

This action item will benchmark the water operation and maintenance (O&M) of water storage and distribution facilities in a manner modeled after current practices with power facilities, including a pilot program. Participant feedback was requested regarding the proposed scope of work and the four specific performance metrics the team has identified for their analysis. The participant questions and subsequent responses that were provided during the breakout session are summarized below:

- Since the basis of comparison for the Water O&M Benchmarking effort will be limited to only those reserved works storage dams authorized to provide irrigation and/or M&I benefit(s), will any of Reclamation's 354 facilities be excluded from consideration for inclusion in the pilot study?
Response – Reclamation is only looking at the facilities we operate, maintain and staff, because we have control over them and the costs associated with them.
- Will you consider Central Arizona Project (CAP) for inclusion in the pilot study? The canals are managed and maintained by Central Arizona Water Conservation District (CAWCD) and not Reclamation, so will you exclude the entire facility from consideration?
Response – Reclamation will consider using New Waddell dam in the pilot study, but not the entire project.
- Will the O&M costs be compared on a per dam basis from your pf3's?
Response - Yes, per dam costs will be used as primary data for comparison. The primary driving issue for this activity was assumed to be the increasing costs associated with the O&M of reserved works. We will as for input on using this data from our financial staff.
- Will you exclude overhead costs in your benchmarking comparison?
Response - Overhead costs will also be included and looked at, but we are unsure if comparable data will be available from benchmarking partners.
- Each storage and dam facility is managed for a different purpose, and O&M could change as a result of differences in mission. How will the effects of differing missions be handled in the benchmarking study, since it may impact the results of a comparison?
Response - This question was raised in prior discussions within the team, and they understand it will have to be addressed. The team had planned to talk with state and Army Corps of Engineers water projects that have similar structures and are of similar size and construction, e.g. gated spillways, etc, to get a handle on similar O&M needs rather than focusing on mission of the facility, but such differences in mission definitely exist and will be addressed.
- Reclamation is willing to minimize exposure of potential partners and their data by not publishing their organization and facility name, etc.
- Of the 354 facilities, the team will review and identify specific ones to benchmark, based on what partners they find and their facilities, in addition to some internal benchmarking. The number of facilities to be benchmarked will have to be limited because of the time and resources available. Once comparable

facilities have been identified, the team will go out and collect data on these facilities to undertake the benchmarking.

- One participant suggested that benchmarking partners may be easier to find if the categories of necessary data were clearly defined upfront.

Response - It is possible that specific performance metrics will change as the team makes progress based on the partners and facilities participating.

- Participants expressed some concern over how their involvement would occur, especially since significant work and decisions for this action item need to be made before the next public meeting in September. For example, the team will pick out specific metrics and categories to compare facilities between the 3rd week of July and before the meeting in September, since the team has established a September deadline for identifying benchmarking partners. Participants were concerned that there is no mechanism to bring those specific metrics back to stakeholders before benchmarking partners are found and other work is undertaken.

Response - This information could be made available for public review and comment on the Managing for Excellence website as it becomes available.

- Maybe Reclamation's objective ought to be to find out how to do water O&M benchmarking on a continuous basis, e.g. what parameters actually make sense or how much O&M is needed on a facility.

Response - The pilot study will be used to refine a template for benchmarking facilities, which will be applied to other facilities in the future.

- Is this benchmarking study being limited to comparing just the dams, not conveyance or canals?

Response – yes.

- Excluding canals from the benchmarking study may produce inaccurate study results. For example, if a system contains an offstream dam, the feeder canal should be a part of looking at the reservoir, because the project does not exist without the feeder canal. The “storage” provided by such a system is provided by everything from the diversion down to the offstream reservoir, so feeder canals should be included in this benchmarking comparison possibly as a separate component.

Response – That is a good point. It is important and prudent that Reclamation consider looking at the feeder canals of offstream reservoirs and pump storage facilities.

- The proposed benchmarking metrics and how comparisons will be grouped needs to be better defined, e.g. How do we define the size of a dam? How do we get a metric on dams and water deliveries on a per dam basis? Cost per acre foot delivered? How do we account for droughts?
- Training is one area that may be used in a benchmarking comparison.
- Cost-sharing customers pay part of the bill to operate and maintain Reclamation facilities, so they consider themselves to have a different relationship to Reclamation than other groups who do not. These folks would like to be considered partners with Reclamation, rather than just stakeholders, because they carry part of the responsibility.

- Project features are so different for each project, so comparisons of features, e.g. outlet works, may not be directly comparable.
- It is good that the bureau is self-evaluating, but there is concern about compensating the districts for their involvement. Some outside type of overview is needed to review Reclamation's actions within the *Managing for Excellence* project. For a smaller district it is hard to dedicate a person to be involved in *Managing for Excellence* Benchmarking without compensation to ensure their involvement.
- Customers and their reserved works need to be part of the discussion; whatever gets decided will affect them too.
- Efficiency cannot always be equated with cost, so benchmarking analyses should consider other goals in addition to low cost.

Closing Session Comments

- Good meeting.
- Timelines of action items seem overly ambitious. May need to adjust schedules to create good recommendations, approaches, and have adequate time to involve stakeholders.
- Need to know when the next meeting and breakouts is far in advance.
- Would like to participate in more breakout sessions.
- Please post materials and comments on website as soon as possible.