

RECLAMATION

Managing Water in the West

Meeting Summary **Reclamation Public Workshop on** ***Managing for Excellence***

Denver, CO
May 30 and May 31, 2007



MISSION STATEMENTS

The mission of the Department of the Interior is to protect and provide access to our Nation's natural and cultural heritage and honor our trust responsibilities to Indian tribes and our commitments to island communities.

The mission of the Bureau of Reclamation is to manage, develop, and protect water and related resources in an environmentally and economically sound manner in the interest of the American public.

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Introduction

On May 30 and 31, 2007, the Bureau of Reclamation held the fifth public meeting/workshop on the *Managing for Excellence* initiative to provide the public with information on the progress of action items associated with the *Managing for Excellence* Action Plan and a workshop to obtain feedback and input related specifically to Team 12, the team tasked with “right-sizing.” This meeting was announced in the Federal Register on May 9, 2007, and drew attendees from water, power, and environmental consortiums, as well as individual water districts. Federal representatives in attendance included the Assistant Secretary for Water and Science, Mark Limbaugh and Reclamation managers and Commissioner Bob Johnson, Executives Larry Todd, Roseann Gonzales, Bill McDonald, Brenda Burman and Team 12 members Barry Wirth, Perry Hensley, and Jamie Macartney.

This document summarizes the presentations and captures feedback received and questions raised (both orally and in writing) during the meeting. In addition, Reclamation responses are included in instances where responses were provided. Written comments are provided to Team 12 and the Reclamation Leadership Team.

Comments received at the meeting are bulleted and Reclamation’s responses are italicized. The information in this document is not a transcript of the comments and responses made during the meeting, but derived from notes taken during the meeting. In some instances, additional information has been provided or minor changes have been made to provide clarity. Where appropriate, the comments will be flagged for additional follow-up. Information added after the meeting is identified in brackets [].

To submit additional comments on the *Managing for Excellence* initiative, *Managing for Excellence* Public Meetings, or the individual action items you can use the internet at address <http://www.usbr.gov/excellence/comment/index.cfm>, email: excellence@do.usbr.gov, or call (303) 445-2849.

List of Organizations with Attendees

Arizona Power Authority
Bonneville Power Association
Carlsbad Irrigation District
Central Valley Project Water Association
Citizens’ Progressive Alliance
Colorado Department of Agriculture
Colorado River Commission of Nevada
Colorado River Energy Distributors Association

Elephant Butte Irrigation District
Family Farm Alliance
Hubert & Hernandez, PA
Mid-West Electric Consumers Association
National Water Resources Association
Navajo Water Resources
Northern Colorado Water Conservancy District
Rural Water Technology Alliance
Salt River Project
Southeastern Colorado Water Conservancy District
Trout Unlimited
Water Consult
Weber Basin Water Conservancy District
Yuma Mesa Irrigation and Drainage District

Overall Meeting Evaluation Form– Written Comments

All participants were given an evaluation form to provide feedback on the forum. The form asked “Did this meeting meet your expectations?”, “What was useful about this forum?”, “In future meetings, what topics would you like discussed?” and space was provided for additional questions as well as comments and suggestions. The only form returned indicated that meeting met expectations, that the room set-up was helpful and all questions on *Managing for Excellence* were answered.

Executive Summary

The focus of the public meeting was the work of Team 12. Team 12 has been moving forward with a review of business practices and how engineering and technical workflow is managed throughout the organization. The team heard from managers at the Manager’s workshop May 14 and 15, 2007 and many well-considered comments were gathered from the participants.

At this public meeting the team had excellent discussions with customers, water and power users; which resulted in a better understanding of everyone’s goals and objectives. Customers’ underlying concerns were focused on costs, the cost-effectiveness of Reclamation’s engineering and technical services and level of customer service. Another aspect of that concern is cost accounting and the transparency of the sources of costs; overall Reclamation service to our customers; the customers’ uniform desire for Reclamation to maintain its engineering expertise; and communications and planning.

Customers expressed a desire to have collaborative processes that involve them in the early stages of identifying, planning, and scheduling the engineering and construction management work for which they will have a financing or repayment obligation. Collaboration with, and input from, customers should be available to all, but there should also be flexibility in the breadth and detail of the collaborative process to tailor individual projects.

The customers and other attendees were very interested in the team's four conceptual organizational alternatives. No one selected one as being perfect, some expressed that they would like to see Reclamation use existing "best practices" as models like those already in place with power customers in several regions.

In general, it was opined that Reclamation should not reorganize without assurance it will address their concerns and not have adverse consequences. There was concern that a work advisory group would become a bureaucratic layer; and some thought the resolution lies with enhanced planning and exchange of information.

When Reclamation oversight of engineering and construction work by customers is required, the extent and cost of such oversight is of concern to the stakeholders. Some stakeholders believe that if Reclamation sets clear standards and criteria for projects the districts perform, oversight functions and costs will be reduced.

Now the team will develop processes and business practices which will address the customers' concerns and give Reclamation the tools to internally address engineering staffing needs on their merits and on a continuous basis. After they evaluate the input from all sources, taking into account employee comments and customer input, Team 12 will narrow the proposed organizational alternatives down to a single, draft proposal for the initial consideration of the Reclamation Leadership Team (RLT). Based on the guidance of the RLT, this will be refined and revised and then shared with employees and customers, who will then have an opportunity to comment.

Another public meeting to discuss the proposal with customers has been tentatively scheduled for September, 2007.

General Session

Overview

On May 30, Mark Limbaugh, Assistant Secretary of Water and Sciences, Robert W. Johnson, Commissioner of Reclamation, and Larry Todd, Deputy Commissioner for Policy, Administration, and Budget gave opening remarks on the purpose, progress, and importance of *Managing for Excellence*.

Mark Limbaugh pointed out that importance of Team 12's work and the *Managing for Excellence* effort. Determining the kind of expertise we need for the future is most important he said, but also important is institutionalizing a process that works for everyone, and developing a process that is transparent, accountable to tax payers and the customer, as well as efficient and effective.

Mark Limbaugh encouraged attendees to participate actively in discussion with Team 12. Although the Team had developed some ideas, no decisions have been made. The Team's ideas are intended for discussion and listening session for the team. He thanked those in attendance for their investment in making Reclamation a better organization.

Bob Johnson then addressed the group and let them know that executive sponsor of Team 12, Bill McDonald, had volunteered for the position and along with Team 12 members, has put in a lot of work. All of Reclamation has been working hard on *Managing for Excellence*, he said, all of the Reclamation Leadership Team meetings in the last year have been about *Managing for Excellence*. Reclamation executives are committed to making Reclamation a better organization. He let everyone know that area managers attended a meeting in mid-May where they were given the information to be presented at this meeting and that their feedback was being collected. Team 12 is about efficiency, accountability and transparency; but especially efficiency, he said.

Larry Todd informed attendees of the progress of *Managing for Excellence*. Thirty teams are complete and 11 will be completed by the end of the year. He also addressed the issue of implementation. Implementation plans are in progress for several teams. These plans will let stakeholders and customers know what is being done to implement the teams' decision documents.

Those decision documents, he pointed out, are on the *Managing for Excellence* website and can be linked from the Reclamation homepage. Larry Todd led a tutorial on the website and location of final products, with decision documents with delegations. The implementation plans show how that will be accomplished. Those implementation plans will be made available for some teams. In some cases, the implementation of a team's recommendations will be in the form of draft policies. Those draft policies are publicly available on the Reclamation website so the public is invited to look at what is being drafted and comment at <http://www.usbr.gov/recman/Postinginventory.pdf>

- Will the Commissioner sign a decision document for each team?

Response: Yes.

- Send us something; send a link when the Commissioner signs a decision document.

Response: If you are on the list server you get notice of those final product postings.

- How many implementation documents have been finalized?

Response: Implementation plans are living documents. 7 or 8 teams have implementation plans in the planning stages. Some we have already done. We need to give the status of the implementation.

- It would be helpful if we had a checklist of what you think you are done with see if we agree. If there is an active implementation plan, where can we find it?

Response: We need a corporate approach, we need to figure out how we can display implementation plans to the public when they are in the development process.

- The website is a logical place to point to implementation plans.

Response: We are going to put a link on the internet, but we want this to be incorporated into our business practices and not be viewed by employees as simply a “special effort.” Eventually, we will put the implementation plans in both the director web page and Managing for Excellence website. We will work on that.

Team 12: Overview of Right-sizing

Presenter: Bill McDonald

The presentation for this public meeting was designed to be a discussion group where we can have open conversations about issues on:

1. Workload planning and workload planning distribution.
2. Organizational alternatives
3. Role of Reclamation oversight

Team 12 was flexible on the schedule to allow for free conversational interaction. After this overview, the room was arranged with the tables in a U-shape to aid in more face-to-face conversation. The objectives of the workshop were:

1. Specific input, ideas and information. Reactions to the team’s report and alternatives.
2. Identify areas of agreement and areas where there is not agreement regarding goals and objectives.
3. Make sure Reclamation understands the issues behind the right-sizing issue for customers and stakeholders. Beyond numbers, what processes and procedures that can involve customers.
4. Next steps.

Bill McDonald encouraged attendees to share ideas freely and without judgment. The Team was open to ideas, he said, and was also prepared to hear if some people did not consider the ideas good.

He introduced the members of Team 12 present at the workshop and asked for preliminary questions and comments related to the right-sizing efforts of the team.

- Characterize the employee comments.
Response: The focus at Managers Meeting was about alternatives. In that context, we divided people into groups that went to sessions to talk about each alternative. We had some good, thoughtful conversations. It is fair to say that in general the sense of the group was that any of these alternatives could be made to work. But these are alternatives that could be mixed and matched. Third, there is a sense of tension among alternatives between having the resource localized and handy, but at a high price and it can be inefficient with highly technical expertise. There is a balance to be struck.
Employees are engaged and we have gotten a lot of comments and recognition that this is a look at business practice, which drives the ultimate decisions to come out of this process.
- Why the interest now?
Response: [The Team's report release and area managers meeting requested comments] It's becoming more personal; people want to know how this affects their job. Apart from Managing for Excellence we are dealing with a flat budget that might close a construction office regardless of Managing for Excellence. We're an organization that has to deal with changes. Other Managing for Excellence decisions have been implemented. Many of those improvements were just a matter of making time to do those things that we knew needed to be done, like design and engineering standards.
- We have been a voice focused on down-sizing. There is a chart in the NRC report and it shows that Reclamation is entering into a phase of people stepping down. You don't have to fire folks. Get a transition process that the experience of those retiring can be passed down. It will be successful if Reclamation can use the opportunity to get more efficient in a way that doesn't hurt Reclamation.
Response: That is a piece of the puzzle, succession planning. To date, people are staying 2-3 years past the retirement date. Social Security is impacting personnel decisions. Conventional wisdom is that there will be a mass exodus but that hasn't happened. There was a slight blip in January but not significant.
- Even if they wait five years, that's good because you have 5 years to figure out the succession planning. We, the agricultural interests, are struggling for survival, costs are a big concern. Cost is the thing driving us. The only way to get costs down is with efficiency and accountability. So maybe Reclamation doesn't need to be as big as it has been in the past.
Response: I understand the economics of agriculture are not in good shape. Maybe the cost of water wasn't a big deal in the past, but it is now and we understand that, we're not offended. It's a different climate. Reclamation is expensive but so are the alternatives.
- Well, if we don't pay you we go out of business.

Response: I made the observation at the Managers Meeting that in the 1960s customers took Reclamation's word for it, people didn't ask a lot questions. That has changed. For one, there is the cost and experience and knowledge in the private sector. We have cultural issues to address. A lot of distrust has developed and that's not yet resolved. With new regulatory process it may not be able to be resolved. Reclamation is put in a tough box, complying with ESA and accommodating the customer.

- We get mixed signals. What is the core mission and direction of Reclamation? It may be a consistency problem, but Reclamation's core mission does not mention delivering power. *Managing for Excellence* is not to review the mission of Reclamation. It is clear that the underpinning documents are about water and power. Customers are water and power customers and the President's budget mentions delivering "water and power" so we're confused. For us to provide meaningful comments we need clear understanding that delivering water and power is the core mission. You have to do it within the confines of the law but we need to know that is what Reclamation is about.

Response: Our core mission is to deliver water and power. It didn't get stated that way because "developing water" included developing water for power (and agriculture, etc) adding the words "in an economic and environmentally sound manner" on behalf of America and the tax payer, not the Ag and power customer. Developing water and power is the core mission constrained by the regulatory issues.

- Additionally, Reclamation is in the process of some public environmental processes; there will be comment and could be litigation at some point. So it is important for Reclamation to be clear that part of its mission is to deliver water AND power.
- The comment was made that Reclamation's mission should say "water and power."
- It's easy to use terms like "customers" and "clients" but we're farmers. We have to do food and now fuel. It's personal. I know a guy whose water is shut off because of drought; he's 70 years old and has two neighbors that committed suicide. There are more and more people saying "this isn't fun anymore." If you are a farmer producing food and now fuel, it's now a negative to the livestock sector. It gets complicated. We want more participation with Reclamation and processes that involve customer and farmer, where they have decision-making. How do you use your diminishing dollars? We trust Reclamation. Reclamation cannot go the way of other organizations. Customers have to be imbedded in the decision-making, to buy into the process, district by district. It's an emotional time to be a farmer. Corn for ethanol needs billions of gallons of water.

- As a power customer, I agree, we like to be part of the decision-making process. We feel we do have some input at the area office and program office. This is moving us from it and we like to be a part of the decision process.

Team 12: Workload Management

Presenters: Bill McDonald,
Jamie Macartney, Co-Team Lead, Business Resources Manager, GP Region,
Perry Hensley, Co-Team Lead, Dam Safety/DEC Officer

The overarching purposes of *Managing for Excellence* strengthening relationships with water and power users, improving efficiency, accountability and transparency, maintaining core capabilities and technical leadership are all the underlying purpose behind right-sizing as well. Right-sizing is a continuous process. Part of that process is workload management, which involves planning and ultimately criteria for workload distribution: the decisions about whether the work will be done in-house or outsourced. Reclamation has criteria and strategy for managing workload but improvements can be made. Customer feedback on this early process of workload planning process was solicited.

There are basic criteria for workload distribution. If the work is transferred then the district does it, if it is reserved Reclamation does the work or procures others to do the work. Reclamation does very little construction; instead Reclamation performs the construction management but does not maintain a construction workforce. Examples of Reclamation's criteria traditionally have been risk to public safety and risk to large public investments. From a customer perspective, it's the risks the customer is willing to take. It was suggested at a meeting for the Family Farm Alliance that on reserved work when customer is paying 50% or more of the total cost then it ought to be the District's choice to do the work, or hire the work done by private contractor or Reclamation.

In workload management, whatever the criteria are, they lead to workforce flowing one way or another. To the extent workload comes to Reclamation to be performed by Reclamation, or managed by Reclamation, Reclamation then has internal procedures to plan where that work will go and a process for outsourcing. These organizational alternatives are concepts about the workload managed by Reclamation with customer input. These are decisions that have trade-offs. Efficiency might be gained by having centralization in a single location, at the expense of having the convenience of local expertise.

Traditionally, if work is performed by the customer with Reclamation oversight, the cost of that oversight has been an issue with customers. Reclamation has a responsibility for the project, so there is balancing necessary between the degree of oversight for liability versus the cost of oversight to customer. That oversight should add value, certainly.

With regard to the Reclamation expertise requested by customers, customers have expressed a desire that Reclamation keep certain staff that have expertise to help users. We need agreed-upon processes and criteria for workload management.

As we explore new ways of doing business with each other, costs will be a concern. There is a perception that Reclamation costs too much, but it should be important to find the truth. “We are not afraid of competition, but we need to have the data,” Bill McDonald said.

- The regard to the rehab component, do you know what kind of need will you have for rehab?
Response: A lot of facilities are meeting their economic life on a lot of projects. We have not done a specific analysis or catalog for those facilities. We are looking at a 5-year cycle for the budget process. Asset management is another aspect. The bigger issue is budget, “are the bucks going to come?”
- Might be valuable exercise to determine a target for what the needs are, for us, for lobbying what’ll be needed.
- With regard to the workflow diagram, one way of addressing this issue of workload management, is customer involvement. Using Hoover and Parker-Davis as a model, we have discussions on what work needs to be done, when it needs to be done and the priorities and decisions on the quality of work to be done. Those types of decisions have heavy customer involvement at the very first stage even before you know who is going to do the work. The very first box, scheduling, cash flow, should heavily involve the customer.
Response: Certainly, there is customer involvement at every stage. Especially at the early stages, we need that input.
- We don’t have input until we get to work plans, and then there is limited time to provide feedback before budget requests. We would like more customer involvement before justifications and alternatives.
- Are there inconsistencies on how this is applied throughout the West? What we are asking for is opportunities for the areas who want input to have it. Have you seen variability in the process?
Response: Undoubtedly. The biggest variability is with power customers where it customer involvement has been expanded. The power business lends itself to that more easily. It’s not applied the same to the water users. Some are anxious to do it, but some are not. Bigger districts are more prepared to do so because they have more resources to get involved. We want to be sensitive and not impose one-size-fits-all, but give them the option.
- On page 11 of the materials it says there is not enough knowledge about workflow to make right-sizing decisions. This surprised me because we have 10-year plans and are happy with our relationship with Reclamation.

Response: We have opportunities to improve our internal process to know what the expectations will be. Those internal choices we make can clearly be improved upon so we can be more efficient.

- As a counter example, in 2006/2007 we were presented with the workload plans and found out Reclamation could do some work that we would not have a chance to outsource. We increased our contribution but it was an overall savings. That opportunity would not have been there if the area manager didn't have the ability to work with customers locally. For long-term projects it might be best so that Reclamation can have the flexibility to meet opportunities when they present themselves.

Response: We are concerned with that, we want to be "light on our feet" but it's a tricky business. We want to be able to take advantage of those situations. This diagram needs to address "who does the work". Customers have interest, input and concerns at every level and into the processes. It won't look the same for every project, customer, region, area.

- I didn't see any area managers on Team 12. Would it be helpful to have someone? You talk about the role of the area office with regard to status quo as intended and as practiced. Having an area manager on Team 12 might help.

Response: It was a conscious choice. We didn't put any area managers on the team. We will make note of it. Of course we need their input and we are seeking their input. The dynamic we have is the need to be on the same page.

- Only one area office is represented.

Response: Two of them are.

- The challenge is huge. You have this group of folks leaving at the time you need to deal with aging infrastructure. Has there been any assessment, if the workload distribution is sufficient and what opportunities there are to outsource? There is expertise in some of the private sector, keep that in the mix.

Response: Sure, we outsource 40% now, because that capacity is there and it makes sense. We are trying to staff for the valleys and accommodate the peaks. We cannot staff for the peaks, it's not cost effective. Budget constraints are driving workload. There are areas where we are short, and constant adjustments need to be made. Without considerable change in budget we are not going to get substantially more work than what we are doing now.

- One of the tensions in the MP region on the workload distribution is that contractors would like to do some of the aging infrastructure work and contractors are not included in the conversation because they are potential bidders.

Response: It might be helpful for contractors to be part of that discussion.

- The other part of the discussion is planning for the future. It's theoretical, but I don't see your staff going up because your budget is not going up.

- What assumptions are being made for advanced funding? Maybe the difference is going to come from the customers.
Response: We can accommodate staffing for off-budget stuff. It is a workload issue; the bigger facilities are reaching the end of the economic life. There are major Replacements, Additions and Extraordinary Maintenance (RAX) coming.
- In our region there's a lot of cooperation and asset planning based on life-cycle costs and what needs to be done in the future that takes into account environment.
- Maintaining expertise on hydro-power is critical for the whole country. I think it's really important.
- Some of us with transferred works have no where else to go but Reclamation.
- At what level do you see this happening, workload planning?
Response: At the program office, this is usually the area office. There are some programs run out of the regional offices, those tend to be Water Conservation Field Services, Central Valley Project and the like. Our focus would be on area office with the exception of Dam Safety. We would also like a broad corporate approach with regard to budget, which is formulated outside regional offices. When big RAX items come up it would give them the chance to budget for it in advance. This is work we have already tried to install into the early process.
- Who is responsible when things don't go right, the area manager?
Response: Yes, their performance review is based on whether they are doing this; it's in the performance evaluations now as part of the Reclamation Manual which lays out who is responsible for a program. That person is responsible for working with the customer or the people paying the bill. The project manager must explain to the customer what is in the bill and why it's in the bill. The process addresses what we do in undertaking the project. If that isn't happening, please tell Bill McDonald. We have procedures in place and if we are not getting that job done he would like to know. We think that is an appropriate process.
- Reclamation should spend some time identifying what works. Planning can be a crapshoot, you don't always know what you're going to get. But look back five years, look at the trend, estimate the budget, outsource a percentage, 10-20%.
Response: certainly there is data within the last 3-5 years; same budget, funding arrangement, that historical data could give you an idea about what's coming. The issue is "what is congress going to write in?"
- Have you looked at the last 5 years for that information?
Response: Team 9 did some of that. They did not look at off-budget projects and that is important. We looked at functions of individuals, not specifically on-budget or off-budget.

Another aspect of the process is considering the interests of those who are not customers. It is possible that other interested groups would share in the costs of projects that benefit them, but where in the process should they be included and how can they be identified? Where would that fit into workload planning? How do customers feel about adding another viewpoint to the mix?

- We already consider those viewpoints as customers. It's a part of the process.
- I have never seen an environmental group carry money to the table.
- Sportsmen's groups do.
- The other interests need to be in the room. We wouldn't try to exclude them because they have a valid point and we don't want to get that after the decision has been made and end up in court.
- Customer collaboration is a better word. Input implies one-way and collaboration is two-way.
- There was a *Managing for Excellence* team that focused on customer collaboration that also focused on accountability; I hope we don't miss out on all their work.

Regarding criteria for workload distribution, Reclamation has criteria now: Customers perform work that is a single-purpose on transferred works. Reclamation does work on reserved, Safety of Dams, and multi-purpose transferred work. These are basically self-executing criteria. Customers would like to explore whether or not, under some circumstances, this could be a District choice. Let's discuss under what circumstances customers would get the choice.

- I don't think Reclamation does all multi-purpose transferred work. There are a lot of nuances and individual contracts.
Response: Reclamation's identified some factors in trying to frame circumstances such as a risk to public safety. Where the work is owned by the government, liability is with Reclamation.
- You need a process whereby early decisions are made about Reclamation workload; they cannot change their mind six months beforehand.
- Experts become experts because they spent time. You can't maintain that without maintaining those who come through the ranks. And those up-and-comers need to have enough work to do to keep them busy beside the experts they are learning from.
- Multi-purpose facilities are a challenge. When they are involved Reclamation needs to strike a balance.

Response: that is the nature of the work impacting public values. For example, a RAX item, such as painting the gates at Grand Coulee depended on when the reservoir was low and that depended on the fish and demands for the fishery. Competing demands have to be weighed.

- Regarding where districts unilaterally have choice, we power and water users like the 50% threshold. That would allow the water and power users to decide where they were paying at least 50% of the cost of the project. That makes sense. If 50% of the allocable cost was paid by the district then they would do it.

Response: Reclamation oversight would have to be included in that cost. For federally-owned projects Reclamation is on the hook for liability. In the event of failure Reclamation will be sued, as the deep pocket. There should be collaboration because we both have a stake in it, but 50% is too simple. There are liability issues and public safety issues that have to be taken into consideration.

- I don't believe in picking a number, but we need to ask, "What level of involvement does Reclamation needs to have?" Maybe Reclamation will review the design criteria and the specifications. Forget about the percentage and just talk about the level of review.

Response: I think that is another approach to be considered.

- Can we bring the area offices back into the competition? If we have been given the choice to perform the work or manage the work, can we get bids from area office?

Response: In the past we have avoided that. But if it's Reclamation work on a Reclamation facility then Reclamation should be able to submit an estimate.

- This is asking for trouble, asking Reclamation to compete with private sector.

Response: It is part of workload we have to plan for if districts are given more choice, they could ask Reclamation to do it.

- With regard to the 50% threshold, how do you deal with other public values? Whether it has to do with maintaining an environment or avoiding an ESA lawsuit, a threshold of cost-sharing wouldn't deal with that. Could frame it as "Is there a need for Reclamation to do the work?" which would trigger public values that would give the work to Reclamation.

- In Sacramento we dealt with fish screens on the river. Environmental groups were brought in and the project manager made sure those issues were properly addressed. The person making decisions about workload are charged with engaging the other entities.

- The 50% threshold test was not suggesting that Reclamation have no involvement, but who does the design? In any case, if it's Reclamation's project and their liability then Reclamation will have to review what is done by the

District. Even if they are not doing the work with their own staff, they have to make sure it is addressing the broader needs. Reclamation is still a part, has ultimate approval on what gets done.

- The issue is the degree of review or standard of review. We would like a forum for disputes in this process. Design standards for example, Reclamation might want greater oversight than what the District feels is necessary.
Response: If you don't think there's the risk, assume it. Transfer the project. Work performed is one thing, but how it is designed is another. In context of liability and risk to the taxpayer, Reclamation needs a high degree of review.
- If the District takes the lead then how much review by Reclamation is required to review what might already have been reviewed. The concern is the cost of having something designed by engineers and then why pay Reclamation to re-engineer it?
- There is concern about the degree of review. I understand that Reclamation has liability. Maybe it's a transparency issue. The one paying for the project should see who is being paid to do what.
- The other part of the 50% threshold test is a process to resolve these issues. I think there needs to be a lot of thought given to what kind of oversight would be given in a 50% threshold test.
- There is the option to elevate to the area office if there was a dispute, to have a peer review where a neutral party could resolve issues about criteria and level of review.
- The dispute is not between Reclamation and customers; it's among customers, in the Lower Colorado Region.
- The Power community in the Lower Colorado Region has a great relationship with Reclamation that could be modeled throughout the west. The problems are with water users.
- How far into the future are water projects planned? How far out do you project your work products? That is the biggest impact on the dollars. I don't know the situation of the water users but the power users in the Lower Colorado Region are happy with the process we have now. I came to this meeting to discourage the implementation of any organizational alternatives.
- It's not the same in other regions. We don't know what's going to happen two years from now. We'd like to export the approach of the power users, if possible.
- Power districts pay 100% so the revenue stream is in our control. Most non-power entities are under the control of congress and there is not that certainty.

Response: That is an important point. There is so much variability among projects; we don't want to do something that wouldn't benefit anyone. I am hearing from the power customers that the decision is Reclamation's but there is lots of collaboration with power customers because there is a lot of accountability which puts pressure on that openness. The power customer doesn't want to do it themselves, but that openness makes sure we are providing a good service at a good price.

- It's a fine line between projects that are off-budget and advance funded. There is more pressure than those with revolving fund-type projects. But a good approach to take is the escalation to resolution of process. We had that in our agreement, it was a process written into the agreement, and we never had to use it. Maybe you could look at those.

Response: On the Columbia there are procedures for resolving issues. It's understood that we make ourselves available to sort out the issues.

- There are some differences between power, agriculture, and multi-purpose users. For a lot of our facilities allocating that is a challenge. Operations and maintenance are reimbursed but capital costs are not. These are complicating factors.
- There a question about public policy and public benefit. Food and power are public benefits too. We have declining resources and when fish and wildlife interests are included there are different attitudes. Attitude toward the process is important. When government gives power to the users magic can happen; when there is fear, that lack of trust builds bad attitudes.
- I agree. We might be able to work together on some projects but we might disagree about the scope of the work. More than oversight, where Reclamation should make decisions is where public values are being protected in a way that a District might not have a responsibility to do. There might be places where it makes sense for the District to do the work, where they pay 50% but there might be areas where they pay 70% and it doesn't make sense. Reclamation might NEED to do the work if there are conflicting interests.
- Growth pressures are driving the train. Food, fiber and fish are all in the same place.
- If customer feel excluded, environmental interests are a whole level below; even when fishery is a project purpose. Just getting a seat at the table is our problem.
- The six or seven things, like public safety and liability, if the District can address those to Reclamation's satisfaction and the satisfaction of other project beneficiaries then the District ought to pursue that work in a cost-effective manner.

- This relationship has taken time to develop in the Lower Colorado Region, it was between the years of 1982 and 1992 that we learned to work together so we could stop paying attorneys, because we lost every time. Since then, we have some input before decisions are made.
- I may be the only person representing the tax payer, but somebody picks up the cost and that's the taxpayer.
- Definition of customer should be broader. Authorization for all these projects have broad intent, the representation in this room is very narrow.
- It sounds like power users have a good relationship with Reclamation and those success stories we want to make into examples and give others the opportunity to engage in the same practices. It might be helpful to explain the process in the Lower Colorado Region so we can all understand. Having the option of locals assuming the lead, that interest will be out there, even in the Lower Colorado Region.
- There is a framework in place with power customers. Who will be the group that represents the water user?
- Set up the criteria and if the local offices want to take advantage of that they should have that opportunity.
- With regard to the Lower Colorado Region, we make all the decisions about power, Reclamation provides oversight and SOD, inspects irrigation systems periodically but we operate the Reclamation project at no cost to the U.S. From a liability standpoint, if the dam fails there is liability to Reclamation and that is why we haven't taken title.
- The Lower Colorado Region is some kind of model; would you support that in other areas?
- Yes, it's interactive and districts are able to contract out.
- We have mostly transferred work so the interaction we have is Reclamation participation on grant programs.
Response: The context then for the success of the Lower Colorado Region is that of reserved work and some transferred work where Reclamation must do the work, but it's not a transferred work where the district is doing all the work.
- A problem with the 50% threshold test is that a project may not have been done before so you cannot estimate costs when there is a project where customer pays some percentage but another entity pays a portion of that.

- You could require unanimity. If you have a 60/30/30 project split they all have to agree.
- There are some interests that do work on consensus.
Response: We can make substantial improvements and use some relationships as models and those kinds of improvements should be committed to paper and considered.
But even with those process improvements, there are pressures to get good cost-efficient work. There is still the perception that Reclamation does not have the most cost-effective service available. I also understand the need processes for dispute resolution. I understand there are public values and interests other than those paying the bill. When and how those interests are contacted and given an opportunity to collaborate in the workflow process decisions may vary depending on the circumstances.

Part 2: Conceptual alternatives

Presenter: Jamie Macartney, Co-Team Lead, Business Resources Manager, GP Region
Perry Hensley, Co-Team Lead, Dam Safety/DEC Officer

Jamie Macartney presented information regarding current workflow management, as intended and as practiced. One problem is the lack of consistency in following the guidelines that are already in place. There is also the problem of long-term planning because the area office may initially plan to do the work themselves and discover later in the year that they are unable to do it and the Region or TSC is unable to respond in a timely manner so the work is then outsourced. Reclamation needs better planning.

Perry Hensley presented the four conceptual alternatives, to provide a range of organizational structures and business practices to improve efficiency, transparency and accountability. Another goal of the organizational alternatives is to increase resource utilization. The alternatives progress in their change and impact to current practices.

Enhanced utilization

This organizational alternative focuses on business practice with no change to existing structure. Employees stay where they are and report to their current boss. This alternative does give teeth to the practices we have and basically tries to create the status quo as intended. “Shoulds” become “shalls” and managers are more accountable for implementing policies. Another part of Enhanced utilization is a body that would oversee workflow. This workload advisory group would:

1. Communicate where there is resource availability for technical work,
 2. Report annually to Commissioner, and
 3. Assist with planning and collaboration effort with providers.
- The workload advisory group needs a better name.

- This seems like it improves business practices.
- This adds another layer of bureaucracy before the work can be done.
Response: It is a step; but the workload advisory group would be a resource for the program office if they needed it.
- How does that address the issue of timing?
Response: In this process the project manager might collaborate with the workload advisory group before they outsource. Because the workload advisory group reports to the Commissioner, managers have incentive for forward-thinking so as not to be highlighted as one who didn't have schedules on time. All the technical resource groups provide information to the workload advisory group so the data is located in one location.
- If you went with this workload advisory group, you should have to meet with them regularly instead of a yearly report to the commissioner so they can ensure that the planning gets done.
- Is the workload advisory group consulted only before outsourcing?
Response: Yes, but they would have to be involved in workload planning. All the details are not known. There are lots of options to be played out in the details.
- The people on the workload advisory group are some of the same people in the area and regional office?
Response: Yes.
- When creating the workload advisory group, you may want to represent others.
- Is there currently some place to look at places to utilize technology? Do you have a list of engineers and their specialties? How do big engineering firms utilize their resources?
Response: These alternatives are intended to give us a better ability to establish and maintain core and, with oversight requirements, to develop sustainable core capability and to test whether we should outsource.
- As a customer, we have input at the program office, area office and regional office; after that we lose input. I like the workload advisory group as a resource for the area office on long-term planning but as a customer I want to have input and at some point do I lose that.
Response: This does not impact the program manager's responsibility. The manager can choose not to go with the recommendation of the workload advisory group.

- I don't know the difference between the program office and area office because of the contact. We feel like we lose something when it leaves the area/program office.
Response: TSC works for the program office; you should be able to get the input there.

- It looks like a clearing house. The chart makes it appear as though the work must go to the TSC and workload advisory group before it can be outsourced and we have reservations about that step of the process. That step is a burden.
Response: This is not first right of refusal for the TSC, the program manager can refuse TSC for any reason.

- There are conflicting goals here. If you do not factor in the costs of the work, you might not be picking the most cost-effective choice.

Corporate Utilization

Like the previous, this organizational alternative does not affect existing organizational structure or programmatic authority. Corporate Utilization creates a stronger workload advisory group (Group), which is established and empowered to make the workflow decisions within Reclamation. The Group is also empowered to make staffing decisions about under-utilized offices and is directly involved. The key to Corporate Utilization is to standardize the process to track costs and workforce utilization consistently. One outcome is that it would move some of the authority of the program office regarding where works get done. That authority would be with the Group. Overall, this might make Reclamation more efficient.

- Because some decisions about workload must be made in a short time frame, this adds a level of bureaucracy that will not enhance planning or relationships with the area office.
Response: That assumes that the Group makes poor decisions.

- At least conceptually you have this Group representative who can identify opportunities that your program manager might not have.

- That is true for planning, but what about the process? Bureaucracies tend to consolidate their own power and what was intended to be a smooth process becomes a burden.
Response: This Group would be a good group; it would have the data to save time and money.

- Where the "status quo as intended" differs from "status quo as practiced" is that as practiced there is nothing beyond the program office. How is this better?
Response: With this alternative you go from an area office perspective to a corporate "best for the whole" perspective. This Group would have an understanding about Reclamation as a whole and make decisions to benefit the

whole. Decisions made from individual perspective do not look at Reclamation as a single corporate entity.

- Is this managing by committee? Or is the Group the only one with access to a database about workload? Could you just have a database available to the program manager?

Response: The Group would advise management about the kinds of corporate decisions to make the organization more efficient.

There are different ways to look at this alternative; you could apply this Group determination only to work that was determined to be in excess of what the area office is capable.

Six Centers Alternative

This alternative involves a structural change. Technical resources would be relocated to one of six regional technical centers, likely to Denver and the five regions. Staff would be split at area offices, with the technical staff assigned to one of the regional centers. This could be virtual, with employees located in an area office but working for the region. The Group would have the same oversight functions as described in the Corporate Utilization organizational alternative.

Three Centers Alternative

This alternative would organize technical resources by function, discipline and expertise: Center for Dam Safety, Specialty Services, and Oversight; Center for Data Collection, Design, and Construction; and Center for Planning and Environmental Services. Under this alternative, workload planning is accomplished by the program office in concert with the “Coordination Group.” Once the type and quantity of work is determined, this Group distributes the workload to the appropriate Service Center. Each of the three Service Centers is responsible for determining what work will be outsourced. The Group would also have the same oversight functions as described in the Corporate Utilization alternative.

- Who is the customer contracting with in the six and three centers alternatives?
Response: The contract is with the program manager and the service provider, just as it is now.
- Those three centers would be the smart buyer for outsourcing.
- The program manager is not the one responsible?
Response: The area manager still runs the program and there is still accountability. It is not so different from now when an area manager has the work performed by a contractor.
- Customer interaction happens at the area office and we don’t want to lose that. Instead of adding a group or layer, eliminate something, maybe a regional office. Make it easier for the customer and more efficient like an area office with chain

of command to Denver. They would have technical resources with Denver. Already area offices have certain expertise, could utilize the expertise developed in those areas. A database of that expertise would be good.

At the conclusion of the first day of the meeting, Mark Limbaugh wrapped up the discussion and encouraged everyone to think about the four alternatives and come prepared with questions and comments for the second day of the workshop. He pointed out that it was the National Research Council report that suggested centralization to get the engineers out of the area offices. Mark Limbaugh also thanked Team 12 for their work, which was extensive considering they continued doing their day job.

Day Two: May 31, 2007

Bill McDonald said that the team would use the feedback of employees and the participants at the public meeting in develop their final recommendations. He encouraged the attendees to share those things that they were concerned about and things that they want the team to think about as they move forward.

- The more I look at these alternatives, the more I don't like them. What is the problem? Workload distribution and planning. From my view, what you're doing is working. Water users think it is not working. Different customers you might have to work with differently. I am not familiar with the process but as a customer I do want expertise at Reclamation, but what can I do to enhance the expertise in those areas? These alts are not helpful in that sense. It all goes back to planning, recording and budgeting to make it that much more efficient.
- Where we have success we should repeat those models and use the successful models we have to improve. Some of us feel that we have not been a part of the decision-making process of contracting out. Where should we be involved? The team needs to address that. We want to be involved where appropriate and where we can be.
- If I understand, Reclamation is not doing it right, and not keeping good records?
Response: We don't have good data for the right-sizing process.
- There are some things we should improve on, could improve on. Reorganization would be ok if it was clearly going to help but all you need to do is focus on what's working and getting customers involved. I get no peace from reorganization, it's an 8-year set back.
- It's not organization, it's policy and communication. Don't upset the things that are working.
- The only weakness we see is the planning and budgeting function. So if you have a group imbedded that could assist with those functions, that concept is a good one because it gets at the only weakness I see. Estimates are way off and planning

is way off. A workload advisory group is a small change that gets at communication. Not a separate group but a group already embedded.

- If you plan all your work functions, it will get better. It's working at the plants, they say, where they have mechanics planning for the work so they know what their going to be doing from one day to the next.
- I appreciate you want the bureau to have the expertise. It means different things, what expertise on what level? Experts don't fall off of trees.
- At Hoover the customer helped fund a program to train student interns on hydropower. It's been going on and some of the interns left for better jobs but that's the risk you take. I want someone there who knows what's going on and when it comes to the water in the districts it's up to them. I don't see hydro-power importance diminishing in the future at all.
- Back to the basics, the common theme, efficiency, transparency and accountability, it's about communication, customer choice, these buzz words. But all those things come back to cost, cost- efficiency, cost- accountability and cost- transparency. I can't help but think at the end of the day cost is at the root of these discussions. I am not convinced that the area where we have the least idea about costs is Denver overheads. We can't tell you the design elements and things coming out of Denver.

Response: If we are not providing that then there is a problem.

- It's not you, its WAPA too. What we don't have is an outline from Denver.
Response: It's available.
- There are different ideas about what transparency means. Telling customers what you wanted to tell them, now we tell them what we decided that affect them. Now, some will tell us before the decision comes up that a decision is coming up. There isn't a common understanding of transparency but if a program manager knows a decision is coming up and they need customer input they know what information the customer needs and that's one of the big deals in this effort is reaching that level of transparency.
- We are all coming from different perspective. Cost means almost nothing to us, we don't pay the bureau much; we're after service, in power and municipal water and dams.
Response: Are you saying that the alternatives would drive away quality of service?
- Most people have good experiences with their area offices, we are and it would take a lot to make it better than it is because it is good.

- Three Centers and six centers would take away some emergency response. If we hadn't had experienced employees within 12 hours during our emergency, we would have lost the dam. Even with virtual reorganization, that gravitates and centralization happens over time, and there is a loss of productivity when someone's boss is located remotely. We had a great thing going with the area office. When they went to the regional office everything changed, but they only moved 30 miles away. Be careful with the virtual idea, you will lose your expertise out in the field.

Response: On the dam situation you reference, Reclamation agrees we were on the verge of a failure in that situation. We were all darn lucky the resource was close at hand. We were lucky, but we can't have that same level of the resource in 26 area offices. That situation is not cost-effective; we can't have 26 sets of experts sitting at each dam. Just from a labor basis, resources were drawn upon from the region and TSC. Those people have costs year-round, not for a 10-day emergency. We are struggling with getting those people enough work to keep them sharp and busy enough to earn their keep.

- Costs are the driving force; it's not just lower dollars and knowing what we are paying for. We have driven up costs because we wanted additional work. We don't want input, we want collaboration. We're driving the work. That helps with planning because we know what we need for the next ten years. We know those elements because we're communicating with the project manager, the person who contracts with the TSC.
- We want the best, most-efficient work. It's up to the area office to determine if TSC does the work, if they need to maintain expertise. As long as the relationship is transparent we don't care who does the work.
Response: It is a cost driven Area Manager decision. The Area Manager does not have information about the brain drain potential, they are looking only at short-term costs, driven by the low-cost driver, and that may be short-sited.
- We understand that. We understand long-term benefit vs. short term costs.
- From the public standpoint we view it like the tip of the triangle is protecting the public investment, under that tip is supported equally by minimizing costs and maintaining expertise. Both are important to the tip of the triangle. I don't like any of the alternatives, they have too many filters and that increases your costs. There has to be core expertise, not just engineers. Cut out the filters. Project offices is where it starts, but cut out everything in between, increasing internal efficiency gradually, cutting out the filtration systems.
- Someone has a job to do, an investment to protect and a customer to deal with, which is confounded if you have to go through all these levels. Expertise has to be at the project level, they need to know what they are doing.

- I agree with that but what is more efficient is when responsibility and authority is at the lowest level to get it accomplished. You're trying to get a level of expertise. How can we make sure that we keep the expertise available?
- You have to have someone communicate who does what. The area office wants to get it done. The workload advisory group doesn't have to be a bad thing, it's not adding filters, it's communication. Otherwise it'll be ad hoc and you can't do any planning. It's how you decide that function, not to take power away from area office but communicates.
- How do you distribute workflow now if there is overlapping expertise in area, regional and TSC?
Response: When looking at status quo as practiced, we looked at those overlaps. Workload is done at area office if they have the staff and the time. If not, they look at their options and it's an ad hoc decision.
- We'd like to decide. We're paying for it.
- Better utilization of the TSC would lower costs overall by lowering overhead of TSC staff that isn't working at capacity.
- People are scared of creating more bureaucracy. They are fearful that we get three more months of deciding who does the work. Right now we have a pretty efficient system; we call our area office and know they will respond. We have a level of expertise and know some work will go to the TSC. We call area office and say we need some geotechnical services and we contract directly with the TSC.
- It also comes down to timing, if there is time to plan it. Not emergencies, planned work. Lower level decision on work allocation is best for the customer. It sounds like there is an issue with Reclamation in terms of coordination and communication. Whether it's a clearing house or a workload advisory group, there needs to be some kind of work/cost management system in place. It may require a work management system software, we use Maximo. We use it all the time. So rather than focusing on organizational change, focus on putting in place the discipline to identify what it is costing to get the work done.
- You are trying to sell the TSC to us, but you need to sell the TSC to the area manager. I am a big fan of the TSC.
Response: Free enterprise works until you need expertise and we don't have it anymore and we had a responsibility to keep that expertise but we didn't know. Free enterprise might put us in a position where we lose expertise.
- I think it is worth pursuing some coordinated group. I don't like Three or Six-Centers alternative but a group that takes a broad perspective at workload

utilization would be workable. If it existed it should be small, with names and faces that customers can communicate with them. That makes sense to me.

- Maybe what you need is a planning group that looks at the workload every several months and sees the distribution of work. It's a moving target. You have to know in advance, go back and see where the work goes and find out why? Is it because they didn't have time at the area office?

- I look to the area office first; I don't want to go to a coordinating group. I don't want the area manager to say, "well, the coordinating group decided" or "hasn't decided" I don't want the coordinating group to be the excuse for not getting the work done.

Response: Accountability will be protected.

- If I have a contract with the TSC, I will be in contact with them. There is someone assigned to that job. There is a fair amount of direct contracting.

- I would blame the area manager for choosing a contractor in the same way I would blame the area manager if the TSC did the work and it came in over-budget and not on schedule.

Response: If communication and Accountability remain, do you have a problem with work going to the TSC? I'm hearing that it's planning and transparency, involvement and collaboration that gets you to the decision.

- I don't care where the work gets done. Accountability and efficiency are most important. Ask, "Is it the most effective way to get the work done?" If it must be done given the resources at hand by the program manager. There are things like travel and coordination time rolled into the decision. Striving for optimum resource allocation may not be right. Reasonable resource allocation, sure.

- It ought to be explored, to compare the cost of service done at the area office versus work done by the TSC and outsourced. Not having that data is a problem. It might come down to fee-for-service agreements. We need information about how the area office has worked. We don't want to add costs by having contract specialists all over the place.

- There must be a middle ground that is not too burdensome. One hundred percent utilization would affect effectiveness. When I was in Mid-Pacific we didn't want to go to Denver because we had to train those people on the CVP.

Response: CVP context is an example of social and, natural sciences work. I get some sense that there is greater interest in having flexibility to get private firms for social sciences and environmental work.

- There is some outside contracting going on; is it because of time constraints?

Response: There is a lot of "contracting out" the social sciences. The area offices want it at their door and there are those offices all over. They have the

ability to hire and fire in ways we can't. We could not staff for peaks in that area. We don't plan ahead always and that is an issue. We don't have the capacity.

- That is a generalization. We are concerned about the loss of some specific expertise on the engineering side.

Closing Session Comments

The next steps for Team 12 include articulating what should be achieved and how it should be achieved by crafting a policy that would be distributed first internally for employee comment and review and then after being fine tuned, it would be presented to stakeholders by the end of August 2007. There is some urgency in the Team completing its work soon because the process is disruptive.

- It is appropriate to go to employees and area managers first.
- We would rather you thoughtfully go through the process than rush it and go through it again. Consider sending us a paper when you start the internal process.
- What will be the scope of the document? What are the next steps, making the document implementable?
Response: Yes, our employees are as important to Reclamation as customers. They determine how the rubber hits the road. Collaboration is what we're talking about and closure. An implementable deliverable as soon as possible would help all of us.
- It was a good presentation and discussion, and I like where Reclamation seems to be headed. I think because of the interest by both employees and customers this one should be considered for a concise paper that states where Reclamation is going and why. This would not be a policy or implementing document, but rather a more public-type explanation and description. (provided in writing)
- I trust Reclamation will come up with an approach that works best for the organization; the most important issue is workload planning and distribution. Describe how those things are going to happen.
Response: Accountability by area managers was addressed by an earlier team and ties in with that discussion.
- Your final product needs to address how customers can be involved in decisions with regard to cost.

- We'd like to see a longer-term collaborative process to identify, develop and agree to priorities as part of the process.
- If we have a private company involved, what is the degree of oversight? The cost of oversight needs to be discussed.
Response: the customer involvement and collaboration team has sought to have that done more consistently.
- My impression is that there is a lot of overhead; if you go through some of the exercises to get the data it would be interesting to see what you find.