

RECLAMATION

Managing Water in the West

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

Albuquerque, New Mexico
February 27 and 28, 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.

Contents

Introduction	1
List of Organizations with Attendees	1
Overall Meeting Evaluation Form– Written Comments	2
General Session	2
Overview.....	2
Reclamation reimbursable and non-reimbursable costs	4
Decisions for Action Item 4: Decision Making	5
Decisions for Action Item 16: Engineering Standards	6
Action Item 11: Analyze the Cost of In-House and Outsourced Commercial Workload.....	9
Action Item 12: Right-Sizing.....	11
Action Item 7: Expedite Policy Development	17
Action Items 26 and 27: Outsource and Transfer Opportunities for O&M....	17
Closing Session Comments	19

Introduction

On February 27 and 28, 2007, the Bureau of Reclamation held the fourth public meeting on the *Managing for Excellence* initiative to provide the public with information on the objectives, direction, and progress on 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 January 22, 2007, and drew 16 attendees from water, power, and environmental consortiums, as well as individual water districts. Federal representatives in attendance included Assistant Secretary of Water and Science, Mark Limbaugh and Reclamation managers and staff, including Larry Todd, several Senior Executives, external and public affairs staff, and several action item team leaders.

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 the team associated with the action item to which the comment pertains.

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 serve as a driver for the preparation of future overview presentation and/or has been 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.html>, email: excellence@do.usbr.gov, or call (303) 445-2849.

List of Organizations with Attendees

Bohannon Huston Inc.
Carlsbad Irrigation District
Central Valley Project Water Association
Colorado River Energy Distributors Association
Defenders of Wildlife
Family Farm Alliance
Hubert & Hernandez, PA

Environmental Management, Kirtland Airforce Base
Metro Water District of Southern California
Middle Rio Grande Conservancy District
Salt River Project
San Juan Water Commission
Santa Clara Valley Water District
South East Colorado Water Conservancy District
Water Consult
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. None of the forms were returned.

General Session

Overview

On February 27, 2007, Mark Limbaugh, Assistant Secretary of Water and Sciences, 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 welcomed those in attendance and expressed appreciation from the Secretary for their participation in *Managing for Excellence*. He stressed how important it is to have meaningful input on issues important to Reclamation, namely core capability and technical leadership. The input of our customers and stakeholders is helping direct Reclamation to a meaningful future, Mr. Limbaugh said. He assured attendees that all the talk about efficiency, accountability and transparency is not just talk, that there will be implementation plans and timelines developed. He indicated the first of those plans would be on his desk in the next 30 days, and would identify those who will be responsible. Implementation is the most important part and we are going to see some innovative ideas, he stated.

- Regarding the midterm report, what is your feeling?

Response: Things are moving on a timely basis and some useful products have been developed for customers. It's missing the implementation and we need to start analyzing how we're going get to that point. We got our manager's on board we need to get our employees on board and let them know how to do it. Every decision made regarding the Managing for Excellence action items is going into the implementation phase.

- How do you feel about how customers are getting the message out? Can we do something more?

Response: Thanks, it's important to be a part of the effort so you can help to communicate to the other customers and stakeholders. We're not just talking about the National Research Council's report, we're talking about peoples lives and their jobs and we owe them the respect to treat these communications carefully. Whether we are bigger or smaller, we look at the needs and the best way to get the job done and meet customer expectation. Accurate communication is important.

- With regard to the Congressional committees that are interested in the right-sizing effort, have they said whether staffing should be increased or decreased?

Response: We have met with Congressional committees and they think the "devil is in the details." We are addressing what we need to address but what we need to show them is that we are going to get it done. They are considering an oversight hearing.

Larry Todd reviewed the agenda and addressed the functional area sponsor changes, Bill McDonald replaced Maryanne Bach as the functional area sponsor for Engineering and Design Services and Darryl Beckmann replaced Larry Todd as functional area sponsor for Human Resources and Workforce.

We want to change the way we do business, he said, and to model the decisions that are coming out of the action item teams. One of the ways Reclamation dispersed information about *Managing for Excellence* is the managers' conference on February 7-9, 2007 where Reclamation managers were given an update and instructions regarding informing employees about *Managing for Excellence*. The Managers' conference included area managers, regional directors and presentations included a water and power users panel. The most important message was the need for communication, and how we should talk about the things that we do. Managers were told, "Get out and talk to the water users and districts."

- Are Area Managers embracing *Managing for Excellence*?

Response: They understand it and see the point, but some aren't getting any feedback from the customers and stakeholders that these kinds of changes are necessary and they wonder how they can do this with an already full workload.

- At the Family Farm Alliance Annual Conference in Vegas, we had some private meetings where Area Managers said it was hard to get employees excited about this. It's up to us to let our constituents know why it is important because it is important. We have a chance to improve relations with Reclamation and to improve things for customers.
Response: It certainly helps.

Reclamation reimbursable and non-reimbursable costs

Presenter: Efraim Escalante, Special Assistant, Policy, Administration, and Budget

Based on feedback from earlier public meetings, Efraim Escalante prepared a presentation which better explained Reclamation's reimbursable costs and non-reimbursable costs. Reimbursable costs are recovered from project beneficiaries through annual repayment contracts, sale of water and power or advance funding. Non-reimbursable costs are not recovered under current law. Project purposes include irrigation, power, municipal and industrial, flood control, fish and wildlife, and recreation. Reimbursable project purposes include irrigation, power, municipal and industrial. Non-reimbursable project purposes include flood control and navigation. Reclamation law, project legislation and project contracts determine whether a cost is reimbursable or not. To view a copy of the presentation, visit www.usbr.gov/excellence/Albuquerque/Reimbursable.pdf.

- Although reimbursable costs are paid through rates for water and power, Reclamation needs to understand that customers are affected by non-reimbursable rates as well.
Response: Those collections are credited, you collect in advance and you receive a credit, these are the basics we can use to talk about this.
- Where are you putting Revenue? Subsection I: revenues, credit for land lease, etc.
Response: That was not included. There are revenues on projects on sale of land, gravel, minerals, etc and they are applied against the purpose (i.e. irrigation) If you found oil under the water it would be credited to the purpose, or all of the purposes.
- Help me understand what difference we will see under *Managing for Excellence*?
Response: A transparent, more constructive dialogue. Applying our guidance consistently, so one of the things we can do is train managers so they can explain the cost obligation and where it came from. By having a transparent disclosure on how costs are calculated, it entertains the question, did we do the allocations right? Were they applied appropriately and accurately?
- What you've done is made it so that policy-makers understand it but accountants don't. This is a new look on how you visualize it, and we can be on the same wave-length, and take it to the boardroom.

- I agree it fits with what we wanted, a process where the local district have forum to work out budget and priorities and I will continue to push for this.
Response: If we can make changes to this presentation let us know, the plan is take this presentation to the Districts.
- Regarding Pueblos, is the cost of construction on Native American lands and costs of O&M not recovered?
Response: Some costs are not recovered.
- Did you say that appropriations are also funded by minerals management? So that is appropriated by Congress?
Response: It is appropriated by Congress. Congress decides how much to appropriate. The reclamation fund presentation in Sacramento explained some of that.
- Another way to look at it is, having contracts so you don't have to appropriate the funds.
Response: If we don't have to use our funds to pay for O&M irrigators pay for it directly and it frees up some money.
- One benefit of advanced funding for power districts, it's easier to budget O&M to have contractors fund it and the contractor doesn't have to pay interest.
Response: That is easier than the bureaucratic process.
- Who's getting my share of the non-reimbursable?
Response: I don't know.

Decisions for Action Item 4: Decision Making

Presenter: Roseann Gonzales, Director, Program and Policy Services.

The task of Team 4 was to identify structured decision-making process gaps and potential remedies and to build on previous efforts to assess Reclamation's decision making processes. This resulted in recommendations to increase implementation of best practices and address gaps where there are identified problems with a lack of structured and consistent decision-making processes. The need arose when some formal, structured processes were sunsetted because of real and perceived inconsistencies, unclear delegations and responsibilities, and inconsistent communication of policies and decisions throughout Reclamation – to employees and stakeholders. The team reviewed previous analyses of Reclamation's decision-making processes including recommended "Decision-Making Tools", conducted Reclamation employee survey on decision making, and reviewed & coordinated with other M4E teams with related activities (Teams 5, 6, 7 – related to Delegations of Authority, Policy "Gaps," and 20-23 Project Management). In addition, the team considered the DOI Solicitor's Office on guidance related to the

development of decision files and administrative records. The Commissioner directed taking the necessary actions to implement the following recommendations:

- Communicate decisions with Reclamation-wide implications
 - Issue directives and standards, as appropriate, to address Solicitor Memorandum “*Standards Guidance on Compiling a Decision File and an Administrative Record*”
 - Communicate Reclamation Leadership Team roles/responsibilities, and meeting summaries
-
- From the water-user perspective, did you address who is really making the decision? We want to know if it’s a technical person who might not be able to take everything into consideration. It’s ambiguous to us.
Response: Team 5: Delegations of authority will address that. It will lay out who has the delegated authority. It shouldn’t be a mystery. It’s a problem internally as well as externally.

 - As far as decision results, what about transparency with customers?
Response: We want to do that, but not put so much paper online you get confused.

 - What does implementation look like?
Response: See me at the next meeting, I am pulling it together. We are taking these messages back to the office, telling the staff to take the principals of efficiency, accountability and transparency and think about the processes we have and apply those principals on a day-to-day basis.

 - We’re excited on the implementation plan. Different customers need different forms of communication so adjust the implementation to suit the customer. Start with the little guy, the big ones are easier.
Response: We’re trying to have tools to customize to the audience and understand that this is important.

Decisions for Action Item 16: Engineering Standards

Presenter: Bruce Muller, Acting Deputy Director, Safety, Security, and Law Enforcement

Action Item 16 was completed in January 2007. The team collected and reviewed existing internal and external data and surveyed design providers and design clients to gauge experiences, practices, and perceptions of Reclamation engineering standards and processes vs. other standards and processes.

The team made the following recommendation with regard to Design Data Collection:

- Finalize and implement design data collection guidelines
- Regional assignment of design data collection responsibilities

The team made the following recommendation with regard to Design Standards (primary role to TSC)

- Review of existing standards, manuals, monographs, technical memoranda, and commonly accepted practices
- RLT to identify sources of funds to perform review
- Input of Reclamation staff and customers in review process
- Update/create identified needed internal standards
- Communication of changes in standards to all offices
- Posting of standards to website
- Develop/maintain standards for high hazard/risk facilities in coordination with Dam Safety Office

The team made the following recommendation with regard to Design Process

- Communicate role of TSC
- Communications plan for final design process
- Engage RDCCT in developing more efficient means of developing designs
- Collect data for internally and externally prepared designs
- Determination of who communicates with stakeholders on design and construction projects
- Ensure programs initiate dialog between producers and receivers of design services

The team made the following recommendation with regard to Closeout Process

- Develop/communicate non-discretionary closeout process
- Web-based closeout questionnaire
- Regional entry of responses into accessible database

- Was there a question about how you get peer review in this process?
Response: As we go through this review of our design standards, we would like to include some peer review, some outside entities. If you have thoughts about who should be part of that review, share that with us. We can include it in the implementation plan.
- Is there a similar set of standards for inspection of construction work? Give it some serious consideration. Not, “Is it designed correctly?” but “Was it put in the ground correctly?” We have seen cities contract design work and the design was fine but it wasn’t constructed properly and there was no inspection.
Response: I am not aware of any.
- With regard to aging infrastructure, we don’t have standards to use to determine whether gates need to be replaced?
Response: You’re talking about two different things. If it is determined that a gate needs to be replaced, standards will be applicable. The question of whether or not the gate needs to be replaced should involve discussions with the water/power user based on the subjective observations of the condition of an existing structure. For minor repair, there might be standards but rehab has no standards while a replacement will have standards.

- But if a beneficiary thinks the repair is too expensive, there are no standards for determining whether they must make the repair.
Response: There was a team that focused on major repairs. What you are talking about are not standards, but criteria about whether to undergo a repair or replace. There are trade-offs in design standards, for instance, a less expensive repair might last fewer years but might be preferable to a very expensive replacement with a longer lifespan.

Decisions for Action Item 24: Contracting Repository

Presenter: Rick Gold, Director, Upper Colorado Region

Action Item 24 was completed in December 2006. The team was tasked with establishing and maintaining a central repository for examples and appropriate guidance regarding procurement contracting. As a result of the team's recommendations the Commissioner has directed implementation of an internet site for acquisition assistance-related guidance. The site is complete and can be accessed at www.usbr.gov/mso/aamd.

- What was broken?
Response: Prior to putting this on the web all the guidance information was under the desk or in gray filing cabinets in our acquisition offices. If you wanted to know, you had to talk to the right person. We didn't have much education on the options and could not talk to our partners about what those options were. So the transparency problem was internal and external. We now have people asking questions and learning about acquisition. Many of you have not paid attention to this action item, but it's a valuable resource for our folks and I think for you folks, as well.
- Are there different perceptions in contract process? Any misperceptions?
Response: I think we had people who didn't know enough to ask the right questions.
- When you say "know how to ask the right questions" where is the book on that? If we are talking about transparency and communication, how do you get on the same page with partners? We use different words.
Response: It's about communication. I suggest that you sit down with your Reclamation partner, and see if you both understand, "what are we doing?" This is about procurement contracts, how the U.S. buys things. I don't expect to become an expert, but I can ask about other options and see that they have been considered.

Action Item 11: Analyze the Cost of In-House and Outsourced Commercial Workload

Presenter: Bill McDonald, Director, Pacific Northwest Region
Jamie Macartney, Business Resources Manager, Great Plains Region
Perry Hensley, Acting Director, Technical Resources

Action Item 11 was tasked with analyzing the unit-to-unit costs of in-house and outsourced performance of commercial workload. The team presented examples of commercial activities performed by contract and comparisons of commercial activities performed by Reclamation staff. The team's analysis will be used by Team 12: Right-Sizing.

For the most part, direct comparisons are not possible because of the unique nature of the work, but the Indefinite Delivery Indefinite Quantity (IDIQ) Contracting (Outsourcing) is the most easily compared. With regard to unit costs per hour, Reclamation compares favorably to contracted IDIQ. Contractor rates with regard to junior staff is 26% higher than Reclamation, Journeyman staff is 21% higher, and Senior staff is 29% higher. The team admitted that unit cost rates are only part of the comparison, while the time required to complete the task and the total overall cost of a task is more telling. Unfortunately, task-to-task comparisons are limited. The team will continue to gather more data; including data on the costs for design of the Carter Lake Outlet and their findings will be provided to Team 12.

- You mention overhead for private contractors; do your calculations for the in-house costs also reflect the overhead?
Response: Yes, that is the total cost of the Comprehensive Facility Review.
- So these are the estimates for the cost, not actual costs?
Response: Yes.
- So if you thought it would take 10 hours, it might actually take 12 hours? Does your planning mirror what actually happens?
Response: All the Comprehensive Facility Reviews performed by Reclamation were between \$12,000.00 and \$33,000.00. The median cost was \$23,000.00.
- Do you have similar data for the contract work?
Response: This is the data, this work was actually done by contracts.
- How many contracts does this represent?
Response: 12
- Is it the same firm performing all twelve contracts?
Response: Perhaps five different firms performed all twelve contracts.

- Does the same team do each Comprehensive Facility Review for Reclamation?
Response: No, but there is a similar make-up because all teams draw from the same staff although not always the same person.
- ACEC put together a curve that allowed engineers to put together a cost estimate based on a percentage of the construction cost of the project. Have you shown how much of the cost engineering generated compared to the cost of the project?
Response: We have not. The problem is: where do you cut off the costs being incurred and call that design? When comparing good design data it is difficult to compare apples to apples. The total cost of the project cannot be simplified like this because it's possible that thousands of dollars in design work can save millions of dollars on construction.
- These figures are for senior level staff, have you looked at the other 90% of Reclamation's work?
Response: I think we will be able to get a broader range of data. It is only technical workload and NEPA is another source of data we need to look at.
- It would be helpful if you could come up with some examples of design work that involved just regional engineers on a per-unit basis, another which was area office engineering only, and area and regional that involved the TSC to see the impact of overheads. Where you have all those levels working together, that is where people have had concerns.
- These figures don't surprise us. Top dollar is paid for this kind of work in the private sector and we want Reclamation doing this work because they know our dams; we know they understand.
- On the power side, Reclamation will let the power user decide whether to use Reclamation or contract with the private sector. For example, it might make sense to contract on replacement of pen stock lights and their electrician staff could focus on the real work.
- The question is: what will the whole of engineering look like? This info doesn't get at that.
- Are we going to see more of this?
Response: Yes, we have the data even before the project is completed.
- Team 11 is done in November and Team 12 is done before that?
Response: No, we think team 11 will have to be done first, and we will finish before team 12.

- Western Area Power Administration is absent. Reclamation should meet with them when this team's work is done and encourage them to do the same kind of things.
Response: Good point. We have an annual meeting with WAPA and there's other federal agencies we need to begin talking with now that we have come this far. We are finally in a place where we can share that.
- Let us know when you need our involvement. There are two more public meetings on *Managing for Excellence*, please share your results with us.
Response: Give us some time on implementation, but we will need your input on Team 12 tomorrow morning.

Action Item 12: Right-Sizing

Presenter: Bill McDonald, Director, Pacific Northwest Region
Jamie Macartney, Business Resources Manager, Great Plains Region
Perry Hensley, Acting Director, Technical Resources

To date, Team 12 has gathered information from other teams that are complete and reviewed previous reports, including Profile of Design Capability, Jan. 1997; Maintaining Construction Capability, Jan. 1997; and Construction Management in the Bureau of Reclamation (the next 25 years), Nov. 2004 (draft).

The Team wanted to point out that "Right-sizing" is not defending the status quo, presumed downsizing, nor is it driven by a predetermined organizational change or aimed at making Reclamation a purely outsourcing organization. The framework for Deciding the "Right Size" of Reclamation is based on projected workload, sustainable core capabilities as well as how best to accomplish work beyond core.

Projected workload includes work required to deliver water and power, project Operations & Maintenance (O&M) and required work performed for other agencies. Such project workload is constrained by funding availability and priorities and impacted by:

- Laws/Regulations
- Reclamation's Engineering Standards
- Industry Practices and Standards
- Dam Safety and Public Safety
- Departmental and Reclamation Processes

Sustainable Core Capability is inherently governmental work and those skills needed to maintain technical capacity to:

- manage risk
- provide oversight
- support customer relationships
- provide program and project management
- ensure succession planning
- maintain institutional memory
- maintain unique expertise

The right size for a workforce required to sustain core capability is a function of many factors. Some of those factors are qualitative. Recognize that there are tradeoffs among the factors. Factors driving core capability staffing include:

- Work distribution processes
- Degree of partner involvement
- Desired depth of knowledge
- Responsiveness
- Location of the expertise (local vs. centralized)
- Availability of expertise in the private sector
- Timeliness & scheduling needs
- Degree of oversight
- “Brain drain”
- Standards

- Are those reports reviewed by Team 12 available to the public?
Response: I don't know if they are public but I think we could post them on the internet.
- Right-sizing makes people on the outside part of the process. Do you have that?
Response: This is part of the process, all of us are sitting down every year and looking at the nature of the O&M work and talking to the district about how to get it done.
- You understand why I am asking? You are going to have people say there wasn't a lot of input. You should have customers on each team. It's a perception problem. You do not have someone on this team that has a perspective other than Reclamation. That outside perspective is more important for this team than other action items.
Response: Good point. One of the issues and struggles is with FACA, and getting you involved in the teams was hard so we opted for this forum. We can do more workshops or invite us and we'll come talk to you.
- What about a truly outside person, not a customer?
Response: We might do that.

- At the FFA conference in Las Vegas, it was mentioned that since 40% of Reclamation's workload is being contracted maybe the contractors could help with the process or offer some peer review. Reclamation should get someone from the private sector who has done this.
Response: The NRC report has done that.
- I like what you're doing but the lack of outside review is a fatal flaw.
- Do you take turnover into account?
Response: Sure. We know retirement rates, where there is some variability depending on job series and which federal retirement system you are in. Resignations are more unpredictable. We actively recruit, and our entry grade salaries are competitive but as they get to senior level we are not competitive. Engineers stay because they like public service but we have to work hard to hold onto those people. There is a niche there for older engineers who want the benefits of government work. But there is more mobility to the new federal retirement system.
- Regarding the core capability issue, is part of this process providing an inventory of that core capability and the number of those positions?
Response: What you think of as core will drive the size and we need that to drive right-sizing.
- Is this effort limited to the Technical Services Center?
Response: It includes the entire organization, wherever engineering and technical services are found. Things, of course, could spin off as part of this effort. But the focus is the 1900 positions in engineering and technical services.
- Are planners included?
Response: Some planning disciplines are included in the 1900.
- NEPA work?
Response: Yes.
- Is there a relationship between Fish & Wildlife and Reclamation? I think Reclamation does a better job. They did a levee that failed. I would like to see you take on some of their work.
Response: There is a process under the Economy Act, where a government agency can get another government agency to do work for them. It's for efficiency. We enter into that frequently with other agencies and it goes both ways, they work for us and they bring us work, but that is up to them. We do 100% of Fish & Wildlife work in California. With regard to right-sizing, let us know if Fish & Wildlife work should be part of our sustainable core.

- Seems like there is more of a focus on fish than dams now. Reclamation should investigate the agencies doing that work, and if it could better be done by Reclamation then Reclamation should do it.
- You say that 40% is outsourced, is that just with regard to engineering and technical services?
Response: Yes.
- If you have sporadic requests from other agencies for work, you don't have to be staffed for that.
- With regard to maintaining unique expertise; is that the Research and Development that goes on to ensure all the work on structure and what fails and why?
Response: That is part of it.
- I don't want possible work opportunities to overshadow core capability. Reclamation's right size is what it takes to do core work. If there happens to be an opportunity that Reclamation has the time and resources to complete then that is a business opportunity but not related to core capability; it's oranges and apples.
Response: Yes, that is true.
- The right size back in the 1900s is not the right size now, so the core changes?
*Response: Yes, we have to do different things to deliver water and power.
Restoration is a huge part of the budget.*
- When people got into contracts with Reclamation to build a project those weren't issues customers signed up for, and are not what we paid for.
Response: But the Central Valley Water Project, for example, although the customer did not account for it initially, the law passed and they have to pay for it.
- People understand that the defined piece has grown. You have to change the personnel. I consider your core responsibility today and until whenever.
- You're on the verge of doing something good. I think this is the purest look at right-sizing in my history. This is a fairly pure look at determining what Reclamation needs to do and what kind of core capability you need to carry that out. I know you can't let someone else do it, but get some feedback as you reach this critical juncture, whether from water users or elsewhere outside Reclamation.

- From our perspective, we're going to spend more money on water. This is going to be continually evaluated. Where is Reclamation going to be in 2060? If we have to re-plumb the whole system then Reclamation may turn to a majority of construction again.
- In Las Vegas, a non-engineer speaker talked about approach more than numbers and Reclamation's O&M and engineering. If you pay for more than 50% as a customer you should be able to choose whether to contract out. Is that a soft factor that could come into this right-sizing discussion?

Response: I think so. This may be more an issue of choice for the districts/customers/partners rather than optimum right size. We need to talk about the issues Bennet raised in Las Vegas.

- It's really an issue of the districts who are paying the tab having more of a choice and part in the decision making on how a project gets done. For the customer, the number of people at Reclamation is not the issue. "How much choice do I have in decision-making?" is the concern of the customer.

Response: Choice is about decision making, to contract out, or even design and choices in cost and life-span of things. Reclamation has tended to be inflexible in design and decision making and customers want input. We appreciate that feedback.

- Don't get hung up on 50%. It's just a number. The point is accountability for budgets and customers having more input, serious input, not "thank you for your comments", into developing a work plan and executing on that. Maybe they can choose to take more risks to lower capital costs or vice versa.

Response: This relates more to O&M transfer. If you want the risk then transfer the project. Until then Reclamation is responsible. So if you want more input, transfer O&M. Until Congress says we don't own it, we do.

- Your circle is a half-circle. Those of us who have facilities are not in the circle; we are told what to do.

Response: We have room for improvement, we should consider it.

- In various regions the input interaction is different. Because of contractual arrangement, we have very good work plans. We make alternative recommendations. Lesser cost or whatever. The piece that is missing is a response. Why we can or can't do it that way. Closing that circle is necessary.

- With regard to Local vs. Central technical services, does it have to be one or the other, or can you have both? In Provo they have to be there.

Response: Yes, alternatives include compartmentalizing the different functions within the region and Denver. It might be preferable to keep more unique engineering in Denver, but no overlap. The team wants to reach a point of balance not one-or-the-other choices.

- Reclamation might be changing from construction to management but your expertise is not going to change. You still need someone to know how to fix the pump. Whether you are building it or repairing it the expertise is the same.
Response: Yes, construction is construction and we do construction viewed as rehabilitation. In terms of workload distribution, we would have to have long-term views because we cannot right-size on short notice.
- Most organizations have 5-year, 10-year capital, to hit a target you have to know where to hit.
- Is the asset management questionnaire factored in?
Response: I wouldn't see it that way. It's something mandated that we have to do, and we have technical and non-technical people working on it. It's a piece of workload but not a driving piece.
- As a scheduling issue, I would suggest “input” after “analysis”, before you draft the report.
- I would go beyond that, it would be good to have a series of public meetings. This is a critical place. Identifying options is critical, as is analysis and recommendations. Reclamation should have workshops in Denver to talk about options. Make us come to you. You won't get 40 people; maybe only 12, but those people are interested. Don't spend a lot of money but have meetings and input on every bubble.
- The way things are headed, we are going to require input from regional and area offices.
- If time is a problem try a teleconference? Or video-conference for us old guys who want the face-to-face.
- It would be helpful to bring in some people from the outside to give you ideas on “identifying options” prior to moving to “evaluation”.
Response: This kind of question will generate a lot discussion, and we will have to go back through the process because we didn't foresee everything. We need to look at calendars and come back with thoughts about timeline.
- Extend Team 12's deadline to December, 2007. Move it out so you can incorporate the work of other teams. If it takes until the end of the year to do it right, then do it right. You don't want have to re-evaluate after viewing the products coming from the other teams.

Action Item 7: Expedite Policy Development

Presenter: Roseann Gonzales, Director, Program and Policy Services
Shannon Kerstiens, Program Analyst, Program and Policy Services

The objective for the team assigned to Action Item 7 was to expedite policy development for highest priorities identified in Action Item 6. Those highest priorities were:

- Cost Estimating
- Design, Estimating, and Construction Oversight
- Operation and Maintenance Cost Allocation
- Program Coordination and Budget
- Project Planning/Report Certification
- Title XVI Program

Team 4 developed a pilot process to ensure expedited development and will develop, review, and issue *Reclamation Manual* releases. As they become available those releases can be found at: <http://www.usbr.gov/recman/Postinginventory.pdf>

No comments made.

Action Items 26 and 27: Outsource and Transfer Opportunities for O&M

Presenter: Kirk Rodgers, Director, Mid-Pacific Region
Randy Chandler, Deputy Manager, Phoenix Area Office

The objective of Action Item 26 was to identify where opportunities exist for transfer of O&M responsibilities to water users and the objective of Action Item 27 was to identify where opportunities exist for outsourcing of O&M of reserved works. The team first updated Reclamation facilities status tables regarding “Reserved” or “Transferred” works and then interviewed Reclamation Area Managers regarding potential transfer interest or candidate facilities and experience related to transfers and outsourcing. The team also researched the history of and current status of O&M transfer and outsourcing to identify lessons learned, in addition to reviewing current Laws and Policy regarding O&M transfer and outsourcing.

Their work began discussions of considerations for O&M outsourcing. Area Managers in each region have identified O&M transfer candidate facilities. The team has identified some obstacles as well as some keys to successful transfer of these facilities. Known water user interest in O&M transfer has been identified and Area Manager experience in transfer of facilities has been explored.

Current outsourcing efforts and potential for additional efforts have been explored

They have developed a set of criteria to identify candidate facilities for O&M transfer which includes:

- Interested district or entity
- Capability of district/entity to perform O&M
- Potential savings to Reclamation budget & staff
- Power issues
- Ease of transition
- Project authorization
- Agreement among project beneficiaries
- Other environmental or third party concerns (including statutes, compacts, treaties, etc.)

The team now plans to seek stakeholder interest and feedback and draft criteria for consideration of candidate facilities for transfer of O&M. The team's product will clearly identify process of transfer and recommendations and guidelines to be used when considering the outsourcing of O&M work.

Team 26 & 27 is seeking your feedback, so please answer the following:

- Are you interested in taking over O&M of facilities that are “Reserved Works”?
 - Are there other criteria that we should consider when looking for candidate facilities to transfer O&M?
 - Are there other considerations we should include when thinking about outsourcing of O&M?
 - Is there something we have missed?
-
- Does “reserved” mean it hasn't been transferred or can't be?
Response: Both. It might be reserved for any reason, including mandated operation by Reclamation.
 - If more than one district is involved will it be reserved?
Response: Maybe.
 - Why do some regions have greater transferred O&M? Is it because they have older facilities?
Response: We are not sure.
 - I hope you would consider transferring O&M not to one entity but a plurality of entities, because more and more the number of users, including tribes, are considering transfer to them. It's an additional level of difficulty and Reclamation doesn't have experience doing that for the most part. But Reclamation should consider transfer to a plurality of entities.
Response: There are examples where that has occurred, including Delta Mendota, where 32 entities that pulled together into an organization that could take responsibility. It is up to those entities to form an organization that can take

responsibility. In Yuma they have five entities that formed to get the O&M 25 years ago.

- Some close-out procedure with a survey they found that Reclamation is easier to work with than other contractors and they want the jobs. So they have gotten better.
- Interview the water users in successful transfer to get that point of view.
Response: We are working with those going through the process to look at stumbling blocks and we could go out and talk to those transferred works owners.

Closing Session Comments

- Right-sizing has two tracks: internal and external. Make sure that the internal track is moving at the same time, addressing the stakeholders and employees. We might not be on the same place in the track and we ought to be. It's not fun to be on the inside and not know what is going on.
Response: Internally we have been trying to keep our finger on the pulse and will meet with the technical and engineering staff next week for the first time and deal with this more. I agree it is a concern.

To submit additional comments on the *Managing for Excellence* initiative, *Managing for Excellence* Public Meeting, 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.