

RECLAMATION

Managing Water in the West

Meeting Summary

Reclamation Public Meeting on

Managing for Excellence

Sacramento, California
November 13 and 14, 2006



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 November 13 and 14, 2006, the Bureau of Reclamation (Reclamation) held the third 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 October 10, 2006, and drew 37 attendees from water, power, and environmental consortiums, as well as individual water districts. Federal representatives in attendance included Assistant Secretary of Water and Science, Reclamation managers and staff, including Commissioner, Bob Johnson, several Senior Executives, external and public affairs staff, and several action item team leaders.

The first part of this document captures the written comments provided in a meeting evaluation form at the end of the meeting. This document also summarizes the presentations and captures feedback received and questions raised (both orally and in writing) during the general and breakout sessions. In addition, Reclamation responses are provided, where applicable.

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 are primarily 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) 445-2841.

List of Organizations with Attendees

Agri-Business Council of Arizona
Brown and Caldwell
Camp, Dresser and McKee, Inc.
Central Valley Project Water Association
City of Roseville
Colorado River District
Colorado River Energy Distributors Association

Colorado River Water Conservation District
East Bay Municipal Utilities District
ELAN Associates
Elephant Butte Irrigation District
Family Farm Alliance
Friant Water Authority
Idaho Water Users Association
Metro Water District of Southern California
Mid-West Electric Consumers Association
National Water Resources Association
Northern California Power Agency
Ogden River Users Association
Restoramoh Resources
Sacramento Municipal Utility District
Salt River Project
San Juan Water Commission
Santa Clara Valley Water District
Tehama-Colusa Canal Authority
Trout Unlimited
Water Consult
Westside Water District
Western States Water Council

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 following is a summary of the comments received on the evaluation forms following the meeting.

Did this meeting meet your expectations?

- All responses stated that the meeting met expectations, with the additional comments that the meeting was well-organized, with ample time for questions and answers.

What was useful about this forum?

- Handouts of the PowerPoint presentations were helpful.
- Interaction helped clarify what is involved with some key action items.

- Opportunity for stakeholders, customers and contractors to provide direct feedback to Reclamation's *Managing for Excellence* staff.
- Comments were acknowledged and addressed to the extent that they could be in a public forum looking at an overview of issues and tasks.

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

- Trout Unlimited would like to see the findings of the National Research Council's report (NRC Report) discussed and considered by Reclamation.
- Emphasis on right-sizing as that begins to take shape.
- Retaining and retraining some staff to perform new or additional duties to meet continuing project requirements and a changing operating environment.

Other Comments and Suggestions

- More breaks would allow time to speak individually with Reclamation staff.
- Invite some of the Regional and Area office staff to attend a *Managing for Excellence* meeting when it is held near their local office. This would be especially important for supervisors.

General Session

Overview

On November 13, 2006, Commissioner Bob Johnson 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, Assistant Secretary of Water and Sciences, addressed the meeting attendees on November 14, 2006.

The Commissioner, consistent with his confirmation hearing, reiterated his dedication to *Managing for Excellence* as his top priority and is determined to make Reclamation a better organization. *Managing for Excellence* is about Reclamation's self-improvement effort, the two main objectives being transparency and efficiency. Public meetings are a part of that transparency. The Commissioner encouraged attendees to become familiar with the website for updates and products and to give Reclamation feedback in any forum.

Larry Todd summarized the nine action items that have been completed. Those are Action Item 2, Make available the Reclamation Manual; Action Item 3, Revise policy

development to require transparency and value; Action Item 14, Pilot reviews for engineering estimate oversight; Action Item 9, Workload evaluation; Action Item 37, Identify staff positions that require collaborative skills; Action Item 5, Revise delegations of authority; Action Item 17, Loan guarantee; Action Item 6, Identify policy gaps; and Action Item 15, Policy procedures for design & construction estimate oversight.

Draft Decision Documents for Team 18, Developing a process for identifying major repair needs and determining if they are justified; Team 19, Adding value to major repair projects; and Teams 20-23, Project Management are on the web. Participants were encouraged to take the opportunity to provide comments before these decision documents are finalized and sent to the Commissioner for decision.

Larry Todd also let those in attendance know about the email listserv used to notify members when products are completed. The products can then be accessed on the website and comments can be made electronically.

As of October 31, 2006 we have received 141 comments through the website or email. The vast majority of those comments were internal comments. Of the 141, only 13 were external. The comments covered a broad range of topics and some were outside the scope of *Managing for Excellence*. Each comment will be posted on the *Managing for Excellence* website and forwarded to the appropriate action item team for their consideration.

Larry Todd addressed a question from the Salt Lake City meeting regarding how much of Reclamation's budget is actually reimbursable. This is a complicated question because of the way budget numbers are collected and formatted. Each project has specific authorizations and reimbursable requirements. A presentation addressing this issue will be developed for the 2007 stakeholder meeting.

In the coming year, Reclamation is planning to hold three public meetings— in February, May, and September. The next Public Meeting is currently scheduled for February 27 and 28, 2006 in Albuquerque, New Mexico. An internal managers' meeting in early February will allow us to reinforce the internal message with all Reclamation managers on the *Managing for Excellence* activities.

On November 14, 2006 Mark Limbaugh, Assistant Secretary of Water and Sciences thanked those in the room for taking the time to become part of the process. He pointed out that their input was invaluable to coming up with positive results for the future of Reclamation. These partnerships help to build a culture of accountability and transparency, which is the most important thing we are doing.

- Are you concerned about lack of input on your web site?
Response – We did expect more. However, it might be a result of holding so many stakeholder meetings and perhaps this forum allows for adequate input from stakeholders. If you as the stakeholders are satisfied, it may be ok. We have consciously decided to have more public meetings in order to facilitate the face-to-face interactions. If you see it differently, let us know.
- Salutes to Reclamation for these meetings and the products that you are rolling out; there hasn't been any negative comments from Family Farm Alliance membership.

Update: Action Item 6: Identify policy gaps and Action Item 7: Expedited policy developments

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

The objectives of Action Item 6: Identify policy gaps and Action Item 7: Expedited policy development were to identify the policy gaps created by past sun-setting efforts or based on new needs and to prioritize those policy gaps using internal and public feedback. The Team for Action Item 6: Identify policy gaps, completed their task of identifying those policy gaps and now Team 7 will continue the process of prioritizing the identified policy gaps and expedite development of policy on those with highest-priority needs. Those with the highest need were identified as: 1. Design, estimating and construction oversight 2. Cost estimating 3. Project planning 4. Title XVI Program 5. Program coordination and budget 6. Operation and maintenance cost allocation. Team 7 has identified its next steps as preparing the Reclamation Manual Policy and Directives and Standards and continuing to develop and issue Reclamation Manual releases for remaining items on the policy gap inventory.

- Where does a change in Reclamation policy fit into this process? If a change is being considered, at what point do we hear about it and have an opportunity to provide comments?
Response: We will keep the spreadsheet updated [on the internet]. We are trying to separate policy and directives and standards. This spreadsheet will tell you what we are working on and what format it is going to take.
- There is going to be a change to Reclamation policy that will require people irrigating less than ten acres to enter into a contract with Reclamation (Strawberry Project). What format is that taking? How will we know and provide input? Several people are very interested in this issue.
Response: This is a problem that was identified by the Solicitor. We are still discussing this issue with the management team. Stakeholders will have an opportunity to provide input.

Overview of Engineering and Design Functional Area

Presenter: Maryanne Bach, Director, Technical Resources

The objectives of this functional area are to develop a twenty-first century service model for Bureau of Reclamation by examining the maintenance of a Center of Excellence, determining costs, determining who pays, and ensuring that Reclamation has the appropriate core capabilities and is right-sized and efficient. Action Item 10: Evaluate workload in terms of commercial, commercial core, and/or inherently governmental nature; competitive sourcing tools and Action Item 16: Analyze Reclamation's engineering standards were scheduled for individual breakout sessions at the Sacramento meeting.

There are eight action items under this functional area. The Action Items are at the following stages:

Action Item 9, Workload evaluation; workload identification complete

Action Item 10, Evaluate workload in terms of commercial, commercial core, and/or inherently governmental nature; competitive sourcing tools

Action Item 11, Analyze the unit to unit cost of in-house performance of commercial workload vs. outsourcing; gathering cost data for comparison

Action Item 12, Complete a right-sizing process; initiating the right-sizing effort

Action Item 13, Analyze alternative funding for the Technical Service Center; alternative funding proposals scheduled for June, 2007

Action Item 14, Implement design engineering estimate oversight functions by identifying and conducting pilot reviews; preparing documentation for completion

Action Item 15, Establish policy and procedures for the oversight of design and construction estimates; preparing documentation for completion

Action Item 16, Analyze Reclamation's engineering standards.

- This is near and dear to our hearts. We are not of the school of thought of doing away with Reclamation. Do you think that you will be able to take the work from all these teams and ensure that the right-sizing action will come together?

Response: The team is sensitive to the complications of this issue. The agency on a regular basis does have to review staffing. We are experiencing an aging workforce. All this together provides for a good time to do this work in a transparent manner.

- Does the design and engineering review also include the National Environmental Protection Act and other environmental compliance activities from a rightsizing standpoint?

Response: Yes, we are including the compliance activities under Action Item 12: Complete a right-sizing process. Rightsizing is about technical positions and would not include non-technical positions, for example, technical writer and clerical, etcetera.

Overview of Reclamation Fund

Presenter: Bob Wolf, Director, Program and Budget

The Reclamation Fund was established by The Reclamation Act of 1902 (43 U.S.C. 391) and is derived from repayments and other revenues from water resource development; certain receipts from sales, leases, and rentals of Federal lands in the 17 Western States. Receipts deposited in the Reclamation Fund are made available by Congress through annual appropriation acts. Receipts and balances that are not appropriated remain in the Reclamation Fund as unappropriated receipts. Beginning in Fiscal Year 1984, the annual appropriation acts for Reclamation have provided, "That of the total appropriated, the amount of program activities which can be financed by the Reclamation Fund shall be derived from that fund."

Receipts are increasing mainly because receipts from Minerals Management Service for onshore mineral leasing authorized by the Mineral Leasing Act are increasing. Another reason for the increase is that discretionary levels are constrained. While appropriations for Reclamation have not seen a significant decline, appropriations for Western Area Power Administration have decreased. This increase in receipts and decline in appropriations has resulted in the increase in the balances, which is a current trend.

In the Federal government, budget authority and outlays are classified as either discretionary or mandatory. Discretionary spending means budgetary resources are provided in annual appropriation acts and mandatory spending means budgetary resources are controlled by permanent laws, rather than annual appropriations. For mandatory spending, funding levels adjust with current situations and require no further action from Congress. Mandatory spending usually exceeds discretionary spending. Appropriations from the Reclamation Fund must be viewed in the context of the overall Federal Budget because Reclamation must compete for funds within the "Discretionary-other" category. Balances in the Reclamation fund do not affect availability of funds.

- Does that mean that our annual appropriations come out of the Reclamation funds?

Response: The bulk of it, yes. Not things like Bay-Delta, Central Valley Project Improvement Act (CVPIA). About ¾ of the total program is out of the Reclamation fund.

- Does every dollar that goes into the Reclamation fund stay there until appropriated?

Response: Yes.

- Why has the portion for WAPA been in decline?

Response: Part of it is that WAPA is doing some activities with "use of receipts" which are available before it gets to the Reclamation Fund. There may be other factors.

- Is the money that came from the General Fund paid back to the General Fund?
Response: Yes, in general.
- If they haven't been paid back, can the dollar amount be calculated?
Response: Don't have the dollar amount available here today, but we are sure it can be calculated.
- Is the table (Reclamation Fund Balances – Estimates) in millions or billions?
Response: It is millions, \$4,612 million or \$4.612 billion.
- Aren't the Reclamation's receipts classified as mandatory, and the expenditures, not mandatory?
Response: Yes, except for the CVPIA, this is discretionary.
- Can you comment on other funds, such as the Highway Trust Fund, which has a certain amount of money that has to be spent?
Response: Yes, public enterprise revolving funds in the Colorado River Storage projects, there is mandatory reinvestment fundability. Hoover is a revolving fund, O&M power facilities. The land and water conservation fund is similar; have to appropriate it. There have been some issues with the Highway Trust Fund.
- There have been diversions of the Reclamation Fund by Congress, for example, geothermal leasing funds have been taken from the Reclamation Fund without appropriation by Congress.
- But from a statutory perspective, the fund was created to put it into water and power projects?
Response: Yes.
- Essentially Office of Management and Budget has taken the funds to balance the budget?
Response: Not necessarily. There have been statutory changes over the year. To follow up, the funds go back to repay the Project; the project pays for itself. Much of the outlays by Reclamation are returned to the Treasury and the budget process doesn't account for this.
- What percentage goes to O&M and what percentage to capital improvements?
Response: In transferred works, the local districts are paying. Another example is water-user advances. Then have to look at repayment contracts, and water service contracts and how O&M is addressed in them. The largest portion of water sales tends to be the CVP, because of the size.

- How much is for projects? Each year, for the appropriations, how much goes to O&M and how much to Projects?
Response: O&M, Safety of Dams is approaching \$400 million for both water and power. Some is reimbursable.
- Is there any legal way that the Reclamation Fund can be used for projects on the ground?
Response: We would need new authorizing legislation.
- For something like the Bolder Canyon Project, is the payback going to Reclamation Fund, or General Fund?
Response: General Fund.

Update: Action Item 18: Determining the Need for Major Repairs and Action Item 19, Add Value to Major Repairs

Presenter: Mike Ryan, Director, Great Plains Region

The objectives of these actions items are a sustainable infrastructure, financial viability for water users, customer involvement and transparent process. Action Item 17, loan guarantee authority and implementation has been completed.

Action item 18 is the process and tools to determine whether or not to undertake a major repair. The team is calling this a “Go/No Go” decision. Action Item 19 is the involvement of stakeholders to increase value of major repair projects.

Reports for Action Item 18: Determining the need for Major Repairs and Action Item 19: Add value to major repairs, are available on the *Managing for Excellence* website and the review/comment period is open until November 30, 2006.

Breakout Session Comments and Feedback

Action Items 8: Alternative Scenarios

Presenter: Larry Walkoviak, Deputy Regional Director, Lower Colorado Region

Executive Sponsor: Roseann Gonzales, Director, Program and Policy Services

The purpose of Action Item 8, Alternative Scenarios, is to consider the scenarios discussed in Chapter Five of the National Research Council Report - *Managing Construction and Infrastructure in the 21st Century Bureau of Reclamation* (NRC Report) and what refinements, if any, to Reclamation's organizational structure may be useful in meeting future challenges under each of these scenarios. The three scenarios were described as Scenario 1: Centrally located project management organization, Scenario 2: Outsourced Operation and Maintenance and Scenario 3: Federal funding and local execution.

- It would be interesting for Reclamation to outsource where they don't have the expertise, but with outsourcing, the concern is that you don't have local people who know local conditions and local community. Reclamation can't be sitting in a tower for both design and project.
Response: Thank-you, comment noted.
- The NRC team that did this had a heavy Corps influence and they are big proponents of centralizing, which will not necessarily work for Reclamation.
Response: Thank-you, comment noted.
- The regional offices need to maintain a good core of expertise because they have the knowledge base; they are locals familiar with local facilities, particularly for emergencies and short-term work. But, for large projects, go to the Technical Services Center (TSC) because large projects can't support them daily at the Area or Regional offices. It's important to maintain a local, qualified base of experts, like the TSC.
Response: Thank-you, comment noted.
- I agree. We have a group of stakeholders in a technical advisory committee that, in part, fills in for Reclamation's retiring expertise and to keep the locals involved in the Reclamation design and construction process.
- How is this work of Team 8, Alternative Scenarios, being integrated into the work of Team 26, Transfer of O&M?
Response: We have been sharing and integrating with Team 26. Team 8 is looking towards the future, more than Team 26, which is focused on transfer of O&M on current projects.
- Looking at facilities not transferred; doesn't this include facilities not being considered for transfer, such as Grand Coulee?
Response: See the NRC report addressing inherently governmental functions for larger projects. We stayed with this definition.

- How did you deal with competing beneficiaries, where one party emphasizes a benefit to the detriment of another party?
Response: Via a hypothetical, for example, where one party takes a predominate part of the water or benefit, and several entities divide up the rest, the team has analyzed these examples and found that because of these situations, the groups couldn't come to consensus, but Reclamation needs the users to come to consensus; the projects were not transferred because of this, not because there wasn't a national interest.
- Regarding lack of consensus, is Reclamation trying to change the situation? Reclamation is the impartial operator. Is Reclamation considering trying to transfer to the dominant-user entity? If there is not consensus, is the team considering Reclamation maintains the O&M? It would not be appropriate for Reclamation to make the transfer. Is the team looking at Reclamation maintaining O&M where there isn't consensus?
Response: Reclamation is not considering this in this detail. The team just was looking at the NRC analysis that we were requested to do. This is one of those variables that factors into "right-sizing" in terms of staff needed. It ties back to right-sizing. We will analyze the scenarios; but we won't come back with just one scenario; we are adding other scenarios to fully address the situations; and the pros and cons. We will address the multiple-entity situation. It will also depend to what degree you want Reclamation to address this.
- *Managing for Excellence* has been silent about power. If you are transferring title to a water district, but also allocation of costs among project purposes. If power is subsidizing the water, why are we transferring projects to the water districts? We can't just transfer the project out.
Response: Your comment is appreciated but we are not getting into specific projects. However, the team is looking at some of this in addition to recreation.
- The power customers are open to financing power facilities to enhance production. They have several sources to fund O&M and capital projects. Not encouraging transfer title of facilities that are involved in power generation. In MidPacific Region we have a system that works. They can guarantee funds three years in advance. They know funds will be spent to the good and not wasted and the users are involved and share ideas. There is mutual benefit; for example, the gassing of a transformer.
Response: Thank-you, comment noted.
- If transferred, multi-purpose projects where some purposes are dedicated to fish and wildlife and recreation will be problematic in dealing with the local water district. In rehab and repairs, they will have to address concerns of Fish & Wildlife and this will be a problem with locals.
Response: Thank-you, comment noted.

- The purpose of Reclamation is to bring water and thus we now have power too. They operate the conveyance facilities; this is what Reclamation is transferring – conveyance facilities; not the big dams. Transfer conveyance, leave the multipurpose alone.
Response: Thank-you, comment noted.
- When you said that you will retain oversight, at what level? Who takes over oversight?
Response: It depends on the project. For day-to-day oversight the area office would be responsible. For dam safety, it will escalate to the experts in the TSC. Oversight would go to who has the best expertise.
- You are saying the local office would be out?
Response: No, but the best expertise will be involved. Area Office will not be out of the loop, but they will call in the expertise they need.
- It would be helpful to see how you currently do this. We aren't seeing much difference between what you are doing now and what can be done.
Response: Good comment. The team is wrestling with this. If we are doing something significantly different, Reclamation may need new authorities. We have to stay within current authorities. This team is dealing with O&M, not specifically title transfer. If there are options to consider, we welcome suggestions.
- We are not against outsourcing per se; just make sure it is effective without affecting the long-term expertise for mission critical issues and facilities. Weigh the impacts on the local staff of contracting out.
- With regard to multiple-purpose Reclamation projects – where fish, wildlife, recreation and flood control are project purposes – the transfer of O&M to a primary project beneficiary water user can mean that the minor project purposes – Fish & Wildlife – are not represented in O&M decisions, and project operations.
- On the disadvantages listed, what happens when something is performed by a contractor, how do we know that a proportional work effort in Reclamation is reduced? Also, can the district also do the work instead of an Architecture and Engineering firm?
Response: This applies more to Scenario 2. If Reclamation doesn't do the work and the district does it, it doesn't necessarily mean that the Reclamation staff would be reduced.

- Reclamation might want to talk about how design was done and how it was reduced. We had construction engineers reside in the region so as not lose the regional ability to respond, timely and in terms of scope. We still have to balance saving cost with responsiveness. There is a lot of past experience to learn from on what works and what doesn't.

Response: Thank-you. Other teams have gone out and gotten this type of info.

- Make sure that we don't go to contracting out everything and lose the history. Don't lose core capability. Contractors come and go. You can't always go back to them for the history of what was done on project facilities.

Response: Thank-you for the comment.

- The first project Reclamation transferred was the Rio Grande, which was an interstate and international project.

Response: Yes, we note that specific example.

- Just an observation: transfer of O&M is fine if it's a canal etcetera, but on the power side, where there are multiple customers, it is hard to transfer. For example, the power customer group in the California area, they are already looking at various contracting out scenarios. Make sure to reach out to the customers and share budget data, especially for Shasta O&M cost data. Get feed back from power customers.

Response: Thank-you.

- The key to that is the "customers." That is why they have an elected board to make sure they don't have to pay any more than necessary for Reclamation performed O&M.

Response: Thank-you for the comment.

- Be careful on reserved works that we don't outsource critical maintenance functions. We may have already lost the expertise to do and or judge the outsourcing of reserved works by contractors.

Response: Thank you for the comment.

- One other thing we share is projecting the budget 2-3 years in advance, where there are reprogramming decisions, share the decisions with the customers so they have input to reprogramming decisions. Reclamation does a good job in Mid-Pacific, but need to check it elsewhere.

Response: Thank-you for the comment.

- We operate under S-3 and don't know if S-3 will ever get Congress to agree to increase the federal funding, which sets a dangerous precedent.

Response: Do we need to do something retroactive?

Action Item 10: Evaluation of workload in terms of Office of Management and Budget circular A76

Executive Sponsor: Maryanne Bach, Director, Technical Resources

Presenter: Gayle Shanahan, Program Analyst, Program and Policy Services

The OMB A-76 circular establishes Federal policy for the competition of commercial activities. The two components of the policy are Inventory Process, which is the focus of Team 10, and Public-private competition, which is the focus of Team 12. Team 10 has reviewed and evaluated the classification of work Reclamation-wide, in terms of its commercial, commercial core, and inherently governmental nature as per Circular A-76 and Department of the Interior Guidance and Review. Inherently governmental was defined as “an activity that is so intimately related to the public interest as to mandate performance by government personnel. These activities require the exercise of substantial discretion in applying government authority and/or in making decisions for the government. Inherently governmental activities normally fall into two categories: the exercise of sovereign government authority or the establishment of procedures and processes related to the oversight of monetary transactions or entitlements.”

- Is the definition of “Inherently Governmental” a result of some litigation?
Response: We will have to research that. However the definition is directly from the circular and we must use it.
- What was considered Inherently Governmental in the old days I am sure has changed today. Do you see a trend moving away from large amounts of work being classified as Inherently Governmental?
Response: Yes, the guidance that OMB is putting out has changed the way we look at it even between Fiscal Year 2005 and Fiscal Year 2006. It has become more constrained.
- Please clarify on the first set of pie charts what was included in what categories.
Response: The Commercial “E” category in Fiscal Year 2005 was due to the pending National Academy of Sciences study. The Commercial “E” category moved into Commercial Core and Commercial in Fiscal Year 2006. Changes in numbers in Inherently Governmental resulted from changes in OMB guidance.
- How is work performed for another agency included?
Response: It was carved out for Team 9 activities and here as well.
- Does the change from 2,000 Tech positions in Fiscal Year 2005 to 1,900 in Fiscal Year 2006 reflect downsizing?
Response: Yes, but it is an accumulation of things that caused that number to be different in Fiscal Year 2006, including vacancies and staff realignment.

- The inventory is very detailed. There is not much difference between Inherently Governmental and Commercial Core when it comes to getting work accomplished. Either way, it is not going outside of the federal sector.
- How do you treat overhead when making a Government Bid?
Response: The circular provides the overhead rate to use. We do not use an actual rate. Likewise, salaries used are based on step 05 of the grades of positions required and not the actual grade levels of the people currently in those jobs. The details of putting together a bid is very structured in the circular.
- Is the definition of Commercial Core dictated by OMB?
Response: OMB provides guidance and the agency defines the activities that it considers Commercial Core. As part of the Managing for Excellence “right-sizing” we are developing our definition of it to include in Commercial Core as a corporate approach. We will then apply that to Fiscal Year 2008 inventory.
- It appears clear that you are only looking at Tech positions, what about support positions?
Response: We will need to extend this to all support position at some point.
- From experience at Western, it is generally more expensive to contract work to be done than to have Federal Employees do the work. Reduced costs generally come from employees suggestions of how to improve processes and procedures.
- Is the full information available to the public? Can we see the complete data?
Response: Fiscal Year 2005 is available through OMB and Fiscal Year 2006 should be available early next year.
- Please explain the difference between the Fiscal Year 2005 and Fiscal Year 2006 pie charts.
Response: The biggest difference was the Commercial “E” designation in Fiscal Year 2005 and the remaining difference was using the new definition guidance from OMB on Inherently Governmental.
- Which is better?
Response: Fiscal Year 2006 is closer, yet we believe Inherently Governmental was probably low and we expect this to come up in the next inventory, even under the stricter interpretation of Inherently Governmental.
- To what degree do you anticipate Inherently Governmental to increase in your next survey?
Response: Only a point or two. For agencies the Inherently Governmental and Commercial Core make up what we retain, which is the key component. If commercial folks do similar activities then it is considered commercial. OMB guidelines are the driving forces.

- Are you going to explore in more detail the discrepancies between the two years?
Response: We know were most of the differences are and we do not anticipate many changes next year in the definitions.

- Has Congress said whether they like the A-76 definitions or not?
Response: There are some cases, like the Corp of Engineers, where what we have as "Commercial" was legislated to be "Inherently Governmental" directly. Congress appears to only deal with them on a case specific detail.

- How were Union issues dealt with at Hoover?
Response: Not sure exactly what examples with Hoover and the Union, we would have to check into that.

- What are some examples of Inherently Governmental?
Response: Determining policy, negotiating/signing contracts on behalf of the Government, determining performance and hiring/firing of Federal employees. Writing policy is Commercial, however.

- How long does it take to transition to new guidelines?
Response: Fiscal Year 2007 is just getting underway and little changes are expected. Each year we evaluate all position down to at least the 25% increments of what each job performs.

- How much money and time do you spend each year to perform this work?
Response: We will have to get back to you on the dollar figure, but it comes out of our Policy & Administration non-reimbursable appropriations.

- How does Reclamation compare with others?
Response: We have compared against some others but it usually is not a valid comparison considering special legislation for the Corp of Engineers and the National Park Service contracting all its engineering services.

- What will be the result of all of this?
Response: We need to refine our definition of Commercial Core and then evaluate against that. We will feed this information back into the right-sizing of the organization.

- How do you deal with Union concerns?
Response: We sometimes make decisions that the Union does not like. The agency must look broader than very specific union concerns.

Action Item 1: Relationships

Executive Sponsor: Brenda Burman, Deputy Commissioner, External and Intergovernmental Affairs

Presenter: Lorri Gray, Program Manager, Lower Colorado River Multi-Species Conservation Program

The goals of this team were to strengthen communication and coordination, enhance opportunities for involvement and improve two-way communication to effectively incorporate feedback. After reviewing the National Research Council Report, the 2004 Customer Satisfaction Survey, and existing communication and decision-making tools; the team gathered examples of successful partnerships. They identified some tools for strengthening relationships which include a collaborative plan, brochures, standard presentations, meeting attendance, external outreach and employee education. This team asked the following questions:

- What are topics for standard presentations? How often?
 - In what forums should Reclamation participate?
 - What are the skills and competencies that Reclamation should enhance and foster?
 - How should Reclamation define informative and timely interaction?
 - How does your organization prefer to receive information about decisions?
 - How do you prefer to provide us feedback?
-
- Define customers and stakeholders; do we define them in the same manner? Reclamation believes a customer is someone who has a contract with Reclamation. Power customers are viewed as second-class/stakeholder not a customer. Need a clear understanding.
Response: It is a problem that different people utilize different definitions. Some view the terms customer, partner, and stakeholder as interchangeable and some do not.
 - Keep in mind that many of your customers and beneficiaries are very small. It might be a single person struggling to keep a job and manage a small canal. It is hard for them to engage in the communication you talk about. You need to have outreach. You are asking good questions but you are not hearing from those small operators. Area office personal should reach out to those people; they are a good conduit but don't have the time or technology. This applies to all teams.
Response: One of the next tasks of this team is to take these questions to our managers, including the Area Managers. We expect to not only receive their input but gain a better understanding of the interest from smaller customers.

- The biggest challenge will be getting the Reclamation staff to change. It will take a couple of years and constant management effort to see that people implement these plans for communication. Most of them haven't heard of *Managing for Excellence*. Regarding how to communicate with customers, don't get into a letter-writing campaign. You should have an understanding about how to communicate individually with each customer.
Response: I hope everybody knows about Managing for Excellence, the team for collaboration jump starts that by preparing language for position descriptions and training for employees. We are working to ensure all employees are aware of this effort through communication and outreach.
- The reason why Boulder Canyon and Hoover have a good relationship with Reclamation is because Reclamation is meeting with us three times a year to discuss plans and budgets. On a monthly basis we have an email and everyone gets a monthly update, and if a decision has to be made they had a conference call.
Response: It does seem to work very well, and took years to evolve. I am hoping that with these tools to jump start the planning process, we can improve dialogue and figure out what works for you with the office you work with.

Team 1 appreciates the following comments from the stakeholders and will use them as they formulate recommendations.
- I'd like to see "closure" as one of the goals of this team. We've met for five years on an issue and can't get closure because Reclamation is always trying to get both sides of the story. They get entrenched and can't help. Somehow you have to end the thing and come up with a decision.
- Three comments: 1. You should call it the "outreach and collaborative" plan, once you get started, you have good relationships. 2. All customers and contractors are stakeholders. We power customers, we have contracts with Reclamation, and O&M funding programs, so we are contractors and involved daily with them. 3. Email was not popular three years ago but that is changing, it's a used tool more and more in our case and it is an easier way to get a hold of someone instead of voice.
- Reclamation needs someone I can call on the phone.
- Instead of asking, "In what forums should Reclamation participate?" I think they need to turn it around and ask, "What forum should we invite a customer to a decision about an entity?" and when to bring in that entity when you are pondering a decision about that entity.

- Does Reclamation have a relationship with other agencies, like the various agencies working together here in California? They have similar concerns and challenges. Does the *Managing for Excellence* plan include that shared relationship with other agencies? I would recommend it, when an agency is doing the same thing in the same place.
- The importance of the area office has to be looked at. Encourage building a face-to-face relationships before the problems crop up so when there is an issue you know who you are talking to. Send the new employees out to the districts to learn the business, what it means to run water, to have a lateral fall out, the more employees do that the more empathetic they will be to the partner/customer when problems arise
- Reclamation should adopt a policy to require area managers to develop budgets and action plans and then, as part of the manager's review, to require accountability on whether the budget targets were met. That is transparency.
- I am a stakeholder that shows up at these meetings. Regarding the questions, "what forums?" and "how to create collaboration plan?", Sun River has a water committee that has been meeting regularly for 10 years and while there is no ESA on this, all players have come together and tried to understand the competing interests and thought creatively about the issues. The fact is, Reclamation has allowed us to make some progress on those problems without litigation or negative impact on deliveries.
- We were aware of the increased cost of water because Reclamation was upfront about the need to increase the cost. The timeliness of the decision was important; we had to tell the districts when we knew it would come. That is transparency. We want overt discussion, excuses don't fly. The Mid-Pacific group works well with Reclamation.

Action Items 20-23, Project Management

Executive Sponsor: Rick Gold, Director, Upper Colorado Region

Presenters: Lauren Carly, Supervisory Civil Engineer, Mid-Pacific Construction Office
Rick Ehat, Construction Engineer, Animas-La Plata Project

The objectives of the project management functional area are to use internal and external stakeholder input to examine agency and industry practices, to consider additional improvement in construction-type project management throughout Reclamation from inception to operation and maintenance, and, if necessary, develop policies and guidance to ensure effective implementation of project management practices. The specific objectives of Action Items 20-23 are as follows:

Action Item 20: Identify and implement a project management process for all construction projects.

Action Item 21: Assess merit of a comprehensive and structured project management process from project inception through planning, construction and operations.

Action Item 22: Based on results of action items 20-21, develop a comprehensive, structured project management process and related policies, directives and standards, and guidance.

Action Item 23: Develop a training program for all personnel with project management responsibilities.

The teams' likely recommendations will include using general Policy and Directives and Standards, implementation of Project Management (PM) for all work that meets the definition of a "project", implementing PM using existing Reclamation structure, and adopting the Project Management Institute (PMI)'s Project Management Body of Knowledge (PMBOK) as the standard. This will likely entail PMI-tailored training, certification, and oversight by representative group of peers, reporting to the Commissioner.

- We are really close to understanding what a project is. Just to be clear, you will implement this project management for things defined as "projects"? So, the construction of the project can be a project and the installing of a gate could be a project?

Response: That's right.

- To continue, Colorado Big Thompson is NOT a project but the transfer of O&M could be a project under this definition? Kansas/Nebraska project is not a project but transfer of title is a project?

Response: Yes.

- I think I got it.

Response: Good, we need to hone in on it.

- It is important, we have to help our colleagues to understand and if we've developed a good project management process we will want to use that.
Response: Project Management could apply to my travel to Sacramento for this meeting. We have to sort out when it makes sense, what are the risks and consequences of going to through the process? It's not black & white for every manager but with policy and guidance we will get it applied to the right things. Right now it's just whatever you want and we don't think that works. There will be those things that won't be worth it. Sometimes there will be an intermediate process. There will be tough decisions regarding implementation. It's going to look different but the concept and the framework will be provided. The process will not be the same as PMBOK every time. We are encouraging good judgment, to develop a plan and follow through with the plan and the budget. Implementation will be key to that.
- Another example would be calculating water rates. This is done annually and it makes sense to use PMBOK. The finance folks won't want to take on that burden. But for the input of stakeholders and clients, we would like something to track the process and anticipate when those comments are due and get some follow up. We do that now but not in a timely manner. How much involvement will customers have in requesting PM on a project? Do we have the ability to say whether or not PM is used on a project?
Response: We are making a distinction between a routine effort or program and a project. We decided to apply project management only to projects, which is not to say that certain aspects of Project Management can't be applied to calculate water rates annually. But we struggled with this definition and we want to start with pure project management. We are looking at program management and routine tasks but we needed to draw the line. As far as input, yes, absolutely, you should say, "Yes, use PMI on this." It's critical that we all get educated about the tools and what is valuable and have open dialogue.
- Water customers felt there needed to be more registered Professional Engineers (PEs). The PE registration makes engineers better managers and there's accountability for them to approve the plans. That came through clear from the west. Also, you should look at mentoring. It's critical to get that rolling because so many of the folks retiring from Reclamation have great experience and it's important that those people are transitioning and sharing their knowledge with young folks. And finally, I would encourage swapping employees with other entities. If Reclamation employees worked in the private sector that is great cross-training.
Response: Good comment. Reclamation is strong in requirements for positions and registration. We have positions where engineers are required to have a PE. Project Management is intended to create more discipline and standards.

- Do you intend to provide training to customers to understand the process you are going through? The districts haven't had that opportunity; it would behoove you to offer that training to the customers so we can understand and have more valuable input into the process.

Response: We have thought about it and your comment is noted.

- I applaud your efforts to keep high standards. In the power industry there are some stringent requirements coming down the line and so having certification does have its advantages and I encourage people to read the manual and be clear about the terms. Oversight needs to involve the stakeholders.

Response: The team looked at balancing the initial implementation and the continuous improvement process to look at where certification is required and are taking the approach that when it starts it sticks and that continuous process looks at "Where should we require the certification?" As opposed to "top-down" we've recommended a "bottom-up" implementation.

- That is a reasonable approach, which has its advantages.
- Project Management at WAPA worked really well. People were likely to use it on those one-time projects but resisted using it on routine stuff such as time sheets. It's good to start on the one-time projects first. Regarding engineer certification, there's a difference between certification of engineers and project management. The consequences of poor engineering can be disastrous but a person doing project management poorly is better than not at all. There needs to be incentive to get them started. Also, the certified person could intimidate others. There are drawbacks to certification that you should look at.

Response: We have considered that certification might not be the best approach. Program Management is intended to draw a picture about the flow of the process and timeframes. It's a great communication tool and that is what this can be used for, not to paralyze the process.

Action Item 25: Financial status reporting

Executive Sponsor: Kirk Rodgers, Director, Mid-Pacific Region

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

The task assigned to Team 25 was "To establish and implement a standard agency-wide process for evaluating and communicating the current financial status of Reclamation infrastructure to its managers, customers and other stakeholders, to include the total cost investment, repayment status, annual O&M costs and cost allocations, design life, facility condition, etc." The team reviewed current reporting processes and reports, interviewed Area Managers and Customers, and presented information and gathered feedback at Managing for Excellence public meeting to arrive at conclusions and recommendations in its report. The Team believes that Reclamation needs to improve existing financial

reports and develop new ones that report the specific information needed by customers. In addition, Reclamation needs to do a better job of reviewing and explaining the information reported to customers. To accomplish this, Financial Management training should be developed and provided to all Area Office managers and staff so they can more effectively communicate budget and cost information to their customers. Similar training, specifically tailored to provide a better understanding of Reclamation's budgeting and costing principles and practices, should be developed and offered to customers as well.

The presentation concluded with some sample reports from current projects, as well as proposed new reports.

- I would hope that when projects are being planned the project manager would bring this to the customer at that point before the bill or budget is finalized. We want enough interaction to know what is coming in the way of planned costs.
Response: That is the idea.
- Show who pays the bill, not just where the cost (of construction) is allocated.
Response: In addition to showing the different project functions (i.e. irrigation, power, recreation, etc.) to which capital (construction) costs are allocated, the report will also show who is repaying those costs.
- Are rehab costs treated as capital (construction) costs?
Response: No, they are considered annual O&M costs. Rehab costs on a multipurpose facility (i.e. dam) are normally allocated to the different functions (i.e. irrigation, power, recreation, etc.) on the same basis as are the capital costs of that facility.
- A district could get information in any form they wanted?
Response: Yes, Area Offices will work directly with a district to identify their specific information needs.
- Don't make us fill out another form. (This is in regard to the proposed Facility O&M Summary report).
Response: We believe the information is already available within Reclamation and will not require a lot of additional work to compile.
- We need explanations of budget cuts. We have a problem with the budget every year. We understand it, but as a manager facing a drought I have to cut costs and cut employees to pay thousands to Reclamation and that's hard to swallow. Plan on answering those questions
Response: That is fair. We are disclosing the tools to make transparent our budget and billing. It's easy to offer an opinion but you will have these materials for those discussions.

Action Item 16: Evaluation of engineering standards

Executive Sponsor: Maryanne Bach, Director, Technical Resources

Presenter: Jerry Kelso, Area Manager, Upper Colombia Area Office

Team 16 was tasked with analyzing Reclamation's engineering standards; both the appropriateness of them and how they are applied internally and externally. It was determined that consistently implementing Reclamation's mission will require clear statements of policy and definitions of authority and standards. The team found through survey that Reclamation's customers and other stakeholders want close contact with empowered Reclamation officials. They also want consistency in Reclamation policies and decisions and decision-makers with demonstrated professional competence. The team collected and reviewed existing internal and external data. They surveyed design providers and design clients. Three questionnaires were developed to gauge experiences, practices, and perceptions of Reclamation engineering standards and processes vs. other standards and processes.

The results of the survey and other data will be used in preparation of a report due in December, 2006. The report will be provided to Action Item 12 for consideration in the "right-sizing" effort.

- What is an external owner?
Response: Salt River Project, large utilities, water users, external Federal or State with large infrastructures. All have their own standards.

Action Item 32 and 33: Reclamation labs

David Achterberg, Director, Security, Safety, and Law Enforcement
Cliff Pugh, Group Manager, Hydraulic Investigations and Laboratory Group

Action Item 32 was required to determine where opportunities exist for use of federal and non-federal lab services. Action Item 33 required the team to determine where opportunities exist for retaining, consolidating and/or eliminating lab services within the Technical Services Center and Regions. They also developed a framework for contracting and consolidations.

External laboratories were identified that could potentially be utilized by Reclamation. The team's report will provide decision evaluation tools that can be used to evaluate opportunities for retaining, consolidating or eliminating lab services provided by specific internal Reclamation labs.

They found that opportunities exist for the use of other federal and non-federal providers of laboratory services and identified alternative sources for lab services in each region and discipline.

Team 33 recommends consolidations to provide the most efficient laboratory configurations in the Regions and the Technical Service Center in Denver. Decision tools are described to determine where consolidations or outsourcing of lab work are appropriate.

The report will be posted to the internet for comment and provided to Action Item 12 for consideration in the “right-sizing” effort.

- So if it’s a mobile lab it doesn’t count?
Response: It might count as a lab if it is a controlled environment. We have mobile labs.
- On those labs on the map, are those Reclamation labs?
Response: Yes
- Do you ever find that through a software programs you could create a model computer environment?
Response: In hydraulics we have been doing some things that never get to the lab. We still have areas where the computational model cannot replace the labs. Sometimes a better understanding of the results is obtained through a model study, physical model, not computer model.

Action Item 28: Title transfer

Executive Sponsor: Kirk Rodgers, Director, Mid-Pacific Region

Presenter: Randy Chandler, Deputy Area Manager, Phoenix Area Office

The objectives of Team 28 were to identify opportunities for mutually-beneficial Title Transfers, to set clear Title Transfer goals, explore ways to reduce uncertainty and make the process easier for all parties. They learned that there was no simple project because each project varied in scope and complexity. A “one-size-fits-all” approach is not practical for title transfer. Currently, at the start of a Title Transfer, Reclamation identifies who in the Agency is involved and responsible and creates a Transfer Team for each transfer. The Transfer Team clarifies the process for the District(s) and provides a Transfer Process Checklist, a sample Memorandum of Understanding (MOU), transfer agreements, legislation, QCD’s & other materials to interested entities. The Transfer Team also provides a Transaction Cost Estimate and Initial Valuation Estimate.

The team developed a three-track approach to Title Transfer. The three tracks: Meets Criteria/Non-Complicated Track, Does Not Meet Criteria Track, and Complicated Track.

If the project for transfer meets criteria for the “Non-Complicated Track” Reclamation and Non-Federal entity would develop a “Transfer Agreement”. Then Reclamation prepares & submits a report to Congress. After that, Reclamation has authority to convey facilities pursuant to the Transfer Agreement.

For Transfers that Do Not Meet Criteria but are in Public Interest the Team recommends the following course:

- Reclamation initiates Environmental Assessment (EA)
- If EA results in Findings of No Significant Impact (FONSI)
- If No “Controversies”
- Reclamation & District enter into Transfer Agreement
- Reclamation prepares & submits Report to Congress
- Reclamation has authority to convey facilities pursuant to the Transfer Agreement.

For those “Complicated” Projects, which do not meet criteria, don’t qualify for FONSI, and have controversies or complications; Reclamation must complete an Environmental Impact Statement, comply with all relevant Federal & State Laws, reach agreements on Terms and Conditions with all relevant contractors and stakeholders, and then the Secretary would seek individual authorization to transfer title.

- Great job on this action. Share this with the office of Senator Domenici who introduced related legislation and might be interested.
Response: We have not yet shared this with the Senator’s Office, however we did put together testimony on Senator Domenici’s bill and suggested that as the M4E process completes that we work together to come up with legislation that will work, we are hopefully headed down that path.
- You’ve done a good job responding to our concerns. Much of this is too technical for a lot of people. The time has come to transfer those projects and let the government get out from under it. The problem is huge cost. Some likely candidates for transfer are operated by little districts and they can’t afford to do the environmental work. Who will pay for this?
Response: We are open to suggestions about that. Currently the costs are split 50/50, but pending this proposed legislation and appropriations authority, we are open to allowing appropriations to be used to pay some costs, which would provide additional incentives for title transfer.
- A quick evaluation would help those districts with an appraisal of the cost of transfer. If you give them a current idea of the cost they might be willing to do it if it is cheaper than what they were told in the past. Reclamation needs a new thrust in marketing title transfer. Say, “We have a new deal you need to think about!” and let people know.
Response: Thank-you for the comment.
- What is a controversy?
Response: Multiple interests in transfer of the facilities, or stakeholder concerns.

- “We don’t want it” is that a controversy? That is an excuse, not substantive.
Response: We are looking for willing partners.
- I was talking about a third party, such as environmentalists.
Response: I thought you were talking about the beneficiary of the title transfer. Stakeholder concerns will need to be addressed, those concerns could lead to controversy, but they would need to have a more compelling argument than they just don’t like it.
- You have authority, or will seek it, for the Categorical Exclusion Checklist for that track?
Response: We do not have authority currently, but we submitted it for approval, it has not been approved yet.
- Who would make the decision?
Response: Request is through the Department of the Interior and in CEQ.
- Trout Unlimited supports title transfer, but only when there is consensus among stakeholders on major operational issues of the project (or a process for achieving that, i.e. Henry’s Fork Drought Plan); and that federal oversight obligations are fulfilled, especially National Environmental Policy Act and Endangered Species Act obligations, during and after the transfer.

Closing Session Comments

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.html>, email: excellence@do.usbr.gov, or call (303) 445-2841.

- As you go through future meeting, we want you to bring it down to a lower elevation. Invite local area office staff to participate in those meetings so they can get a feel for what you are trying to do and it is not just ivory-tower thinking, but bring it about to a real result.
Response: ok, good thought.
- It is clear you responded to our comments at earlier meetings. Thanks for the 2003 updated report.
Response: you’re welcome.