

# RECLAMATION

*Managing Water in the West*

## Reclamation Meeting on *Managing For Excellence:* Overview of Asset Sustainment Functional Area

Salt Lake City, UT  
September 19-20, 2006



U.S. Department of the Interior  
Bureau of Reclamation

## Background/Drivers

- Reclamation responsible for management of \$250 billion in constructed assets
- Concern Reclamation is not aggressively pursuing outsourcing or water user control and management
- Call for greater transparency of O&M Costs
- Need to determine best practices and relative efficiencies related to water facility O&M

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## Objectives

- Understanding of financial status & appropriate business decisions for each facility
- Determination of appropriate level of stewardship responsibility to be retained by Reclamation
  - Outsourcing
  - O&M Transfer
  - Title Transfer
- Beneficial application of best practices of other agencies/operators

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## Areas of Focus

- Financial Status Reporting
- Transfer & Outsourcing of O&M
- Transfer of Title
- O&M Planning & Budgeting
- O&M Benchmarking

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## Financial Status Reporting

- Wide variety of project cost information available
- Not always clearly understood by or available to Reclamation decision makers and stakeholders
- May not be provided consistently throughout Reclamation

**Goals: Cost transparency, sound data for decision making**

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## Action Item 25: Determine Financial Accounting for All Infrastructure

### Tasks

- Develop standard reports of project financial status
  - Statement of Project Construction Costs & Repayment
  - Summary of Facility Condition & expected future investment
- Develop a simplified, standard bill for collection of O&M costs
- Develop “Project Cost” training module/course for Reclamation managers and customers

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## O&M Transfer & Outsourcing

- Many customers and other private entities have considerable capability and interest in facility operation
- NRC Report recommended development of policy regarding appropriate types and amounts of work to be outsourced/transferred to private sector

**Goal: Capitalize on beneficial opportunities for delegating private sector responsibilities on owned assets**

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## Action Items 26-27: O&M Transfer & Outsourcing

### Tasks

- Update and research current project status
- Identify past and current efforts to transfer or Outsource (i.e. lessons learned)
- Evaluate legal and policy issues
- Identify obstacles
- Develop criteria and process for identifying potential candidate projects for either transfer or outsourcing
- Meetings with Stakeholders

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## Transfer of Title

- Full transfer of stewardship responsibility for Reclamation facilities can only be accomplished by transfer of title
- Title transfer on many facilities may be mutually beneficial to Reclamation and its customers
- Congressional authorization and other actions required

**Goal: Streamline & incentivize the Title Transfer process**

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## Action Item 28: Title Transfer

### Tasks

- Review and update 2003 report titled “Evaluation of the Title Transfer Program of the Bureau of Reclamation”
- Identify obstacles or barriers experienced in past Transfer efforts (i.e. lessons learned)
  - Explore ways to eliminate or streamline process
- Explore potential “carrots” that may encourage Transfers
- Develop criteria that might lead to success of partial or complete title transfer of projects
- Meet with stakeholders to get feedback on draft criteria

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## O&M Planning and Budgeting

- NRC Recommended development of consistent, agency-wide standards for O&M evaluation and planning
- Need for greater transparency in O&M investment decision making

**Goal: Efficiency & Transparency of O&M Planning & Budgeting in Reclamation**

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## Action Item 29-30: O&M Planning & Budgeting

### Tasks

- Interview Reclamation O&M staff responsible for O&M planning at selected projects
- Conduct interviews with selected external O&M entities
- Interview stakeholders to determine current and desired involvement in the O&M planning process
- Evaluate current BRC process for O&M budgeting
- Provide recommendations as to which best practices and any BRC changes that should be adopted, how they should be adopted, and who should be accountable for their adoption

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## O&M Benchmarking

- Numerous other federal and non-federal agencies and organizations operate infrastructure similar to Reclamation's
- Reclamation has conducted successful benchmarking exercises with these agencies on power facilities
- NRC Recommended these should be done for water facilities

**Goal: Capitalize on best practices learned from other agencies/operators**

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## Action Item 31: O&M Benchmarking

- **Tasks:**
  - Research prior benchmarking efforts
  - Assemble Benchmarking 101 presentation
  - Hold meetings with potential water benchmarking partners (U.S. and Canada)
  - Find partners and initiate benchmarking study
  - Develop Short Course Material
  - Create Benchmarking Template
  - Pilot project report/data
  - Final Report with recommendations

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