MEMORANDUM

To: Deputy Commissioner – Operations

From: Robert W. Johnson
Commissioner

Subject: Decisions Regarding Team Recommendations for Action Item 12, Managing for Excellence

I have reviewed the final report of Team 12, dated January, 2008, and the “Decision Document” for Action Item 12 attached with this memorandum. I hereby approve the two recommendations set forth in the “Decision Document.” You are directed to take the steps necessary to implement these two recommendations.

Development of the details of the new business model recommended by Team 12 and its initial implementation should be accomplished by the end of this calendar year. You should ensure that our customers, through representative groups, have the opportunity to provide their views on how best to effect the implementation of the new business model.

The Directive and Standard recommended by Team 12 should be finalized and issued by July 31, 2008.

Finalization of the draft policy developed by Team 1, which is set forth in Attachment 1 to Team 12’s final report, will be addressed by Team 1 and my decision memorandum on that team’s final report.

All members of the Reclamation Leadership Team should ensure that their respective offices immediately implement the new Directive and Standard when it is issued to the extent it applies to their office. In addition, I expect all offices to give their full support to the further development and implementation of the new business model in the months ahead.

Attachment

cc: See next page.
cc: 91-00000 (Collier), 91-10000, 92-00000 (Serote, Brown), 94-00000 (Todd, Oates),
94-00010 (Johnson), 94-30000 (Wolf, Smith), 96-40000 (Quint, Coleman)
84-20000 (Beckmann, Moon), 84-21000 (Feuerstein, Wendling), 84-27000 (Harrison,
Mattingly), 84-40000 (Achterberg, Kanazar), 84-50000 (Gonzales, Reese),
84-56000 (Byers), 84-57000 (Krause, Maxey), 86-60000 (Gabaldon, Medina),
86-68000 (Pimley, Weitkamp)
PN-1000 (McDonald, Kaley), MP-100 (Finnegan, Schlueter), LC-1000 (Gray, Ruiz),
UC-100 (Walkoviak, Daly), GP-1000 (Ryan, Blankenship)
(w/att to each)
Decision Document for Action Item 12:  
“Right-Sizing” of Engineering and Other Technical Services

Executive Sponsor 
J. William McDonald

Team Members 
Co-Team Leads -- Perry Hensley and Jamie Macartney

Team Members -- Julie Bader, Dave Gore, Karen Knight, Karl Martin, Rick Scott, Roger Slater, Jamie Todd, Karl Wirkus, and Barry Wirth (with Darryl Beckmann participating for the first several months of the team’s activities)

Key Organizational Function Interfaces 
Reclamation Leadership Team, Reclamation managers and supervisors, Reclamation employees, Reclamation’s water and power customers, and stakeholders

Action Item Statement from the Managing for Excellence Action Plan

The February 2006 Action Plan describes Action Item 12 as follows:

Based upon the results of ... [the data and analyses from action items 9, 10, and 11], complete a right-sizing process with regard to design, estimating, and construction management staff within the agency, including determination of the appropriate location and distribution of technical capability. A transition plan will then be developed and implemented to achieve the determined size, type, and location of staff resources.

Changes to the Scope of Action Item 12

The above statement from the 2006 Action Plan was focused on Reclamation’s engineering and construction management workforce and anticipated the development of a transition plan to achieve a particular size and distribution of engineering resources. After work was initiated on this action item and preliminary analyses performed by the team, the decision was made to change its scope in three regards.

First, construction work (be it for construction of new projects or project features, extraordinary maintenance and replacements, or safety of dams modifications) requires more than design engineering, cost estimating, and construction management. Concept engineering; design data collection; surveying; seismic and hydrologic analyses; social, cultural, and economic analyses; and biological and other environmental analyses are also required for the planning, design, and regulatory permitting of construction work. Therefore, Team 12 addressed not only engineering services, but also the other technical services that support construction work.
Second, besides needing engineering and other technical services for construction work, Reclamation also requires these services for a wide range of other activities (e.g., planning studies preceding project authorizations; land management activities; analyses of project operations and optimization; and environmental compliance required for project operations, repayment, and water service contracting). Accordingly, it was decided after the Action Plan was written that Team 12 should examine the engineering and other technical expertise required to efficiently and cost-effectively perform both construction and non-construction work.

Third, adjusting the size and the geographical and organizational distribution of Reclamation’s engineering and other technical services staff (i.e., “right sizing”) has been, and always will be, an ongoing process. Over time, staffing adjustments are necessary because of changes in available funding, project construction schedules, changes in technology, or because new projects are authorized by Congress. Furthermore, opportunities for outsourcing work to private consulting firms, or for having customers perform certain work (e.g., on transferred facilities), also impact Reclamation’s staffing needs.

Since “right sizing” is a continual, iterative process, Team 12’s final product is not a transition plan which sets forth a recommended number for the current or future size of Reclamation’s engineering and other technical services workforce. Rather, the team’s final product is a set of organizational arrangements and business practices and processes (i.e., a business model) that will enable Reclamation, in collaboration with its customers, to continually evaluate the staffing needed to maintain its core engineering and other technical service capabilities and to accomplish its mission efficiently, cost-effectively, and in a transparent and accountable manner.

Finally, Reclamation needs to make a concerted effort to collaborate with customers and stakeholders so that decisions regarding how engineering and other technical services work is accomplished are transparent and efficient. The overall matter of customer collaboration is addressed by Action Item 1. However, at the request of customers, the recommended business model also specifically addresses this need.

**Approach and Methodology**

In carrying out its work, Team 12 generally proceeded as follows:

1. As the team began its work in early 2007, all available M4E data, such as completed reports and interim materials, which were pertinent to Team 12’s assignment were reviewed, in particular the data and information developed by Teams 9, 10, and 11. Information regarding design and construction management services which had previously been developed by Reclamation were also reviewed and taken into account. All of these were provided to the public via posting on the M4E Internet website.

2. The engineering and other technical services performed by Reclamation personnel were identified and information gathered as to where (organizationally and geographically) these personnel are located. Data regarding staff utilization, which are not uniformly available across Reclamation, were also examined. Finally, current
workflow and workload distribution processes, as described on paper and as actually practiced, were examined. It was at this juncture that the decision was made to expand the scope of this action item, as described in the preceding section of this Decision Document.

3. In light of the information and understanding gained from these first two steps, and in recognition of the fact that the “right sizing” of Reclamation’s engineering and other technical services workforce is a continuous process, the team concluded that the main issue which needed to be addressed regarding the management of engineering and other technical services, and the maintenance of core capabilities, was making improvements in our business practices. The main areas identified as needing to be improved were: (i) deciding how work will be performed (i.e., by Reclamation, via outsourcing, or by customers), (ii) advanced planning of the work which Reclamation will do, (iii) having processes for determining who will do work as among the various organizational units in the agency which provide engineering and other technical services, and (iv) tracking costs for individual tasks.

4. With guidance from the Reclamation Leadership Team (RLT), Team 12 then developed four conceptual alternatives which addressed different ways in which Reclamation’s engineering and other technical services workforce could be organized. These ranged from the current decentralized organizational structure with only minor changes to an alternative that would entail a considerably more centralized structure. In addition, each alternative included initial ideas regarding potential improvements in workflow and workload management processes.

5. These conceptual organizational alternatives were provided to all Reclamation employees for review and comment in early May, 2007, and were the subject of discussion at an internal Reclamation managers meeting. They were then presented and discussed at a public workshop on May 30-31. By mid June, 2007, we had received 162 written internal and external comments.

6. After considering the input received on the conceptual alternatives, the RLT asked Team 12 to focus its efforts on improvements in workflow and workload management processes (i.e., business practices) within Reclamation’s existing decentralized organizational structure. The team did this and presented its initial proposal for a new business model in an internal August, 2007, Interim Report to Reclamation Managers and Employees. This report was provided to all employees for comment and was the subject of an internal Reclamation managers meeting at the end of August. The team received approximately 450 internal comments by mid August. The RLT discussed the report and comments received and gave further guidance to the team for refining the initial proposal.

7. The Team’s initial proposal for a new business model, as refined at the direction of the RLT, was then presented in a paper which was discussed at a September 25-26, 2007, public workshop. Based upon the 90 mostly external comments received through early October, the initial proposal was further developed and presented in a second paper which was, as requested by the customers, the subject of a third public
workshop on November 7, 2007. Both papers for these public workshops were also shared with all Reclamation employees and comments invited.

8. Based upon the input received from customers at the September and November public workshops, the business model and draft Directive and Standard being proposed by the team were revised and specifically expanded to address concerns that there needs to be customer involvement in and collaboration with Reclamation on decisions regarding the provision of engineering and technical services, including processes for deciding when work might be done by customers (or private firms retained by them), rather than by Reclamation.

9. The team’s final report for Action Item 12 is largely the same as the paper prepared for the November public workshop, with some refinements to address comments received at that workshop.

**Deliverables**

Team 12 deliverables are as follows:

- Team 12 Final Report – Managing Engineering and Other Technical Services
- Draft Directive and Standard on Collaboration with Customers Regarding Engineering and Other Technical Services (Attachment 2 in the Final Report)
- Data Report (record of data compiled and used by Team 12)

**Recommendations**

Team 12 recommends the following:

- Adoption of the new proposed business model set forth in the Team’s final report, using Alternative 2 in the workload distribution component of the model, with responsibility for final development and implementation of the model assigned to the Deputy Commissioner – Operations.

Team 12 recommends that this Deputy Commissioner have the lead responsibility for final development of the business model because this is the official who will be responsible to ensure that the processes and practices for which the business model calls are being utilized throughout Reclamation in a disciplined manner. In the team’s opinion, critical to the successful implementation of the new business model is development of the workflow guidance documentation, processes to continuously adjust staff numbers appropriately related to workflow management, membership and operation of the Deputy Commissioner’s Coordination and Oversight Group, communication and relationship issues between organizations within Reclamation that will impact effective implementation, and implementation of collaboration processes with customers.
- Finalization and issuance of the draft Directive and Standard set forth in Attachment 2 to the Team's final report.

While the team's final report includes, as Attachment 1, a proposed new Reclamation Manual policy on collaboration with customers and stakeholders, that policy is a product of the work of Team 1 and will be addressed in that team’s final report and recommendations.

Submitted by:

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Co-Team Leader

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Co-Team Leader

J. William McDonald
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Larry Todd
Deputy Commissioner -- Policy, Administration, and Budget