

ORAL HISTORY INTERVIEWS

PAUL RACHETTO



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OPEN FOR RESEARCH



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STATEMENT OF DONATION OF ORAL HISTORY INTERVIEW OF PAUL RACHETTO

1. In accordance with the provisions of Chapter 21 of Title 44, United States Code, and subject to the terms, conditions, and restrictions set forth in this instrument, I, Paul Rachetto, (hereinafter referred to as "the Donor"), of Boise, Idaho, do hereby give, donate, and convey to the National Archives and Records Administration (hereinafter referred to as "the National Archives"), acting for and on behalf of the United States of America, all of my rights and title to, and interest in the information and responses (hereinafter referred to as "the Donated Materials") provided during the interview conducted on December 3 and December 7, 1994, at the Pacific Northwest Regional Office in Boise, Idaho, and prepared for deposit with the National Archives and Records Administration in the following format: cassette tapes and transcripts. This donation includes, but is not limited to, all copyright interests I now possess in the Donated Materials.
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INTERVIEWER: Burt Allen Stacy
Burt Allen Stacy

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Editorial Convention

A note on editorial conventions. In the text of these interviews, information in parentheses, (), is actually on the tape. Information in brackets, [], has been added to the tape either by the editor to clarify meaning or at the request of the interviewee in order to correct, enlarge, or clarify the interview as it was originally spoken. Words have sometimes been struck out by editor or interviewee in order to clarify meaning or eliminate repetition. In the case of strikeouts, that material has been printed at 50% density to aid in reading the interviews but assuring that the struckout material is readable.

The transcriber and editor also have removed some extraneous words such as false starts and repetitions without indicating their removal. The meaning of the interview has not been changed by this editing.

While we attempt to conform to most standard academic rules of usage (see *The Chicago Manual of Style*), we do not conform to those standards for individual's titles which then would only be capitalized in the text when they are specifically used as a title connected to a name, e.g., "Secretary of the Interior Gale Norton" as opposed to "Gale Norton, the secretary of the interior;" or "Commissioner John Keys" as opposed to "the commissioner, who was John Keys at the time." The convention in the Federal government is to capitalize titles always. Likewise formal titles of acts and offices are capitalized but abbreviated usages are not, e.g., Division of Planning as opposed to "planning;" the Reclamation Projects Authorization and Adjustment Act of 1992, as opposed to "the 1992 act."

The convention with acronyms is that if they are pronounced as a word then they are treated as if they are a word. If they are spelled out by the speaker then they have a hyphen between each letter. An example is the Agency for International Development's acronym: said as a word, it appears as AID but spelled out it appears as A-I-D; another example is the acronym for State Historic Preservation Officer: SHPO when said as a word, but S-H-P-O when spelled out.

Introduction

In 1988, Reclamation began to create a history program. While headquartered in Denver, the history program was developed as a bureau-wide program.

One component of Reclamation's history program is its oral history activity. The primary objectives of Reclamation's oral history activities are: preservation of historical data not normally available through Reclamation records (supplementing already available data on the whole range of Reclamation's history); making the preserved data available to researchers inside and outside Reclamation.

The senior historian of the Bureau of Reclamation developed and directs the oral history program. Questions, comments, and suggestions may be addressed to the senior historian.

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www.usbr.gov/history

Oral History Interviews
Paul Rachetto

Storey: This is Brit Allan Storey, senior historian of the Bureau of Reclamation, interviewing Assistant Regional Director Paul Rachetto in the Pacific Northwest Regional Offices in Boise, Idaho, on December 5, 1994, at about 12:30 in the afternoon. This is tape one.

Mr. Rachetto, I'd like to ask you where you were born and raised and educated and how you became involved with the Bureau of Reclamation.

Background

Rachetto: Okay. I was born in Deadwood, South Dakota, in 1946, in the Black Hills of South Dakota. I grew up in Deadwood, South Dakota, went to high school there, and went to the University of Denver to school in the late sixties. I graduated from the University of Denver with an accounting degree, a bachelor's degree. I went back and did my master's work at the University of Denver in 1970, '71, and I did a little bit of skiing between then and when I started with the government. I skied with the U.S. Ski Team and coached with the U.S. Ski Team and started working for the U.S. Government in Denver in 1972, in May of 1972, with the General Accounting Office, G-A-O, out of Denver.

I did a lot of traveling with G-A-O out of Denver for a number of years and then started with the Bureau of Reclamation. I believe it was in the 1974-'75 time frame in Billings, Montana.

How I became familiar with the Bureau of Reclamation: my father-in-law had worked for the Bureau of Reclamation for some thirty-five years, and he retired from the Bureau, so I came to know the Bureau a little bit from that. I moved up to Billings, Montana, worked in Billings for about nine years, and since then, I believe in 1983, we moved over here to Boise, and we've been over here in Boise for around twelve years now. That's kind of my history with the Bureau of Reclamation.

My background is in accounting. I started out as an accountant with the General Accounting Office, an accountant with the Bureau of Reclamation, moved up to the Finance Organization, the Budget Organization, to my present job as assistant regional director for Administration here in Boise. That's a little brief overview of where I've been with the Bureau.

Storey: Can I ask why your family was in Deadwood?

Growing Up in Deadwood, South Dakota

Rachetto: My grandparents came over from Italy around the turn of the century, and they finally settled in Deadwood, South Dakota, and had a dairy ranch there in Deadwood. Actually, they first went to Trojan, South Dakota, which is an old mining town and has lots of history. You'd enjoy that place. And then they moved to Deadwood, South Dakota, and had a dairy there in Deadwood. My father had four brothers, and so they all grew up on the ranch, and I ended up growing up in Deadwood, South Dakota.

It's interesting. The ranch has since been sold to Kevin Costner, so a lot of that history is obviously gone with the changes in Deadwood.

Storey: When you say Deadwood, do you mean you actually lived in town?

Rachetto: Uh-huh. Lived right in downtown Deadwood.

Storey: Where was the ranch?

Rachetto: The ranch was just outside of town, and my dad and his brothers grew up on the ranch just outside of town. My dad started a motel in Deadwood and was in the motel business, built one motel and sold it, built another motel and sold it, and built a third motel. He ended up retiring there.

Storey: So he didn't actually work on the dairy when you were a kid?

Rachetto: No, he worked when he was a young man on the dairy, and then he finally moved away from the dairy, started his motel business.

Storey: Were you ever aware of the Bureau of Reclamation while you were in Deadwood?

Rachetto: No. I did a lot of water skiing on Bureau of Reclamation reservoirs around Deadwood there. We would go to Angostura and Pactola and one other reservoir there.¹ So we did a lot of water skiing and fishing on reservoirs, but I had no idea

1. Angostura Reservoir is in Custer and Fall River counties, South Dakota; a feature of the Pick-Sloan Missouri Basin Program. Pactola Reservoir is part of the Rapid Valley Unit of the Pick-Sloan Missouri Basin Program in Pennington, County, South Dakota; see U.S. Department of the Interior, Water and Power Resources Service, *Project* (continued...)

they were Bureau of Reclamation at that time. It wasn't until afterwards that I realized that those were Bureau—and the Belle Fourche Project, a lot of water skiing on the Belle Fourche Project.

Storey: I was just wondering, did you have any connection to the mining industry, directly, I mean?

Rachetto: Not directly. Indirectly it attracted a lot of people to the Black Hills. The Lead Homestake Gold Mine was one of the largest gold mines in the country, of course, and so it attracted a lot of tourists there. My father had worked in the mine for a short period of time, decided that wasn't the thing he was going to do, he was going to get out of the mining, started the motel business.

Deadwood is an interesting place, lots of history there, lots of background. Since then it's changed radically, you know. It's gone to a complete gambling town, and all of the retail establishments up and down the street in the main street have Deadwood have now all been converted to casinos and gambling establishments with lots of money from Las Vegas. It's the one community in the state of South Dakota that has legalized gambling, and so within the Deadwood city limits it's really strictly a gambling establishment now.

Storey: I'm interested in your ranch. Deadwood, as I recall, is a very steep valley.

Rachetto: Uh-huh.

Storey: Your granddad's ranch. How did they dairy in that area? It doesn't seem to be very conducive to that kind of activity to me.

Rachetto: Just outside of Deadwood as you're coming in from Sturgis is some kind of rolling hills, and in there is where they ended up starting their dairy farm. They're kind of rolling hills, and it's nice and green and pastures, and that's where they started the dairy cattle. It was an old mining claim that went way back to the 1800s, and they acquired the mining claim, but somehow the transaction and the legal transactions weren't quite good. The quitclaim deed that they received wasn't good. So they had to go back to Congress to get an act written into the legislation so that they could actually take possession of the property.

Storey: Oh, really.

1. (...continued)

Data (Denver: United States Government Printing Office, 1981), 791, 977.

Rachetto: It's kind of interesting, interesting history in Deadwood.

Storey: Yes. That's nice country out in that direction. How did you end up going to the University of Denver?

Member of the University of Denver Ski Team

Rachetto: Well, I skied in high school, did a lot of ski racing in high school, and skied on the Junior Olympic teams at that point in time, and so when it came to college I was looking for schools that had a ski-racing program, and I had a scholarship opportunity at the University of Wyoming, the University of Denver, Western States College, and I went with the University of Denver. There was a coach there by the name of Willy Schaeffler, and Willy was from Germany and had quite a reputation at the University of Denver, and they had quite a ski team. So he recruited me, and I skied for the University of Denver. Out of the four years that I was at the University of Denver, we won the NCAAs three of those four years. And so the skiing attracted me to the University of Denver and the good business school.

Storey: Did you specialize in any particular—

Rachetto: Slalom and downhill, and my senior year I won the NCAAs in slalom and the combine. So that's kind of what attracted me to the University of Denver.

Then I skied to the U.S. Ski Team the following year and then went back to the University of Denver and coached at the University of Denver on a scholarship and coached that year and worked on my master's degree, an MBA in economics.

Storey: Where would you go to ski from the University of Denver?

Rachetto: We skied quite a little bit at Winter Park and Arapaho. Those were the two areas at that time that were close. We did a lot of training up at Winter Park.

Storey: How would that program work? Would you go up every day? Would you go up for periods? How did you do this?

Rachetto: We'd usually schedule our classes so that we would go up in the afternoons on two days a week, usually Tuesday and Thursday. We'd schedule the classes so we didn't have any class on Tuesday and Thursday afternoon. We'd load up in the station wagons, and we'd take off about noon, get up there about 1:30 and ski until 4:30.

So we got a couple of days of skiing in on the weekdays, and then on the weekends we would up there most of the time.

Storey: And how many folks on your team there?

Rachetto: There were about eight on the Alpine team, about eight men on the Alpine team, and about six or eight on the Nordic team, the Nordic being cross-country and jumping. Willy had a knack of recruiting a number of Norwegians from Norway to come over on the Nordic team, so he had some very good jumpers and cross-country runners, and then he focused on United States skiers for the Alpine team.

Storey: No women, though?

Rachetto: No women at that time. That was before women's programs really got started. Now, of course, that's flip-flopped around and there's a lot of emphasis on the women's programs, but at that time there wasn't any.

Storey: Tell me about the U.S. Ski Team. What's that about?

Rachetto: Well, that's the National Ski Team or the Olympic Ski Team, and it's a program where they take some of the top skiers in the country and put them on the National Ski Team. There's an A team, which is the top group, a B team and a C team, and I was on the C team, and we skied throughout the United States on a circuit of races that started in Canada and went all the way through the United States and went back East, and then I skied on the World Cup circuit on a number of World Cup races here in the United States and Heavenly Valley, Jackson Hole, and up in Canada, and that was quite an experience, really a fun experience.

Storey: Why had you chosen accounting?

Interest in Accounting

Rachetto: That's a good question. I got started in the business school, and some of the accounting classes were very interesting to me, you know, kind of fascinating. So I got focused in on the accounting, got to know some of the—some of my good friends were accountants or were studying accounting. So we just got involved in accounting and focused in on the accounting end of it.

Storey: And you got an MA ultimately. Why did you decide you needed an MA?

Rachetto: I ended up with an MBA.

Storey: An MBA. Excuse me.

Rachetto: An MBA, yes. An MBA. The accounting end of it was rather narrow, rather focused, with the undergraduate degree, and there were many other courses out there that I really wanted to take and I wanted to look at the economic side of it, some economics classes that I had not taken in undergraduate. So it seemed like a good opportunity to go back and work on the MBA. And it was very rewarding, very interesting.

There was a very good professor, Dwayne Pettyjohn was his name, that taught at the University of Colorado and then also taught at the University of Denver, and so he got me interested in the economics classes. They were really quite good. He was a very strong supporter of the ski team, and so he became a very good friend.

Storey: Did you have an objective, sort of a career objective set up for yourself?

Member of the U.S. Olympic Ski Team

Rachetto: Not really. Not really. Just got done with college, and the year after I got done with my master's program, then I coached the U.S. Ski Team, and I coached the U.S. Olympic Team in Sapporo, Japan, so I went on to coach for a year after my master's degree. That was an interesting year. We traveled all over Europe with the U.S. Ski Team. We went over to Europe early in the fall and skied on the circuit until Christmas, came back, went back after Christmas to Europe, and then we went from Europe to Sapporo, Japan, skied on the team. At that time I was coaching. I coached the men's team in the Olympics in Sapporo. I came back to the United States for the World Cup circuit in the United States and then went back over to Europe for the World Cup finals. So that was an interesting year, lots of travel, lots of fun time.

Storey: Who were the people you were working with?

Rachetto: The head at that time of the program direction or the program coordinator for the United States Ski Team was Willy Schaeffler. The head men's coach was a Swiss gentleman by the name of Hans Peter Rohr, and I was the assistant men's coach. The women's coach was a gentleman by the name of Hank Tauber, and Hank has since gone on as the head of Marker United States here, and then the assistant men's

coach was a gentleman from Boise by the name of Ron Sergeant. So there were five of us coaching the Alpine team in the Sapporo games.

Storey: What about your skiers, though? Who were they?

Rachetto: We had Rick Chaffee was on the U.S. Ski Team, Terry Palmer, Tyler Palmer—they were gentlemen from back east—Susie Corrock, Barbara Cochran. Barbara Cochran won a gold medal in the Olympics in Sapporo. Some of the other folks were Hank Kashawa, Mike Lafferty. Those were just a few of the ones on the ski team at that point in time.

Storey: What were their personalities like? Is there something that characterizes world-class skiers like that?

Rachetto: No. They were assorted characteristics. Terry Palmer had wild red hair, and he was a very flamboyant slalom runner, and he would just go down the course as fast as he could, come hell or high water. Then there were other personalities, like Rick Chaffee, and Rick Chaffee was very exact, and every turn had to be very precise. So you had quite a variety of skiers, and that made it an interesting year.

Storey: What kinds of problems did this variety of personalities pose for you as a coach?

Rachetto: Trying to get everybody to get their act together at the same point in time or the same time. One group would sleep in, and the other group would be up and ready to go, and trying to get them up training at the same time and trying to get them organized to get all the stuff in the van when we were going from race to race. You literally live out of a suitcase when you go from race to race in Europe. We had two vans, one with all the equipment and one with all the guys. And you'd go from race to race. The logistics of getting them from point A to point B was the tricky part, especially with different personalities.

Storey: And did you have trouble, for instance, getting the equipment and the people together?

Rachetto: Sometimes. Sometimes. There were two coaches. I was in charge of driving the van with the equipment. I got to the Italy-Switzerland border one night, this was in the spring, and lo and behold they wouldn't let me into Switzerland because I had four studded snow tires on, so, by myself, I had to unload the entire van and change to the summer tires and then load up the entire van again. This was in the middle of the night. So the logistics become rather difficult living in Europe, working in

Europe, or traveling in Europe, but it was a fun year.

So I ended up working with the U.S. Ski Team through April 30th, and I started with the U.S. General Accounting Office on May 1st.

Storey: That would have been in 19–

Rachetto: '72.

Storey: How did you end up going into government service? What happened there?

Working for the General Accounting Office

Rachetto: I decided that traveling with the U.S. Ski Team was a little much, and I guess I really focused in on the fact I wasn't using my education. Here I'd gone through undergraduate and graduate school and received an education, and I was out on the slopes coaching, and I thought I needed to put the education to work. So I applied for a couple of jobs. The U.S. General Accounting Office was one of those jobs, down in Denver, and at that time they were hiring accountants. They were building up their staff in G-A-O, had a lot of programs that they were auditing, and they were looking for accountants. So I applied, and they said, "Sure. Start May 1." So I said, "May 1, I'm there." So that's how I ended up starting with the General Accounting Office.

Storey: It must have been difficult to make a decision, to make a change like that.

Rachetto: It was quite a transition. It was interesting enough, though. One of the very first jobs that I had in G-A-O was one of the Senators from Colorado had called for an audit of the Denver Olympics. If you recall, the Denver Olympics were going to be in Denver in 1976. And he said, "We want to know what the Denver Olympic Organizing Committee has done to prepare for these games," and they called on G-A-O. So needless to say, they said, "Paul, we need your assistance here. See what they've done." So that was kind of an interesting assignment. [Telephone interruption.]

Storey: You were requested to do this audit of the U.S. Olympic team.

Rachetto: The U.S. Olympic Organizing Committee out of Denver, Colorado. And at that time the momentum was rolling for the Olympics to be in Denver, Colorado, and then—I'm trying to think what the exact sequence of events. We prepared our report.

We worked on it, and we worked a lot of overtime to get the report done. We sent it back to Washington, D.C., to be published, and they just got to a point of publishing it, and then the voters in Denver took a vote or there was a vote, and the voters turned down the Winter Olympic games in Denver, Colorado, in 1976. So we had this beautifully prepared report on where the organizing committee was, and we had a lot of recommendations in there, a great report, and lo and behold, the voters turned down the Olympics. So it was kind of an interesting assignment.

Storey: What else did you do at G-A-O?

Rachetto: The other things we did that I recall, that really jump out at me, were a lot of the Indian jobs, a lot of Indian Health Service jobs, travel to Pine Ridge [Indian] Reservation. We traveled up to Red Lake [Indian] Reservation, over to a number of different reservations up in Montana, the Crow [Indian] Reservation. The interesting one was—I can't remember exactly the time frame, '72 or '73, '74 time frame—I had a job in Salt Lake City on the Veterans Administration hospital, and at that time the Pine Ridge uprising took place, and one of the Senators from South Dakota called for an audit of the activities at Pine Ridge, so we were actually called—there were four of us that were called into Pine Ridge right during the uprising. So as we came into [the city of] Pine Ridge, the U.S. Marshals were there with their orange coats and their shotguns, and up on top of the B-I-A [Bureau of Indian Affairs] building they had sandbags and they had people with guns. And so we were to be auditing some of the B-I-A activities right during this Pine Ridge uprising. If you recall, a U.S. Marshal was shot there, and there were lots of things going on with the Pine Ridge activities.

Storey: And that was a siege situation.

Rachetto: Yes. It really was. Yes, it was a siege. So that was an interesting audit, a little audit with a little bit of pressure. Most of them had to do with just auditing Indian Health Service work, and I spent a lot of time auditing V-A [Veterans Administration] programs, too, alcohol and drug programs.

Storey: And those audits would have been published reports?

Rachetto: Yes, most of them were.

Storey: What kinds of activities did you find? Did you mostly find there weren't any problems, or how did G-A-O audits go? What were they trying to achieve?

Rachetto: Most of the them were in the area of accomplishments. They would look at the Indian Health Service, and they would look at what has the Indian Health Service done for Indian alcoholism, for childhood diseases? How about sanitary facilities? How has the Indian Health Service looked at sanitary facilities? So they focused in here's the goals that the Indian Health Service has set up, and then we went out to try to measure to see how they have achieved those goals. So it was more programmatic rather than financial audits that we were doing, which was really quite interesting. So then we would make recommendations on an Indian Health Service national basis of what should be changed in the program and how they could learn from other programs.

I spent a lot of time on reservations looking at sanitary facilities and looking at medical records. You'd go through medical records to find out—you'd take a sample of people to see how many received shots or how many had drug and alcohol programs or problems. It was really quite interesting, quite interesting work.

With G-A-O, though, like some of the other agencies, there was lots of travel. We traveled 80, 90 percent of the time. We were always gone from Denver. That was fine when my wife traveled with me for a period of time, and that worked out well when there was just the two of us, and then in '74 we had our first daughter, and that obviously put a crimp on the traveling. So that was kind of the determining factor that we needed to stationary ourselves in one place as opposed to travel around and audit so much.

Storey: And that's when you went to Reclamation?

Rachetto: Yes, that's when I went to Reclamation. A job opening came up in Billings. I went up to Reclamation.

Storey: Did your experience at G-A-O, what you learned there, did it carry over to Reclamation in some way?

Transfer from GAO to the Bureau of Reclamation

Rachetto: Not a great deal. Not too much. Looking at the programmatic evaluations of programs and going into Reclamation as an accountant didn't quite fit. There wasn't a real good fit. Even though the General Accounting Office was using auditors to do these things, it really wasn't auditing work. It was program evaluation work. So then when I started with Reclamation, this was strictly accounting. I mean, we were

talking about debits and credits and financial reports to the Treasury and S-F 133s and S-F 224s and all of the financial reports that go with the Bureau of Reclamation financial statements. So the information that I gathered in G-A-O, while it was interesting and enlightening to do, didn't really carry over into the Bureau of Reclamation very well.

Storey: What about in the longer term, for instance now?

Rachetto: Now I can see the benefits of what we were doing in G-A-O. I can analyze things on a more analytical basis. I look at our goals of what we're doing now and I look at what we're doing to get there and that helps me, but the strict accounting, no, there wasn't a good fit. I think that the exposure that you received in G-A-O, or that I received in G-A-O, of different programs and how those programs were run was a very valuable thing, because you'd go from a terribly poor B-I-A program to some of the better programs. We went to Hill Air Force Base², and we were looking at training programs, and some of the information I learned at Hill has become really valuable and I've used it throughout my whole career. So you'd go from one extreme with a B-I-A terrible Indian reservation out in the middle of South Dakota to an Air Force base like Hill. So you had a variety of different types of things. That's what made the job interesting.

Storey: Do you happen to remember any specific examples of things, for instance, from Hill that would carry over?

Rachetto: We were auditing the training program, the training program with the local school there, Weber State College, and the training program and how it interfaced, how they allowed the civilians to take Weber State classes and integrate those into the work in that specific instance, and that exposure just kind of stuck with me and helped me in looking at how we do things here with the Bureau of Reclamation. So that was just one little thing.

Storey: You mentioned earlier that your father-in-law had been with Reclamation a long time.

Rachetto: Yes.

Storey: What was his name?

Rachetto: His name was Amos Jarrett, and he started out with the Bureau—oh, gee. His career

2. Hill Air Force Base is located in Ogden, Utah.

lasted about thirty-five years. He started out in Denver, and then went to the Riverton Project, worked on the Riverton Project³ for a number of years and then finally ended up in Billings, Montana, and worked for the Billings Regional Office at that time. So he had quite a history with the Bureau of Reclamation.

Storey: Is he still alive?

Rachetto: Yes, he is. He still lives in Billings, Montana.

Storey: Do you remember what he did, by chance?

Rachetto: He started out as an accountant, also, and it's strange that he would be an accountant and I ended up in the same field. So he went up through the ranks with the Bureau of Reclamation and ended up being—his last position was the regional finance officer in Billings, Montana.

Storey: When did he retire, do you remember?

Rachetto: He retired about in 1970—about 1970 or '71, about the same time that I started with the government. And he was the one that kind of prompted me into applying for G-A-O. I was looking for some outside jobs, and he said, "Well here, try these people at G-A-O. You're living in Denver. Why don't you go over and see them." So he kind of got me influenced in going with the federal government.

Storey: And then you moved over to Reclamation in Billings.

Rachetto: Right, up in Billings.

Storey: Well, that was convenient from a family point of view, I suppose.

Rachetto: Yes. From a family point of view it was good.

Storey: Do you happen to remember and are you willing to share with me your grade when you started with G-A-O?

Rachetto: Yes. I started as a [GS] 9 with G-A-O. The General Accounting Office had a factor in there. If you had an undergraduate degree, you started as a 7. If you had a

3. The Riverton Project is a unit of the Pick-Sloan Missouri Basin Program in Fremont County, Wyoming; see Water and Power Resources Service, *Project Data*, 983-90; Robert Autobee, "Riverton Unit: Pick-Sloan Missouri Basin Program," 1996, www.usbr.gov/history/project.html. (Accessed March 2013)

graduate degree, you started as a 9. So I started as a GS-9 with G-A-O.

Storey: And then when you moved to Billings?

Rachetto: I believe I went to Billings as a GS-11. Was an eleven for many, many years.

Storey: And what job did you move into in Billings?

Head of the General Accounting Branch in Billings, Montana

Rachetto: I moved into a job that was in a supervisory role as the head of the General Accounting Section. It was kind of strange. Coming from G-A-O, I went into a job called the Head of General Accounting Section. So it was a branch in the Division of Finance there in Billings. I was a GS-11, and I supervised a number of accounting technicians that took care of the reporting requirements and the financial statement requirements with the Bureau of Reclamation.

Storey: And who was your supervisor?

Rachetto: A gentleman by the name of Willis Staley. Willis Staley grew up on the McCook Project and was with the Bureau for many, many years.

Storey: What was he like to work for or with?

Rachetto: He an interesting character. He was a down-home Nebraskan and very proud of it. He was really quite good, and there was another gentleman who was the regional financial officer by the name—I can't think of his name now. It all of a sudden escaped me. I'll think about it.

Storey: It'll come back later.

Rachetto: It'll come.

Storey: What was Staley like?

Rachetto: Staley was just kind of a gangly, tall gangly guy, and he liked to tell stories a lot, liked to tell about what happened back in Nebraska and what happened in McCook, and he was very connected with—in fact, after he retired, as soon as he retired, he moved back to McCook, Nebraska, where most of his family was. He was just a real interesting guy to work for.

I worked with another gentleman, another gentleman by the name of Ed Storbakken worked for me. And Ed, at that time, had something like thirty years in with the Bureau of Reclamation, and he actually worked another ten years. So he had something like forty years in with the Bureau of Reclamation. He was from Huron, South Dakota, and had a long history of working for the Bureau of Reclamation, and he would tell us stories about some of the prior commissioners that he saw come and go through the Bureau of Reclamation, and that was quite interesting to hear his stories about prior commissioners that were involved with the South Dakota projects and would come to visit Huron, South Dakota.

Storey: Do you remember any of those?

Rachetto: No. I can't clearly place them in my mind. He had a way of telling the stories, but they were interesting.

Storey: Who was the regional director at that time?

Harold Aldrich as Regional Director

Rachetto: The regional director was a guy by the name of Harold Aldrich. Harold Aldrich was the regional director at that time, and Harold, and I'm not sure how long he'd been—

END SIDE 1, TAPE 1. DECEMBER 5, 1994.

BEGIN SIDE 2, TAPE 1. DECEMBER 5, 1994.

Rachetto: Cliff Schultz was the guy in Regional Financing.

Storey: You were talking about Harold Aldrich.⁴

Rachetto: Yes. Harold Aldrich was the regional director there in the Billings Region. It was Region Six, at that time, of the Bureau of Reclamation, and Harold had worked all over the Bureau of Reclamation and was really quite an interesting guy. The reason I got to know Harold a little bit was his son, Rich Aldrich, was one of the staff in the Field Solicitor's Office, and Rich and I played golf together. Rich is about my same age, and so we had an acquaintance there.

After Harold retired, a gentleman by the name of—actually, at that point in

4. For more information on Harold Aldrich see Harold Aldrich, *Oral History Interview*, Transcript of tape-recorded Bureau of Reclamation Oral History Interview conducted by Brit Allan Storey, senior historian, Bureau of Reclamation, March 7, 1995, in Billings, Montana, www.usbr.gov/history/oralhist.html. (Accessed March 2013)

time, Bill Lloyd became the regional director, I believe, after Harold left. There might have been someone else in there. Names kind of slip by. Bill Lloyd was there for a period of time, and then Bill transferred over here to Boise, and then Robert McPhail, Bob McPhail, became the regional director of the Bureau of Reclamation.

And then it took an interesting turn there. At that time when Bob McPhail was head of the Bureau of Reclamation in Region Six, Western Area Power Administration was formed. This was back in 1977 with the [Jimmy] Carter administration. The Department of Energy was created. Western Area Power Administration was formed, and the Bureau of Reclamation and the Western Area Power Administration did their thing where they split the power marketing functions and power generation functions apart. So Bob McPhail was drawn into the Western Area Power Administration organization. Bob went down to Golden, Colorado, and he took a number of people with him at that point in time to start up the Western Area Power Administration. People from our regional office at that time went down with Bob McPhail down there.

A number of us stayed with the Bureau of Reclamation, and the area office was established with Western Area Power there in Billings, Montana. Jim Davies [phonetic] was the area manager at that time, was established as the area manager. Jim was the Division of Power head with the Bureau of Reclamation prior to that time.

So we had a split of people. Our good friends that we worked with all of a sudden were split apart, and some went with the Western Area Power Administration, some went with the Bureau of Reclamation. So we weren't sure where the greener grass was, and I got caught up in it. There was a budgeting job that was being advertised with Western Area Power Administration there in Billings, and it was advertised, and I applied for it. It was a budget accounting job, and so my background in budget and some of the experience in accounting drew me over to the Western Area Power Administration job. I worked for Western, oh, I'd say it must have been a couple of years, two, two and a half years, and really enjoyed that relationship with Western Area Power. But in some sense I missed the Bureau of Reclamation. So when the regional finance officer's position, who was at that time Cliff Schultz, and I had worked for Cliff before. Cliff ended up having cancer and ended up passing away. So they advertised his job as a GS-13. I was a GS-12 with Western Area Power, so I applied for Cliff's old job. So I came back to the Bureau after about two, two and a half years away from the Bureau.

It was like returning home, returning home to an old friend. It was exciting with Western Area Power. They were doing exciting things and fun things, but it really felt good to come back to the Bureau of Reclamation.

Storey: Why did you miss Reclamation?

Rachetto: I don't know. There was something about the fellowship. There was something about the people I worked with in Reclamation, and they were just across the street from each other. Western Area Power has an office right across the street from the Federal Building there. But I missed Reclamation, and for some reason, I'm not sure—I can't really put my foot on it, but I ended up coming back with Reclamation and haven't regretted it since then. It was a good move back.

Regional Directors Bill Lloyd and Bob McPhail

Storey: What was Bill Lloyd like as regional director? Did you have any contact with him?

Rachetto: Not an awful lot. Not an awful lot of contact with Bill Lloyd. He was, at one point in time, the head of the Power Division there with the Bureau of Reclamation and then moved on to the regional director's position. I didn't have a lot of exposure with him. I had some exposure with him when I moved over here. I was there as the regional finance officer for a number of years with the Bureau of Reclamation, and then there was a job that was advertised over here [in Boise] as the finance officer.

I had worked with John Keys in Billings. John was head of Hydrology, and Bill Lloyd, of course, was regional director. So I'd worked with both of those people. John Keys kind of asked me if I was interested in coming over here, and I applied for the job and ended up coming over.

Storey: What was Bob McPhail like to work with?

Rachetto: Bob was interesting. Bob was always politically very inclined, wheeling and dealing with cooperatives, and he was the same way with his interactions with Western Area Power. He was dealing with power customers. His focus was in power, too. There were a lot of activities in the Great Plains Region—at that time it was called the Upper Missouri Region⁵—and there were a lot of interactions with

5. In 1985 Reclamation consolidated the Lower Missouri Region (Denver) with the Upper Missouri Region (Billings) to create the Missouri Basin Region (Billings). Then in 1988 Reclamation consolidated the Missouri Basin (continued...)

some of the large cooperatives in South Dakota and North Dakota who we provided power to.

Of course, at that time we marketed the power out of the Corps [U.S. Army Corps of Engineers] dams and the Pick-Sloan Project. So the Corps would generate the power, we would market it to the cooperatives. Plus we had some generation units at Yellowtail and Canyon Ferry⁶ and a number of other reservoirs, but nothing like the main stem [dams] on the Missouri; large generation there.

Storey: If you were to describe the management styles of these regional directors, how would you characterize them?

Management Styles of the Regional Directors

Rachetto: Harold Aldrich was a very hard, authoritarian position. I mean, when Harold said, "This is what's going to happen," it happened. There wasn't a participatory type of arrangement. The regional director said, "This is the way it's going to be," and that's the way it was. That came across very strong, and that was just, you know, the nature of Reclamation at that point in time.

Bill McPhail was more participatory, actually relied on his people to make decisions and do more of the work than Harold Aldrich.

Bill Lloyd, I would characterize as perhaps a little bit more laid back and not getting into too much of the detail, more of a political figurehead, more of giving speeches about what the Bureau is doing, where the Bureau is heading. So we had an assortment of different management styles during that period of time.

Storey: What was the General Accounting Branch doing?

General Accounting Branch Responsibilities

Rachetto: What we really focused on was, as I mentioned earlier, preparing reports, preparing reports to Treasury. We prepared a report on disbursements that were made in the Upper Missouri Region, a report on obligation[s], which is called an S-F 133, about

5. (...continued)

Region with the Southwest Region (Amarillo) to create the Great Plains Region.

6. Yellowtail Dam is part of the Yellowtail Unit of the Pick-Sloan Missouri Basin Program in south-central Montana. Canyon Ferry Dam is part of the Canyon Ferry Unit of the Pick-Sloan Missouri Basin Program located in Broadwater and Lewis and Clark counties, Montana; see Water and Power Resources Service, *Project Data*, 1013, 815.

financial statements on an annual basis. We took care of all of the billing that went on in the region. We had a lot of cabin sites, we had a lot of leases, agricultural leases, we had all of the repayment contracts. So our activity actually collected all of the money that came into the Upper Missouri Region. So we were involved in just the general accounting type of activities, reporting, collecting money.

The other branch was a Fiscal Branch, and they were the ones that made all the disbursements. They made all the payments and they made all of the actual payments out to contractors and so forth.

Storey: What happened to the money when you got hold of it, when it came in?

Rachetto: It came in in the form of allotments, Treasury allotments, and it came in on an S-F 132, a form of an apportionment. It came into the Washington office at that time, and then the allotments were distributed out of the Washington office, and the finance organization at that point in time was back in the Washington office, and very little was in Denver. So we mainly dealt with the Washington office staff. Bill Klostermeyer⁷ was one of the key players back there, and Ed—I can't think of Ed's last name—Ed Keniper was the finance guru back in Washington, D.C.

Carter's "hit list"

So the allotments came in, and they were distributed out to the regions, and we did the accounting of them. We received so much on a quarterly basis, and then those monies were available for disbursements. The program was very good and very strong up until the Carter administration. Then, as you recall, the hit list of the Carter administration came out, and the Upper Missouri Region got hit real hard because the Oahe Project, which was under construction, rolling—you've got dirt rolling, you've got canals being built, you've got contracts that are issued, and then all of a sudden, the Carter administration, that's on the hit list. No money for the Oahe Project. So what we ended up having is we ended up terminating contracts on the Oahe Projects.⁸ We had to tell contractors, "Don't haul any more dirt. Put that

7. For more information on Bill Klostermyer, see William C. Klostermeyer, *Oral History Interview*, Transcript of tape-recorded Bureau of Reclamation Oral History Interviews conducted by Brit Allan Storey, senior historian, Bureau of Reclamation, and Donald B. Seney, Sacramento State University-Sacramento, from 1995 to 1996, in Washington, D.C., www.usbr.gov/history/oralhist.html. (Accessed March 2013)

8. Jimmy Carter served as President of the United States from 1977 until 1981 after his election in 1976. Within a few weeks of the beginning of the Administration, an internal discussion document accidentally fell into the hands of a reporter. The document proposed cancellation of a number of water projects considered environmentally or economically unsound. This proposal came to be known as Jimmy Carter's "hit list." This happened while
(continued...)

dozer to sleep."

So we ended up going through a year or so, paying off those contractors to terminate their contracts. So a program that was really rolling and really going all of a sudden came to a complete standstill with the hit list in the Carter administration. So that was quite a shock to the region, quite an economic shock and quite a program shock.

So a lot of us were looking around at, "What are we doing here with the Bureau of Reclamation under this administration? Are we going to have a job? What are we going to do?" Some of us looked at other possibilities, "Is there other work available?" I ended up staying with the Bureau, but quite a few people left the Bureau at that point in time. There were reductions in forces at the Huron office. A lot of folks were laid off at the project offices. The Bismarck Project wasn't hit quite as hard. It was a little further along the Garrison Project. The Oahe Project was hit very hard.⁹

Storey: This would have been after you came back from Western?

Rachetto: No, I think it was around the same time frame. I'm a little fuzzy on the time frame there. It must have been around '77. I think I was still with the Bureau, because it was about a year after Western was formed that I went over to Western. I was still in the General Accounting Office [Branch] as the head of that General Accounting Office [Branch] when all of this took place, and that was early in '77. I believe I went over to Western in the end of '77 or the beginning of '78.

Storey: What we've been talking about is basically the federal budget and how it was allotted to the region and disbursed, is that correct?

Rachetto: That's correct. Right.

8. (...continued)

Commissioner Daniel P. Beard worked in the Carter Administration, and he discussed his perspective on the issue in his Reclamation oral history interviews and in "The Passage of the Central Valley Project Improvement Act, 1991-1992: The Role of George Miller," an Oral History interview by Malca Chall, 1996 for the Regional Oral History Office, Bancroft Library, University of California.

9. The Oahe Project was part of the Pick-Sloan Missouri Basin Program located in Brown and Spink counties, South Dakota; see Water and Power Resources Service, *Project Data*, 953-8; Adam R. Eastman, "Oahe Unit: James Division, Pick-Sloan Missouri Basin Program," 2008, www.usbr.gov/history/project.html; (Accessed March 2013) the Garrison Diversion Unit is part of the Pick-Sloan Missouri Basin Program extending through North Dakota and South Dakota; see Water and Power Resources Service, *Project Data*, 869-76, 941-4; Wm. Joe Simonds, "Jamestown Dam and Reservoir: Pick-Sloan Missouri Basin Program, 1996," www.usbr.gov/history/project.html. (Accessed March 2013)

Storey: What about when you got in a check to pay the annual fee for a cabin site or a lease or something like that? What happened with that?

General Accounting Branch and the Reclamation Fund

Rachetto: Those monies on, let's say, cabin sites, and the Milk River Project¹⁰ is a good example, up in northern Montana around Lake Sherburne or some of the lakes up there on the Milk River Project, we had a lot of cabin sites. It was Bureau of Reclamation land. It was leased to private individuals. So that money came back to us on an annual basis. We would bill the customer. He would pay his \$120 or \$200 for his annual lease. That money would come back into the Reclamation Fund as Reclamation Fund receipts. The same with grazing fees. They would come back from the grazing recipient back into the Reclamation Fund as Reclamation Fund receipts. The Reclamation Fund kind of acts like a revolving fund. It's a large fund where all of the receipts are coming into. We can't take them out, the Bureau of Reclamation can't take them out, but Congress can. So Congress takes the receipts that come into the Reclamation fund, and they apportion those back out in the following year or subsequent years back to Reclamation. So it's, in effect, kind of like a revolving fund, although the Bureau doesn't have control over it. The power revenues also went into that receipt account. The grazing leases and the cabin sites made up a small fraction. The big fraction was, of course, the power revenues, the revenue that the power facilities generated that went back into the Reclamation Fund. So there's been quite a little bit of analysis of the Reclamation Fund, the source and disposition of the Reclamation Fund, the source, where it's coming from, the disposition, where those Reclamation receipts are availed back into the O&M program, back into the construction program.

If you looked at the annual appropriation process, I'm not sure if it recently does, but usually it'll identify, \$10 million will be for operation and maintenance, of which \$8 million is from the Reclamation Fund. So there's a direct tracing. So the revenues that we receive that we bill the customers for eventually came back to us to pay for contractors to do work, to build transmission lines or irrigation canals or whatever. So it was an interesting process, and I was involved in the receipt of those, the accounting and disbursement and the financial statements that go along with it.

10. The Milk River Project is located in Blaine, Glacier, Phillips and Valley counties, Montana; see Water and Power Resources Service, *Project Data*, 627-33; Wm. Joe Simonds, "Milk River Project," 2008, www.usbr.gov/history/project.html. (Accessed March 2013)

Storey: For instance, I think it's on the Rio Grande Project¹¹ where I've heard that the water district believes that those kinds of funds should have gone to their repayment. Were you ever involved in any discussions about that kind of thing up in Billings?

Rachetto: No, that came about after I left Billings. We had a number of Solicitor's decisions, and each time we had a contractor or we had a lease, we would do some research on what's the history behind those receipts, and we would put them in a certain account. Certain types of revenues did go back to irrigation districts based on the contract and the history. Others did not go back to irrigation districts, and there's a very fine line in the Factfinder's Act and all of the history that goes back. So in Billings we relied greatly on the solicitor's advice on should those be applied against repayment contracts or should they go directly into the Reclamation Fund and the irrigation district not have any right to those?

Since then, with the Elephant Butte Project and the controversy on those revenues, there's been a great review of those, and the Denver office is looking at how those receipts have been collected and should they have gone to the irrigation district or should they have gone to the Reclamation Fund. So it's a very fine line there, and you have to look at the Factfinder's Act and you have to look at the contract, you have to look at a number of factors to try to determine where they should have gone.¹²

Storey: One of the things about money in the federal government is that, at least from where I sit, it doesn't seem real. Could you take me through the steps when a check came in, for whatever purpose? Say it was for an agricultural lease. You would get it, you would do your accounting work. Then what happened to the check? How did that work? How does the money actually flow through Reclamation to the Reclamation Fund?

How Money Flows to the Reclamation Fund

Rachetto: Well, it would start with that lease, the agreement with that individual to lease the land for a period of a year, and then we would take that lease, and we would say, "Okay, the due date on the lease is July 1. That's when he has to pay the money." So we would issue him a bill giving him thirty days to pay the money. He would

11. For more information on the Rio Grande Project see Robert Autobee, "Rio Grande Project," 1994, www.usbr.gov/history/project.html. (Accessed March 2013)

12. For information of the Fact Finders Act see "Second Deficiency Appropriation Act for 1924," in *Federal Reclamation and Related Laws*, Volume I of Three through 1942, Richard Pelz, editor (Washington, D.C.: United States Government Printing Office, 1972), 316-27; Brian Q. Cannon, "'We Are Now Entering a New Era:' Federal Reclamation and the Fact Finding Commission, 1923-1924," *Pacific Historical Review* 66 (May 1997): 185-207.

send in a check. It would come into the regional office, and we would abstract that check and put them all together and then send them off to the Federal Reserve or the Treasury, and all of those checks would be deposited into a certain account, into a certain receipt account, based on the type of land and the lease it is, and whether it went in the Reclamation Fund or whether it went into a suspense account.

Then those monies would be credited on our S-F 224, which is a document that goes into Treasury, and the S-F 224 is just like a checking account, only it has receipts, just like your checking account, deposits, and it also has expenditures or disbursements. So the agency would send in its 224. Treasury would also be keeping track of those disbursements and collections in their accounts. And then at the end of the month, they would send you what's called a Statement of Differences, and it would be just like reconciling your bank account. You would take the bank's account and you would take your account and compare those two and see if they agree.

Once those monies were in the Reclamation Fund or the receipt accounts, then you would keep track of how much is accumulating in those accounts and do your accounting and your reporting thereafter. So it's an interesting process to see. Your checking account runs maybe a couple of thousand dollars a month, and we're talking about millions of dollars in receipts, especially when the power revenues were coming in and the generation of the power revenues were coming into that receipt account, and it showed the disbursements and it showed the collections. So that was the fascinating part about working with the accounting system.

Storey: How many different accounts do you suppose you were dealing with?

Rachetto: Individually we were dealing with hundreds of accounts. On the 224 there were probably thirty or forty accounts. Each of them had a fund and project, the O&M project, the O&M activities at the Missouri Souris Office, the construction activities at the Missouri Souris Office, the O&M at Riverton, the O&M at Oahe, the O&M at Canyon Ferry, the O&M at Milk River. Those were the types of accounts that you had to deal with, and you had a bottom line. Of course, within those accounts were the appropriation, the O&M appropriation and the construction appropriation. So it was kind of like a pyramid.

Storey: And were those collectively the Reclamation Fund?

Rachetto: The collection side of it were going into the Reclamation Fund. The monies that we received that came out of the Reclamation Fund were allotted to us on allotments

from Treasury, and those allotments that came from Treasury were based on the annual appropriations statement. In the appropriation, the Congress said, "We're giving the Bureau of Reclamation \$30 million for construction, and of that \$30 million for construction, \$4 million is for the Riverton R&B program." And so we would take that \$4 million, but they would only give us a fourth of that each quarter. So we would get a million dollars each quarter on allotments, and they would come in on 132s, which are quarterly apportionment statements. And those quarterly apportionment statements would add up to the \$4 million. So those came in from Treasury to us, and then we took that \$4 million, and then we kept track of how much we had left out of that \$4 million as we paid the contractors and as we paid the construction workers.

So there was an accounting there of the \$4 million, and we could go down and say, "Joe Smith went out and worked on the Riverton Project and charged his time to Riverton." So now there's \$3,994,000 left, or whatever. So it was an interesting process to look at the collections coming into the Reclamation Fund, then also receive the allotments in from Treasury and then track the disbursements on those Reclamation funds.

Storey: And this is what you did in the General Accounting Branch?

Rachetto: Right.

Storey: Well, I'd like to pursue it further, but we're out of time.

Rachetto: We're out of time.

Storey: I'd like to ask you whether or not you are willing for the materials on the tapes and resulting transcripts to be used for research by people both inside and outside of Reclamation.

Rachetto: Sure. I'd be happy to.

Storey: I appreciate it. Thank you.

END SIDE 2, TAPE 1. DECEMBER 5, 1994.

BEGIN SIDE 1, TAPE 1. DECEMBER 7, 1994.

Storey: This is Brit Allan Storey, senior historian of the Bureau of Reclamation, interviewing Assistant Regional Director for Administration Paul Rachetto in the

regional offices in Boise, Idaho on December 7, 1994, at about eight o'clock in the morning. This is tape one.

Mr. Rachetto, during the last interview, we were talking about how money would come in in the form of checks and so on for leases and how that would then go and be transferred into the Treasury into our various accounts. I'm wondering if there was a difference in the way we handled money that was repayment money. Did that come into your branch also?

Monitoring Repayment Contracts

Rachetto: Yes, the repayment contracts that we have with the irrigation districts have a billing cycle, too, and so we would bill the irrigation districts. That money would come in, and we had large—at that time, large—or we used to have large ledgers where we would keep track of the monies that came in from the irrigation districts. So if they started out with a 10 million dollar repayment obligation, as the money came in, we reduced that repayment obligation.

The money also went back to the Reclamation Fund, but it went back in a separate category that talked about Reclamation Fund receipts for repayment, and that went directly back to Treasury through the Reclamation Fund. So it was handled the same way as the cabin sites or leases or sale of water, but it was applied towards the individual irrigation district's repayment obligation. So in the books, at any one point in time, you could look and see how much the irrigation district had left to repay on their initial repayment construction contract.

Storey: For instance, was your branch involved in negotiating the contracts and agreements that led to the revenue coming in?

Rachetto: No, typically, that was, at that point in time, called a Repayment Branch, Rate and Repayment Branch, and that Rate and Repayment Branch did the negotiating with the irrigation districts on how much the repayment obligation was, and, of course, that went back to the economics of the project and how much the irrigators are obligated to pay based on their ability to pay. So that negotiation took place in another branch in the Water and Power Section [Division] and the Rate and Repayment Branch.

And then as the contract was executed, or when the contract was executed, we in Finance would get a copy of that contract and set up a billing schedule for the next ten or twenty or thirty years, or forty years, depending on the length of the

contract. So at that point in time, the contract came to us, and then we would set it up to do the billing and collecting the money.

Storey: Did you ever have problems with person's checks bouncing and things like that?

Rachetto: Not necessarily checks bouncing. Occasionally we would have irrigation districts that would, due to a drought or due to some financial issue or some emergency, wouldn't be able to make their payment, and they would typically write the Bureau at the regional office, and then the regional office would transfer that letter requesting some relief for that irrigation district back to the Washington office.

Sometimes the relief would be granted, sometimes it wouldn't. If they had a legitimate reason, typically what would happen is they would defer that construction repayment on to the next year. So the following year then they would have two years of repayment that would be required. But there were some strict guidelines that had to be adhered to for that to take place.

Storey: Was it common?

Rachetto: No, I would say it was the exception, very much the exception.

Storey: How many water users were you dealing with, do you think? Do you have any idea?

Rachetto: Here in the P-N [Pacific Northwest] Region there are about 200 water-user districts. In the Upper Missouri Region at that time there were probably only about a 100, 120, somewhere in that category.

Storey: And then how many agricultural leases and cabin sites, and so on, and other kinds of things like that do you suppose you might have been dealing with?

Rachetto: Oh, in the Upper Missouri Region, we probably had 300 of those types of agreements, and they were from agricultural leases to cabin sites, to sale of water to right-of-way fees, just a variety of things, anything that dealt with water and the land on Bureau projects.

Storey: So how many people were in the branch to deal with this?

Rachetto: In the General Accounting Branch there in Billings, we had about seven people, seven, eight people, somewhere in that category, to do the billing and keep track of the reports and those types of things.

Storey: Were there other kinds of activities going on, also?

Rachetto: Mainly the reporting was a large issue at that point in time. This is when the, prior to or approximately 1987, when the Bureau consolidated their finance, we had individual finance offices in the regional office[s]. So we had one in Billings. We had a finance office in Boise and Salt Lake, Sacramento. And those finance offices reported back to Washington, and they were called individual finance stations with Treasury. And so we had Treasury requirements to report on the disbursements, report on the collections. We had individual agencies station symbols.

In 1987, they consolidated all of those into one office in Denver. So one office in Denver did the entire reporting back to Treasury, and there was one correspondence between Treasury and the Bureau of Reclamation.

Storey: And these reports would involve income, or what?

Rachetto: Yes, they would involve income. They would involve disbursements, how much we're paying out in checks, how much we're collecting in revenues, how much we're obligating, how much we're expending. There is a report called the S-F 133 which shows your obligations and expenditures and the disbursements. That was a report that we prepared in the General Accounting Branch back in Billings, and the other regional offices did likewise.

Storey: One of the things I was interested in, the other day you mentioned that when a budget was passed, they only actually transferred a quarter of the money at a time?

Reclamation's Budget Appropriations

Rachetto: Yes. It was called quarterly allotments, or quarterly apportionments, and they would actually transfer the entire amount to the Bureau, or they would set it aside in the Treasury appropriation account. But you could not exceed the quarterly allotment, so they would give you, let's say, 8 million dollars, but you could only spend up to 2 million dollars each quarter. Now, if you exceeded that 2 million dollars, then—it's an interesting question. I'm not sure you—you just made sure that you didn't exceed that 2 million dollars. I'm not sure if they would slap your hands or what they would do. In theory, you would be exceeding the amount that you were apportioned for a quarter, and you would go into a situation which is called an anti-deficiency situation where you've spent more than you actually have.

On an individual project-by-project basis, you might do that. You might

spend more on the Belle Fourche Project,¹³ but on the Garrison Project you maybe have not spent enough. So you didn't look on it on a project-by-project basis. You looked on it as an appropriation total for the individual region, and you looked on it on a quarterly basis.

Usually it wasn't too much of a problem exceeding the quarterly apportionment because the first couple quarters were in the fall, and in the winter quarter there wasn't a lot of construction then. In the spring quarter and in the summer quarter was usually the construction period, so you never really had too much of a problem in exceeding the quarterly apportionment.

Storey: So the highs and lows balance one another out fairly well.

Rachetto: Yes.

Storey: Just sort of naturally.

Rachetto: Naturally, yes.

Storey: I was wondering about the flexibility of the system, that if you're looking at just one big lump, I guess that makes it easier to deal with.

Rachetto: Yes, it does. The highs of some project and the lows of other projects balance themselves out. It was usually never too much of a problem, but it was kind of an interesting challenge with the quarterly apportionments.

Storey: How long were you in the General Accounting Branch?

Personalities in the Billings Accounting Branch

Rachetto: I was there for—I moved up to Billings in 19—

Storey: '74.

Rachetto: '74. And I was in the General Accounting Branch probably until about 1978.

Storey: Did you stay in the same position in the branch?

13. The Belle Fourche Project is located in Butte and Meade counties, South Dakota; see Water and Power Resources Service, *Project Data*, 29-36; Christopher J. McCune, "Belle Fourche Project," 2001, www.usbr.gov/history/project.html. (Accessed March 2013)

Rachetto: Yes.

Storey: And the Supervisor?

Rachetto: That was our friend Willis Staley. My friend Willis Staley was the supervisor at that point in time.

Storey: What was he like as a supervisor?

Rachetto: He was an interesting character in that he, as I mentioned before, he was from Nebraska, so he had a lot of Nebraska stories. He was a tall, gangly gentleman that grew up on a farm and a ranch and started on the McCook Project. I'm not sure where he went to school, but he had an accounting major background and spent most of his life with the Bureau of Reclamation, a lot of it in McCook, and then transferred over to the Billings regional office.

Storey: What kind of management style did he have, an autocratic one, a participating one? How did that work in those days?

Rachetto: I would describe it as very loose. He'd kind of let the individual branches do their own thing, and he really didn't participate very much. He would talk with us a great deal and B-S about what's going on in the Bureau, but we pretty much ran our individual branches. He supervised two branches there in the Finance Office. One was the Fiscal Branch, which all of the disbursements were made out of, and then the General Accounting Branch, which was my branch, where we accounted for all the money. And Willis was always there for advice and counsel. He pretty much let us run our own branches.

Storey: I know you weren't in the Disbursement Branch, but what did they do? Did they write checks? How did that work?

Fiscal Branch Responsibilities

Rachetto: Yes. In the Disbursement Branch, or the Fiscal Branch, they took care of all of the payments, payments ranging from purchase orders where we would be buying something, furniture or whatever, to travel documents, where a person would be traveling and the traveler would be paid directly, to utility payments, all the way up to large construction contracts, multi-million-dollar construction contracts for the Oahe and Garrison projects when they were rolling. And so they would be paying contractors to build certain facilities that we had under construction. So their

variety ranged from a simple utility bill all the way up to a multi-million-dollar construction contract payment.

Storey: Once again, if we could, what were the steps to actually pay a bill, say, that came into Reclamation? Say a contractor said, "You owe me X."

Rachetto: Okay. Typically what would happen is, in the construction contract, there would be rate schedules on how much—let's say it was a canal that they were building, and the rate schedules would be based on how much earth would be moved. So the construction engineer [inspector] would be on site, the construction inspector would be on site working with the contractor, and we would pay them on a monthly basis, the construction contract, on a monthly basis. They would, at the end of the month, calculate how many yards of soil was moved during that month or whatever the quantity would be in the contract. The contractor would prepare a voucher, and they would send that to the contracting officer's official, contracting officer's rep. He would in turn take that voucher that's prepared by the contractor. He would analyze it and see if he agreed with it, and then he would prepare what's called a construction payment voucher, which would simply summarize that. He would sign off on it and approve the fact that so many yards of dirt were moved. He would approve that. He would send it in to the contracting officer in Billings.

The contracting officer would sign off on it. It would come over to Finance. When it got into Finance, we would take a look at it. We would look at the contract to see if the contract provisions allowed us for paying of that. Usually it would because we had a copy of the construction contract along with the contracting officer. So we would set it up on a schedule of payment, and the schedule of payment would be based on Treasury's instructions, and typically you didn't pay it the very next day. You scheduled it for payment within thirty days, depending on what the contract read, but Treasury would, under the Prompt Payment Act, would allow certain periods of time to lapse, but we had to pay it within a certain thirty-day period. So you would schedule that payment for—if you received it, it was signed on December 1st, you would schedule it for December 30th payment. And so you would schedule that. You would send it off to Treasury for a check to be issued, and you would prepare what's called a payment voucher, or a payment schedule that would go into Treasury. At that time the Treasury office was in San Francisco, so we would send the payment schedulers] off to San Francisco.

They would cut a check and the check would be issued to the contractor on December 30th or January 1st, whatever the thirty-day period was. So the timing

became a real issue on when those payments were made. So that's kind of the process that would go through. Then let's say it was processed on December 30th, then that payment would show up on our 224 as a payment to the contractor on December 30th. That would become a disbursement that we would report to Treasury for the month of December.

Storey: So Reclamation never actually wrote checks.

Rachetto: No. Reclamation never wrote checks. We would prepare a schedule of payments which would go to Treasury, and Treasury would write the checks.

Then we got into a situation where Treasury was changing the way they were doing business and making electronic transfers, and that's where we are right now. So we would have an agreement with a contractor, let's say, a contractor out in South Dakota that was doing the work, that we would actually make the transfer to his bank in Huron, South Dakota. So we would make an electronic transfer to his bank.

So we would notify Treasury we wanted a 5 million dollar payment to a certain contractor, and this is the account number and the location of the bank. Treasury would then, instead of writing a paper transaction or a paper check, they would make an electronic transfer directly to their account. It took a little while for the contractors to get used to that. After they got used to it and realized the benefits of it, that they would have that money almost instantaneously, they wouldn't have to deal with a check, and it seemed to go pretty well.

So we made a transition in a lot of the payments that we are presently making. So the majority of them on large-dollar amounts are electronic transfer, just as the salary checks with the employees now has made—we've made a transition from individual salary checks to electronic transfers to employees' accounts.

Storey: When you went to the General Accounting Branch, how were accounts kept track of?

Reclamation Accounting Procedures and Computers

Rachetto: When I went there, they were kept track on the computer and there was what's called the FAST accounting system. The FAST accounting system was developed in the late 1960s and early 1970s by a gentleman by the name of Wilbur Franciscotto. Wilbur Franciscotto was an old accountant that had been with the

Bureau a number of years and had gotten into the computer age and developed what's called the FAST accounting system.

Storey: This is an acronym?

Rachetto: Yes. FAST, let's see. Financial Accounting Transaction System, something to that effect [Financial Accounting System Transaction]. So when I came with the Bureau, they were already on this computerized system, and the accounts were kept in the computer by the FAST accounting system. Prior to that time, they were kept in large ledgers, huge big ledgers. We, in Billings, had those ledgers in our vault. It was a large room, and so we kept all of these big ledgers. They were very interesting to look at. You had to know what transactions took place. And the accountants at that time were just almost like with their green eyeshades. They would keep these huge big ledgers like you would see in the old movies. Those were always kind of fascinating. I never dealt with those, but I'm sure that there was a lot of interesting stories that went along with them.

So when I came with the Bureau, we were already in the computerized age.

Storey: When you say, "We were on a computer," what computer?

Rachetto: It was the Cyber computers down in Denver, the Cyber computer that was installed around the early 1970s. In fact, one of the very first meetings, one of the first training sessions I had was to go down to Denver in 1974 and look at the computer and figure out how we do our accounting on the computer and how the transactions, how you scheduled what were called runs.

It was a computer where it was data entry at the regional office, but it was based on punch cards. So every transaction you made up, that you prepared in the computer, was based on a punch card. So you would have a transaction document and it would show a disbursement for a million dollars to Voit and Voit Construction, and so all of that information was taken from a document, punched into a punch card, and then those large trays of punch cards were run through the reader and processed on a run-by-run basis in the computer system in the Cyber down in Denver. Even though we had a reader in Billings, that information was batched and sent down to Denver and run on the Cyber down in Denver.

Storey: The cards were sent to Denver?

Rachetto: No, the information was.

Storey: From the region.

Rachetto: From the region, yes, right.

Storey: From the reader in Billings.

Rachetto: The reader in Billings would read all of those thousands of punch cards and create a large batch, and then from those a number of batches were put together in a run, a transaction run, and that was stored in the computer and then transferred to Denver on, let's say, a weekly basis. We would usually run a processing cycling about every week.

So that information was shipped down to the Cyber on a weekly basis, processed in the accounts, the files were updated, and then from that we would get our reports on a weekly basis, the transactions that took place during the month.

Storey: Did you, as an accountant, actually enter the data that went onto the punch cards?

Rachetto: Yes, the accountants and the accounting technicians. Most of it was done by the accounting technicians. So as a check came in for a water lease on the Milk River Project, we would enter a transaction called a collection right on the transaction document, or the technicians would, that is. The individuals, the ladies and men that did the billing, would enter a collection for 100 dollars. That transaction then would be keypunched up and would be on a keypunch card, which was accumulated in large drawers of keypunch cards, and several thousand would be processed together in a large run.

So it was a process by which that information was fed to the Cyber computer in Denver, updated the files, and you would do that about every week, you would make a processing run. And then at the end of the month, you would do your month-end reporting, and that month-end reporting would take all of those month's transactions and produce a number of other reports, large reports, which would be shipped back to Billings via the computer via electronic transfer via the computer, and then printouts would be produced, large printouts, and that would tell you the status of every funded project and the amount of money that was disbursed in every funded project, the amount of obligations, the amount of expenditures. So those reports were the reports that we used and summarized and sent back to Treasury in Washington.

Storey: Do you have any idea when the FAST system went into effect and the office quit using the ledgers?

Rachetto: It must have been around the end of the 1960s or early 1970s. It had been in effect about three or four years before I came on board, so it must have been right around the transition period in 1970.

Storey: And did the technology change at all during the four years that you were in that branch?

Rachetto: Not a great deal. The FAST accounting system continued to be used. The only technology we implemented during that period of time was a refinement of the reporting system to Treasury. We developed what were called—we had prepared, when I first got there, manual S-F 133s, and an S-F 133 reported on the obligations, expenditures, and disbursements on a funded project basis.

We manually did those S-F 133s, and while I was there, we developed a program to automate those S-F 133s. So we did some automation in that respect. Those S-F 133s were sent to managers, and they were also sent to Washington for reporting on the status of funds. So we did make some progress, but most of it was already in place when I came in 1974.

Storey: You mentioned the other day that you became involved in budgeting while you were in Billings. Was that while you were in the General Accounting Branch?

Fort Peck Project Budget Process

Rachetto: While I was in the General Accounting Branch, I got involved in an interesting project, and that was putting together the budget for the Fort Peck Project.¹⁴ The Fort Peck Project is up in northern Montana. It's a irrigation project and also—well, not necessarily an irrigation project, but it was a Corps of Engineers project that the Bureau of Reclamation consolidated some reports and put together a revolving fund budget for. It was a strange animal in that there was separate legislation for the Fort Peck budget and the Fort Peck revolving fund. I spent a great deal of time putting together, with the budget people, a budget for that. As opposed to regular appropriations and allotments, it took the revenues that were generated from the Corps of Engineers project at Fort Peck, the power revenues that were generated,

14. The Fort Peck Project is spread throughout seventeen counties in Montana and North Dakota. The key feature of the project is Fort Peck Dam constructed by the U.S. Army Corps of Engineers in 1939; see Water and Power Resources Service, *Project Data*, 467-70.

and then those revenues were available on an annual basis to be used to operate the project. So it was a small revolving fund.

I'd gotten involved in that and gotten it started in preparing that Fort Peck Project revolving fund and the budget for that, and so I had some budget experience, and there was an opening over in budgets for a short period of time, and so I moved from finance over to budgets for a short period of time to fill in behind someone that had moved on on a temporary basis. So I gained some experience in the budget area then. So when the job with Western Area Power opened up, I was able to apply for that job and show my budget experience there, which helped me receive that job with Western.

Storey: Did you take that assignment consciously, or was it just something that happened?

Rachetto: The assignment, when there was a person that left the budget shop, I did that consciously. I had talked to him and said, "Is there a possibility of my stepping into those shoes for a period of time?" He said, "Yes, there is." And so—

Storey: Did you have a career plan?

Rachetto: Yes, I did. My career plan simply went through—I wanted to be a regional finance officer. So my experience in the General Accounting Office [Branch] and in the budget shop provided me the exposure to get to that regional finance officer position, which I eventually got to in Billings and then transferred over here to, here in Boise. So that was my plan at that point in time, when I was in the General Accounting Branch.

Storey: Did I hear you indicate that you went to WAPA, Western Area Power Administration, in '78?

Transferred to Western Area Power Administration

Rachetto: Yes, I went over to WAPA for, it was two or three years. I'm not exactly sure the number [three or four years].

Storey: Why did you decide to go over to WAPA?

Rachetto: I guess the reason that I went over to WAPA was the excitement of what was going on, a new agency that was formed, getting in on the [ground] floor, on the ground level with a new agency. The things that were going on with WAPA excited me,

and it seemed like a good opportunity to expand my horizons and provide greater exposure. Plus I was going from a GS-11 position, which I'd been in for a number of years, to a GS-12 position. That also enticed me to go over, needless to say.

Storey: And you stayed in Billings?

Rachetto: And I stayed in Billings. Just changed offices, went across the street and worked for another agency. It's amazing. At that point in time, WAPA was using the same accounting system. Basically, they, WAPA, were part of the Bureau of Reclamation. So to make the transition easier, they made an arrangement with the Bureau of Reclamation that WAPA would use the same accounting system. So I went from the FAST accounting system with the Bureau of Reclamation to the FAST accounting system with WAPA. So it was an easy transition for me.

Storey: But they were separate systems?

Rachetto: But they were separate, yes. Actually, they were the same system, simply on the Cyber in different locations. So they were different files on the Cyber. We went through a process of taking all the Power accounts that were intermingled with the Bureau accounts, separating the Power accounts out, putting on the same computer, and for a short period of time they ran on the same computer, and they ran on the Bureau of Reclamation computer. Western paid the Bureau for the privilege to use that accounting system and use our computer.

Gradually, of course, as Western got developed, they established their own accounting system. They had their own computer and eventually went off on a different avenue. But it was an easy transition for Western simply to use the same accounting system that they've always used. And that was about the same with the people. I mean, we were talking about people that had worked hand in hand with Bureau people and all of a sudden simply moved to a different building, were assigned to a different organization.

Storey: So Western Area Power Administration was largely composed of Reclamation employees?

WAPA Takes Over Reclamation Power Marketing Responsibilities

Rachetto: Yes. Right. If you can think of simply taking a branch or a group of people out of Reclamation, then that's about what happened. They took the Power Branch, which was the power marketing function out of the Bureau of Reclamation and established

the Department of Energy. It's really what happened. The power generation stayed with the Bureau of Reclamation.

There was a lot of discussion at the time, in 1977, on how far Western should go in the power marketing, where the power should be transferred, and it was decided that the Bureau would continue to generate the power, provide that power to the switchyard, and then on the far side of the switchyard, Western Area Power would be responsible for taking that power, the transmission of that power, and the maintenance of those power lines and the marketing of that power.

So there was a physical separation point on the switchyard that took place in the agreement between Western and the Bureau of Reclamation, when it was established.

Storey: Do you remember anything about the way people reacted to Western being separated from the Bureau of Reclamation?

Rachetto: There were a lot of mixed feelings. In the Upper Missouri Region, it was a pretty good transition. It was a pretty positive transition in that—

END SIDE 1, TAPE 1. DECEMBER 7, 1994.

BEGIN SIDE 2, TAPE 1. DECEMBER 7, 1994.

Storey: You were talking about how people reacted to splitting WAPA away from Reclamation.

Transition from the Split of WAPA and Reclamation

Rachetto: Yes, in the Upper Missouri Region, the transaction or the transfer to WAPA went fairly smooth. Everybody was pretty much in agreement with what should be transferred to WAPA, what functions should go with WAPA, and what functions should go with the Bureau. There was agreement on where the Bureau's control and authority would end, that would be the switchyard, and where WAPA would pick up that power and where the functions would go.

That wasn't so clear in the other regions. There was a lot of squabbling in the other regions. Some of the other regions wanted the Bureau to retain more of that, that they wanted the Bureau to retain some of the transmission. Some of the other regions and area offices that were established for WAPA disagreed with who should do the generation. At one point in time WAPA was making a push to take

over the generation facility, that the Bureau would just have the dam and WAPA would do the generation.

So there was a lot of discussion in other regions. In our region, the regional director and the area managers of WAPA sat down, and their staff sat down and came up with a line, and it was a pretty good split. The people reacted differently, though. Some of the people wanted to go with WAPA. Some wanted to stay with the Bureau. And so there was an interesting psychology that went on with who were you going to go with and, gee, should we go with this new agency, should we go with the new Department of Energy, or should we stay with the old Bureau of Reclamation. Some of us were torn.

I was one that—and we went through the organization like this. Let's say, in the finance organization, let's say we had twenty-one people, or twenty people. Well, some of our jobs were to collect the power revenues, to bill the power customers, bill the irrigation district for power. So we had a number of people that were actually taken out of the finance organization, based on what they did, and we went through and analyzed each person's job. And we said, "If it's over 50 percent WAPA, or power, then you go with WAPA. If it's over 50 percent Bureau, you go with Bureau." So people were physically taken and removed from the finance organization and assigned to Western Area Power. So we had one lady that did all of our power billing, and she was actually taken from our organization, assigned to Western for a period of time, in Billings, and then eventually assigned to the Golden office. She physically moved from Billings down to Golden, Colorado, where Western's headquarters were.

So we went through a transition of not only physical facilities, but people, and there were a lot of people that would have liked to have gone with Western because of the excitement, but others that went with Western that wished they would have stayed with the Bureau. So it was an interesting time.

I got caught up in that. I saw Western being formed, the excitement of a new organization and new mission, and when the budget officer's position came available, as a budget and accounting officer's position became available in Billings as a [GS] 12, I said, "Gee, that's where I want to go." After a few years with Western, perhaps the newness wore off, and I decided to return to my old friend the Bureau of Reclamation, and I haven't regretted that [decision].

Storey: Do you have any knowledge about how—it's Bob McPhail, isn't it?

Rachetto: Yes, Bob McPhail.

Storey: Was selected to be the administrator of Western?

Rachetto: No, I don't. I don't have a lot of knowledge about how that took place. I know he was pushing for the position. His background was in power. He had a lot of political influence. Exactly how that selection was made, I don't have a good feel.

Storey: But he went after the position?

Rachetto: Yes.

Storey: He wasn't just transferred?

Rachetto: Oh, no. He wasn't just transferred. He went after the position. He was like many of us that saw there was some real future there, and he wanted to be the administrator of Western Area Power, so he went after the position. He had a lot of strong contacts with Basin Electric and some of the large electric co-ops in the Upper Missouri Region. So I think that probably helped him, too. I didn't get involved in the politics on how he was selected.

Storey: You got a grade increase when you went to Western. Did you also become a supervisor?

New Challenges Working for WAPA

Rachetto: Yes, but of only a couple people. We only had a small staff in the area office doing the budget and accounting work, so I had an accounting technician and I also had an accountant. There were just really three of us to start with. That staff has since grown, but we had a small staff. The accounting at that point in time, once it was transferred from the Bureau to Western, was really run out of the Western headquarters down in Golden, [Colorado] but we in the area offices did the budgeting and received accounting reports from that centralized accounting system. So we would be responsible in Western for putting together the budget for the area office, which meant the Bismarck power office, the Huron power office, [the Watertown Dispatch Office], and the Billings power office.

We would put together the budget that comprised that. That budget [was] comprised of transformers, replacement transformers, was made up of transmission line, rehabilitation programs transferring an old wooden line to a metal line, the

power systems operation office expenses where all of the generation [was controlled for] the Corps projects would go into Watertown, South Dakota, and Watertown would disperse that power to the power customers. So it was a power systems operations office in Watertown, and the operation and maintenance of that office were under the jurisdiction of the Billings area office.

So we would have to do the budgeting for all of those types of activities, plus, like I say, the maintenance of the transmission system, the staff there in the area office. So it was an interesting project, interesting activities at the time. And we were starting from scratch. I mean, we were starting without any guidelines, without anything to start with. We originally took the Bureau's format for a budget, and we used that for six months to a year. Then we gradually went away from that and developed our own format for budget. So there was a lot of developing new types of things. That was exciting and fun.

Storey: New systems to work, new guidance.

Rachetto: New guidance, new people to work with. We presented our budget on a semiannual basis to the administrator, and he either approved it or disapproved it, had questions about it. Then it was consolidated as a Western Area Power budget from the area offices, and from that it was taken into the Department of Energy budget and became part of the Department of Energy budget.

Storey: Did you see any advantages or disadvantages in terms of management of the electrical delivery system from being with Western, from it moving to Western? For instance, did the Department of Energy find it easier to get money for O&M and for new construction, or anything along those kinds of lines?

The Excitement of Being on the Ground Floor of a New Government Agency

Rachetto: Well, we always wondered what advantages are there with the Department of Energy? What advantages are there creating this new agency? Sometimes I struggled with that, because we were doing it fine with the Bureau of Reclamation, and by creating a new agency, what you ended up doing is you ended up creating a lot of overhead. You ended up creating a new organization. It had its own overhead. That overhead had to be passed on to the power customers. So one wondered sometimes what did we accomplish? What did President [Jimmy] Carter accomplish by creating the Department of Energy when these functions were already being performed by another agency?

I think there is some flexibility that was created. I think there was some autonomy of having a power marketing agency and a budget that had a little bit more flexibility than the Bureau's budget, but I often wondered did we really accomplish very much, or did we just add another layer of overhead to the process. I'm not sure if there's an answer to that or not. But it was a political decision. Let's create the Department of Energy. If you recall, energy was a big issue in the 1970s, in the early 1970s, and this power marketing group was obviously going to be created as part of the Department of Energy.

Storey: You've already mentioned a couple of things that I find suggestive that I'm interested in pursuing. At first, Western used the Reclamation budgeting system. At first, Reclamation [Western] used the Reclamation accounting system. But then over time, it evolved away from that. How would you characterize the way people interacted between Western and Reclamation, and how did it change over time? Did you notice anything?

Rachetto: Yes, there was a transition. At first, the people that left to go to Western were very close with the people that worked at the Bureau, and there was still a lot of social interaction. They would come over and have coffee in our building, talk with us frequently. But as Western got formed and as it became an entity and started running on its own, there was an actual separation of the people. The friendships perhaps weren't as strong. Western Area Power had their own employees' association group.

So gradually, as new people came on with Western Area Power, they didn't have the ties back to the Bureau of Reclamation, and the old ties gradually dissolved. As people retired from Western Area Power, they didn't have the same interest as the Bureau people did. So gradually, just as the accounting system split and the budget system split, so did the organization, so did the relationship of the people. There were still good friends between Reclamation people and Western Area Power Administration people, and that was unique in the Upper Missouri Region.

In some of the regions, there was strong fighting issues about the split of the facilities, but in the Upper Missouri Region we had a very congenial work relationship with the two agencies. And we almost had to, because if you look at the system, it's all one power system. We would have the generation at Canyon Ferry, and we would take that generation and we would send it up to the switchyard, and then from the switchyard that generation would go on to Western Area Power.

Now, when that generation was needed was dictated by the power systems operation office in Huron—or in Watertown. They would tell the Canyon Ferry office, "Okay, we need so much power during this period of time, and so run your generators." So the power plant operators would turn on their generators during this period and turn them off during other periods. So there had to be that coordination. And the working relationship was pretty good.

In some of the other regions—and I don't have the history behind it—but I know there were conflicts and issues that came up. So gradually the two organizations became separate organizations and had a separate identity.

Storey: You were there three or four years?

Rachetto: Yes, three or four years.

Storey: Had that transition taken place by the time you went back to Reclamation, or was it a longer process?

Rachetto: It was a little bit longer process. Once I went back to Reclamation, the Reclamation family was changing, and the Western family was changing as new people came into Western, and you could gradually see it. It wasn't like an overnight thing. It gradually changed and gradually had its own identity. Once they got on the new accounting system, once they got on the new budget system, once they got on a new property system, then they had less reason to interact with the Bureau of Reclamation. So it went on their way as a new organization.

Storey: One of the issues I'm sort of interested in is how much do the people who are doing the budgeting influence the shape of the budget. In other words, you were preparing the budget. Were you influencing what got funded and what didn't? How does that work?

Shaping Reclamation's Budget

Rachetto: Yes, you did have some influence on what was funded and what wasn't funded. The influence, though, was primarily you would work with the project manager to determine what should be included in the budget. With the project manager and the regional office, you would establish priorities. You would say, "Okay, I need this certain piece of equipment to be replaced. It's a very high priority. I need this piece of equipment. It's a medium priority. And if I had the money, I would replace this truck, but I can probably do without that truck." So you set up a priority system to

put things in the budget, and you put those in the budget, you put the entire package in the budget, but you don't get everything you want. So in the first round of cuts, when it comes into the regional office, the regional office says, "Gee, we've got too many dollars in there. We're going to cut this truck out."

So they cut this truck out. Then when it goes into the Bureau, the Bureau says, "We can't possibly go to the department with this large a budget, so therefore your lower-priority items are going to go." So you take out this personal computer.

Then when it goes from the department to O-M-B [Office of Management and Budget], O-M-B says, "No, your target level is only X number of dollars. You, as an agency, have to cut that." So you take the next layer out. So what goes to O-M-B and what eventually goes forward to Congress as a budget probably doesn't look like what the project manager had put together. He lost his truck. He lost his personal computer. Let's hope he has enough to operate and maintain the project, pay his people, and make essential replacements on the project to keep the project going.

So you work with the project manager to establish that priority system, but what it was originally sent in as and what it ended up looking like were probably two different things. So you, as a budget person, were the interaction between the project manager that wanted the truck and the P-C and the O-M-B examiner that finally sent back the O-M-B passbacks that says, "Agency, this is how much you're going to get. You've got to live with it." So you worked with that project manager. You worked with other project managers. If he had a truck that was more important, there was trades that took places, there were transformers that were included and excluded on one side and included on the other side, depending on the priority for the entire region. And then that priority from the region went forward to the priority with the Bureau, was lumped together as the Bureau, was lumped together as the department budget that finally went forward.

Storey: And it would have been a similar process for Western?

Rachetto: Very similar process for Western. We would put together our area office budgets. We would take those down to the administrator, consolidate them all, and the administrator said, "No, there's no way I can go forward to Department of Energy with that much of a budget." So you would go through a process of paring down that budget and going forward with only what you hoped was essential items to the Department of Energy.

Differences between Preparing Reclamation's and Western's Budget

The Department of Energy didn't have as much influence as the Department of Interior in paring down that budget. For some reason, the power marketing agencies, once they put together their budget, that pretty much went forward with the other power marketing agencies as a budget. Department of Energy, at least when I was working there, didn't have as much influence in the power marketing agency's budgets, and I think they didn't have as much influence because they didn't know what the devil was in there.

I take that back. They might have known what was in there, but the Department of Energy budget was so huge, because you were dealing with Hanford [Nuclear Reservation], you were dealing with huge nuclear programs that were billions of dollars in programs. The power marketing agencies' budget were so small. They were such a small increment of this huge Department of Energy budget that they didn't pay much attention to us, quite frankly. I mean if they cut 10 percent out, it didn't mean anything. In fact, our whole program is such a small increment of this huge Department of Energy budget. And I think that's probably why there was not a lot of influence or not a lot of pressure on the power marketing agencies to cut once it went forward as a P-M-A budget.

Storey: Did you have any special projects while you were at Western?

Rachetto: Not really, it was mainly just the accounting and the budgeting. We put together a new budget format, tried to establish a new budget format. We established different accounts, different type of accounts. We worked on the new accounting system. There were a lot of transition type of activities that we participated in, going from the old Bureau things to the new Department of Energy things.

Storey: Did that involve a lot of interaction with other area budget officers and so on?

Rachetto: Not as much the area budget officers. It involved a lot of interaction with our power operations office, the Watertown office, the Huron office, the Bismarck office, and the regional office. So we in the area office interacted with our project or our field offices a great deal. There was interaction between the other area offices, but not as much, not as significant, and a lot of interaction between the area office and the headquarters office down in Golden on the accounting system and the budget system.

So lots of trips down to Golden. You asked me about special assignments.

I was on a number of special assignments where I worked down in Golden, Colorado, for a month or a couple months on getting the accounting or the budgeting system up and running and working through problems that the transition of the organization, and it was interesting. I worked with people that I'd worked with in Reclamation that were now down in Golden. And we had one individual that was with the Bureau. He transferred from the Bureau to Western Area Power in Huron. He transferred down to Golden. He transferred back from Golden to Huron, and then he transferred back to the Bureau. So you had people going back and forth between the Bureau and Reclamation [Western].

Storey: During your four years or so with Western, did you stay the same grade throughout?

Rachetto: Yes. It was a grade 12 at Western.

Storey: Why did you decide to leave Western?

Leaves Western and Returns to Reclamation

Rachetto: Well, again, the regional finance officer with the Bureau of Reclamation position came open in Billings, as a grade 13. So it was kind of a natural step to come back to my old friend Reclamation and apply for the 13 position. So it was a promotion to come back to Bureau and come back as a 13.

Storey: And it was also your career objective you set yourself?

Rachetto: Yes, it was my career objective, right, as the regional finance officer.

Storey: What is a regional finance officer responsible for? What does that person do?

Rachetto: I talked a little bit about the General Accounting Branch and some of the things the General Accounting Branch did. I talked a little bit about the Fiscal Branch, which was the disbursements and the payments. The third group that was under the regional finance officer was called the Rate and Repayment Analysis Branch. It's a long title. What they did is they looked at the entire picture. They took the financial situation of the entire region. They said, "Okay, we're going to build these projects. Those projects will be repaid over a certain period of time by contracts, irrigation districts' contracts, by power revenues, by other sources of income, oil and gas leases." And they took this entire package and analyzed it and came up with the rate and repayment studies and the project data sheets. And those documents, or those reports, were simply a repayment analysis on how the Bureau of Reclamation

projects are going to eventually be repaid, and those are produced in an annual report.

So that was the third group or the third branch of the Bureau of Reclamation in the finance offices. That was an interesting branch because that dealt with other agencies. That dealt with oil and gas revenues that were going into the Reclamation Fund. Just as any other accounting transition, it was like a pyramid. You had the projects, the projects that had to stand by themselves. You had the Pick-Sloan Missouri Basin overall project that had to stand by themselves, and then you had the entire region project.¹⁵

Activities of the Rate and Repayment Branch

So the interesting thing about it was analyzing the costs that were associated with the project, the revenues to date, and the anticipated revenues that are going to come in. How much is left on the repayment contract that the district's going to pay? How much power revenues do you anticipate coming in? So those are all factors that you consolidated together. So you had to have a general understanding of the general accounting group, of the disbursements to date. You had to have an understanding of how the disbursements were being made and the collections were coming in, and you also had to have an understanding of the overall cost of the project and where the anticipated revenues were going to eventually come in. And you created a report called the "Average Rate and Repayment Study" that showed all of this information.

Storey: For the region.

Rachetto: For the region.

Storey: What about budgeting?

Rachetto: In what respect?

Storey: Is that a finance officer's responsibility?

Rachetto: No, it isn't. At that time, and there's been a transition since then, but the budgeting

15. For more information on the origin of oil and gas revenues allotted to the Reclamation Fund, see "Mineral Leasing Act," February 25, 1920, in United States Department of the Interior, Bureau of Reclamation, *Federal Reclamation and Related Laws Annotated*, Volume I of Three Volumes through 1942, Richard K. Pelz, editor (Washington, D.C.: United States Government Printing Office, 1972), 249-50.

issue was a separate issue. It was under the regional programs officer, was his title. The regional programs officer was responsible for establishing the budget for the region. So even though the functions were somewhat similar, the regional programs officer and the regional finance officer, there was a line of demarcation, and that line was the programs officer dealt with the budget, dealt with the money that's coming in, and putting together the budget that went forward to the Bureau, to the department and so forth.

Then once the money came in and we received an appropriation, then the accounting officer took over from that role. He kept track of the money. He kept track of the collections and those types of things. There was a lot of interaction, but there was a definite change.

Storey: You mentioned oil and gas revenues. Would you explain that a little further to me, from the fact that they went into the Reclamation Fund?

Oil and Gas Revenues and the Reclamation Fund

Rachetto: Yes. The oil and gas revenues are revenues that are generated off of Reclamation lands, and the contracts for the oil and gas revenues were administered by the Bureau of Land Management. So there were Reclamation lands that were withdrawn lands that the Bureau of Reclamation had title to or had withdrawn, but the oil and gas leases were administered by the Bureau of Land Management. So the Bureau of Land Management would periodically transfer those revenues to the Bureau of Reclamation based on where that lease was or that oil site was.

In the state of Wyoming, those were significant amounts. So they were called accretions to the Reclamation Fund. They weren't actual collections that Reclamation would go out and do, but they were monies that came into the Reclamation Fund through accretions to the Bureau of Reclamation Fund. Those were significant amounts. Those were amounts, if you look at the history of the Reclamation Fund, probably exceeded or at least equalled the generation from electrical service [power]. So we had lots of little collections that didn't amount to very much, and we had some large oil and gas collections that came from the Bureau of Land Management. There's some statistical reports that show where the Reclamation Fund receipts came from, and if you'll look, a large amount of those were oil and gas. Of course, in Wyoming and some of the other states that had oil and gas activity, those were significant accretions to the Reclamation Fund.

One other interesting thing is, just a few minutes ago I was thinking about,

that was involved with the Bureau of Reclamation in the Great Plains Region, and that was the accounting for the Pick-Sloan Missouri Basin Project [Program]. The Pick-Sloan Missouri Basin Project came back from, oh, quite a history. I don't have the history of that. There's a book that's recently published about a year ago that goes back into the history of the Pick-Sloan Missouri Basin Project. The point that I would like to make, though, is there's some documentation that probably could be done on how the accounting was done for that, because it was an interesting project in that the Bureau of Reclamation in Billings had the responsibility for the entire Pick-Sloan Project, the basin account, as they called it. The basin account involved the Corps of Engineers' activities; it involved the dams on the main stem and at Powell; involved the generation of the main-stem power; it involved the transmission of the Western Area Power Administration; it involved the Bureau of Reclamation project[s], not only the generation but the irrigation.

Pick-Sloan Missouri Basin Program Basin Account

So the Pick-Sloan Missouri Basin Project is an all-encompassing project that includes the cost from all three of those agencies and how the cost is going to be repaid. Now, the interesting part about that, somehow the Bureau of Reclamation was assigned that responsibility [to account for all of the costs of all the three agencies], way before my time. So we in the Billings office or the Great Plains office had that responsibility for accounting for all of those costs. So we would go out to the Corps of Engineers, asking them for their cost data. We would go to Western, ask them for their cost data, and we would take the Bureau cost data and we would put it into a large account called the basin account. It was simply a paper transaction. It was a large spreadsheet or a large worksheet at that point in time, showing the cost of the different agencies and how eventually that cost, the Pick-Sloan Missouri Basin, is going to be repaid, through irrigation, through flood control, through power revenues, and all of those things.

I don't know a lot of the history behind that. I don't have a good feeling of how that was done. I was involved with it indirectly. It was done based on the development of the Pick-Sloan Missouri Basin account. There was a gentleman by the name of Al Bealifelt, and Al Bealifelt was one of the old lawyers in the Department of Interior that goes way back when the legislation was first formed. Al has since passed away, but he was a fantastic historian of the information on how the Pick-Sloan Missouri Basin Project was formed. We would periodically go back to him and ask him early on, "Al, what was the intent of this? How should that work?" And he would give us some of that history. But the Bureau had the accounting responsibilities for that.

There was a lady that's working for the Bureau of Reclamation at the present time in Billings by the name of Loretta Howard, and Loretta was very much involved in the detail of how that Pick-Sloan basin account was put together and how it was accounted for. That might be an interesting documentation interview that you might want to do with Loretta to establish some of the background in how that accounting was done, because it's becoming an important issue now because they're looking at reformulating the Pick-Sloan Missouri Basin Project, reformulating and changing the cost allocations, including, excluding projects in the Pick-Sloan Missouri Basin Project. So the history would be a valuable thing to document so that it isn't lost, anyway.

Storey: Was that a major activity for your office then?

END SIDE 2, TAPE 1. DECEMBER 7, 1994.
BEGIN SIDE 1, TAPE 2. DECEMBER 7, 1994.

Storey: This is tape two of an interview by Brit Storey with Paul Rachetto on December 7, 1994.

Rachetto: Under this Rate and Repayment Group, under the regional finance officer, was two or three people, and that was their primary responsibility, not only to look at the way the Bureau projects were going to be repaid, but do this overall spreadsheet on how the Pick-Sloan Missouri Basin Project, the basin account, was going to be repaid. So the accounting of that basin account, even though the different agencies receive their individual allotments and monies from Treasury and collected them on different bases, the legislation required you to do an overall basin account, and the Bureau of Reclamation was responsible for putting together that basin-kind of summary statement. Like I say, it was an interesting project. You would have to go to the Corps and ask them, "How much did you spend? What's your net worth of your projects? How much your collections were?" You did that with all three agencies, put them together.

The Bonneville Power Administration (BPA) does that for the Pacific Northwest Region. They're the lead in doing that for the Pacific Northwest Region, for the Colombia Basin Project or the Colombia—I'll think of the name here. It's Colombia River Power System. So the B-P-A does that here. The Bureau of Reclamation does it in the Upper Missouri Region, or the Great Plains Region. And I'm not sure where it's done in some of the other regions. I think some of the other regions might have different accounts that are similar to that, that take into consideration not only the Bureau projects, but Western projects.

Storey: That's an interesting sideline. A little more on oil and gas revenues, if we could. Of course, recently—well, more recently than that, I think, at least, there was a lot of controversy developing about whether or not B-L-M was actually collecting the appropriate amounts of revenues. I was wondering if Reclamation ever did any kind of check on the revenues that were coming on and whether they were adequate and appropriate and all those kinds of issues. I guess it would be an audit rather than an accounting function.

Economic Relationship Between Individual Reclamation Projects to Oil and Gas Revenues

Rachetto: Yes, it really would be, and we really didn't. We didn't get involved too much in where or the appropriateness of the rates were. The only thing we were concerned with is were they Reclamation lands and were they revenues that should be attributed to the Reclamation Fund. We did get involved with that because we had to identify them back to an individual project. If I recall, we had to do research on that. We would go back to B-L-M, and we would say, "Okay. You know, you gave us 100,000 dollars in oil and gas revenues. Where did that come from? What was the legal description of that lease?" So we would have to take that legal description and trace it back to determine which project it came from. Was it the Riverton Project? Was it the Shoshone Project? Was it the Big Horn Project? So that we could credit those revenues back appropriately to the individual project. So that's about the only types of research that we did with B-L-M. We would go back and we would ask them, "Where is that lease?"

Storey: Did that money just go into a general account available for disbursement, or did that money go into a repayment account to repay the costs of the project?

Rachetto: It was kind of a combination. It typically would go back into a repayment account to repay the cost of the project, but where there was no project and it was a Reclamation lease or some withdrawn lands that Reclamation had, then it just went back into the general fund of the U.S. Treasury. So it depended on where that land was, and was it associated with an individual project. So you would have to trace it back and, say, if there was no project there and it was simply Reclamation-withdrawn land, then it would typically just go back to the U.S. Treasury. So there were individual circumstances that you had to do some research on.

Storey: How many people on the staff altogether in your—that was a division, right?

Rachetto: Yes, and there were approximately twenty, twenty-two people in the Division of Finance.

Storey: In three different branches?

Activities in the Division of Finance

Rachetto: In three different branches, right.

Storey: How did you split your time up in terms of what you were looking at, what you were working on? Was there an area that occupied a lot of your attention and other areas that occupied very little of your attention? How did that work out for you?

Rachetto: It depended on the supervisors that I had on board. I had a very good supervisor in the Fiscal Section, the Payment Section, that is, and she ran her shop very well, and so I didn't have to spend a lot of time on payments. I did spend more time in the General Accounting and Reporting Group and in the Rate and Repayment Analysis Group. I spent more time in the Rate and Repayment Analysis Group because I knew little of that activity. So I tried to learn as much as I could of that activity and understand what went on in that process.

So I ended up spending, as a finance officer, more of my time in the Rate and Repayment Analysis Group. The fiscal pretty much took care of themselves. The bills came in and they got paid and vendors got paid; travel. There was always issues of travel vouchers or whatever, but that wasn't too big of a problem. So most of my time, a majority, was spent in the rate and repayment analysis.

Storey: And what did you find most interesting about rate and repayment?

Rachetto: Well, just as I talked about a few minutes ago, the overall concept of what goes into a rate and repayment analysis, the overall concept of the Bureau projects being repaid and the irrigation assistance that goes on, the revenues that were coming and how those revenues were being applied to the repayment analysis. Those types of things were interesting to me. You got a better sense on how a Reclamation project was put together, how it was planned to be repaid, and then you track that through.

Our responsibility was tracking through how is it being repaid, and is it being repaid on schedule, and, if not, is there going to be a requirement for a rate increase. So we would take that information, and we would provide feedback actually back to Western Area Power. If there was a situation where the project wasn't going to be repaid, and there was a large chunk of irrigation assistance there, then they would crank that irrigation assistance into power-rate studies. Perhaps they had to increase the power rates in the Upper Missouri Region to compensate

for this large irrigation assistance amount. So that was the interesting part, and that was kind of the challenging part that I had not had any exposure to in my other years in the General Accounting Group.

Storey: Did you run into policy issues that came up?

Issues Encountered as Regional Finance Officer

Rachetto: Oh, yes. There were lots of policy issues.

Storey: What kinds of things?

Rachetto: Policies that dealt with, oh—I'm trying to think. I'm blank for an example, but policies that dealt with contracts, repayment contract issues, repayment contracts that weren't being paid or were falling behind, lots of personnel issues, people issues.

Storey: So what kinds of personnel issues?

Rachetto: Performance issues, nonperformance issues, usually nonperformance issues, dealt with those quite a little bit, dealt with a few disciplinary actions, also dealt with policies on travel, policies on payments. If there were overpayments to individuals, then we would have to go back and collect those monies.

So there were a lot of little things that took up your time. We dealt with issues on how much should we be collecting for right-of-ways over Bureau of Reclamation lands. Should we just be collecting the minimum amount, or should we be collecting for a true right-of-way cost, those types of things.

We dealt with issues on were our rates adequate for cabin sites. The rates that were established for cabin sites way back in the early 1920s obviously weren't the same as what they should be in the 1970s. We had some gorgeous cabin sites around the Milk River reservoir[s] and Lake Sherburne up in Montana, and we were charging, you know, twenty to fifty dollars a year. My goodness, what a deal for a cabin site on a beautiful lake for twenty dollars a year. Couldn't beat that. Those were rates that were established way back in the early 1900s or 1920s, 1930s, when the project was developed. They were reasonable at that time, but we asked the Solicitor, "Should we revisit those? How do we revisit those, and should we reevaluate those?" Eventually we did. Eventually we got those raised. We got crossing site amounts raised up to a reasonable amount. So those were some of the

type of policy issues we dealt with.

Storey: Who initiated those kinds of issues?

Rachetto: Usually it was a combination between the Finance Office, the Rate and Repayment Analysis Office, and the Solicitor. The Solicitor got involved because sometimes we had existing contracts. Sometimes we had to issue new contracts. So between those three groups, we determined or tried to establish what the new rates should be. You know, they should represent the market value. The taxpayer shouldn't be subsidizing the person that has the Lake Sherburne cabin site. So we go through a process of analyzing what should be the market rate.

Storey: What would have triggered Reclamation to become interested in the issue?

Rachetto: I guess we looked at how much it was costing us to collect that twenty-dollar cabin site up in Lake Sherburne. By the time we looked at the contract, sent the bill for collection, got the money back, entered the money in the accounting system, or entered the accounting entry in the accounting system, sent the money on to Treasury, goodness, the twenty dollars was long gone. So we were hardly covering our administrative expense. So we said, "This is not realistic. We need to have a market value and then we need to cover the administrative cost of these leases."

The twenty dollars might not be a good example. They might have been forty or fifty dollars. But you can imagine all the work that a GS-9 or [GS] 11 went to to collect that fifty dollars. Lord knows we ate it up in administrative costs. So we said, "We need to review these contract amounts."

Storey: So it was an internally generated, internally perceived need within Reclamation.

Rachetto: Yes. Some of them were internally, and some of them were externally. Some of them were external based on audits that were done that said, "Reclamation, your crossing fees aren't covering your expenses," or, "Your crossing fee that you're charging AT&T should be much greater, shouldn't be just a small minimum amount. It should cover your expenses plus the true crossing-fee cost." So there were a combination of external audits, they were O-M-B initiatives, and they were internal evaluations of what we were charging.

Storey: And when you say external audits, you mean G-A-O audits?

Rachetto: G-A-O audits and I-G [Inspector General] audits would come in and make

recommendations.

Storey: Now, how long were you the regional finance officer?

Rachetto: It must have been around three years, three years there in Billings.

Storey: From?

Rachetto: From about '80 to '83. I should have brought my little list of dates in.

Storey: And then where did you go?

Rachetto: In September of '83, I came over here to Boise.

Storey: And why did you decide to look at a move?

Transferring to Boise and the Pacific Northwest Region

Rachetto: Well, we had lived in Billings for nine years, and really one of the reasons we did is we wanted to come over here to this side of the Continental Divide and see what it was like over on this side of the Continental Divide. If you recall, one of the activities I had was a small stint as a budget officer. As a budget officer, we had a Programs Coordination Officers meeting here in Boise. I believe it was 1981, somewhere in that time frame. So I came over here in 1981, and we had a meeting at the Red Lion Riverside. During that meeting, it was a week-long meeting, I walked around Boise a lot, and I walked up and down the greenbelt. I saw some of Boise, and I really liked what I saw.

I went to the regional office, which was down in the Federal Building at that time, and met with the regional finance officer, a lady by the name of Nedra Blackwell. Nedra said, "Well, I'm going to be retiring here in a year or so. Are you interested in applying?" I said, "Yes, I think I would be." So when she retired, I believe it was about 1982 or 1983, perhaps the beginning of 1983, her job became available, became open. It was a GS-14. So I was a regional finance officer position in Billings as a [GS] 13. This one was a [GS] 14 because of the size of the region and the complexity. So, again, it was the challenge and a grade increase, needless to say, that attracted me over here to Boise, and the city itself.

My wife had never been here. She had no idea what Boise was like. I applied for the job, got the job, and said, "Well, we're moving to Boise." So it was a

transition for the whole family.

Storey: Did the move cause any problems for your family?

Rachetto: No, it didn't. It was a fairly easy transition. We had something like four or five cats and a dog, and we had a motel room for a month, and that was stressful, to say the least. The kids were going to school. We transferred over here the first day of school, put them in the school, and lived in a motel for a month. That's always a little stressful with four cats or four or five cats, whatever there were, and a dog. But we survived it and have enjoyed Boise since then.

Storey: Well, I'd like to continue, but we're past time. I'd like to ask you again whether or not you're willing for these tapes and resulting transcripts to be used by researchers from both inside and outside Reclamation.

Rachetto: Yes, that would be fine.

Storey: Thank you.

END SIDE 1, TAPE 2. DECEMBER 7, 1994.

BEGIN SIDE 1, TAPE 1. MARCH 21, 1995.

Storey: This is Brit Allan Storey, senior historian of the Bureau of Reclamation, interviewing Paul Rachetto, assistant regional director of the Pacific Northwest Region of the Bureau of Reclamation, in the regional office in Boise, Idaho, on March 21, 1995, at about nine o'clock in the morning. This is tape one.

Let me say, first of all, that I understand your title has changed to regional administrative manager instead of assistant regional director. I wanted to ask you about oil and gas revenues. What happens to them and where do they go and how do they come in and all that kind of thing?

Oil and Gas Revenues Contribute to the Reclamation Fund

Rachetto: Most of my experience with the oil and gas revenues were in Billings. There was considerably more oil and gas revenues in Billings, mainly just because of the nature of the Reclamation projects. Most of them were in Wyoming and Montana, and that's where the majority of the oil and gas revenues came from. The contracts were administered for the collection of those by the Bureau of Land Management, so B-L-M would actually collect the revenues and actually make the deposits into

the Reclamation Fund, and they would notify us of where those receipts were, the amount of those receipts, and it would usually identify a land description. Our job was to associate that land description with a specific project so that those credits went back into the Reclamation Fund and specifically back to a project activity.

So while we never saw the actual dollars, they were reflected in the accretions to the Reclamation Fund, and an annual statement was put out by the Bureau of Reclamation showing the accretions, and I think it was usually identified by state, the accretions of oil and gas revenues. It became part of the credits that show up on the project cost and repayment statement as credits back to the projects. I don't believe that those came back and showed as a specific type of repayment, but more of a credit back to that project.

Storey: Good. So they showed up as repayments toward a specific project, but the money went into the revolving fund that Reclamation could then draw on for the development of projects?

Rachetto: Yes. The Reclamation Fund is similar to a revolving fund. Your analogy is pretty good. Those funds went back into the Reclamation Fund, and then certain amounts of monies were appropriated the following year by the Congress, and the Congress identified in the appropriations—or still does—how much of those funds were taken from the Reclamation Fund and how much were from general fund receipts, the appropriated money for the operation and maintenance and construction activities of the Bureau's activities. So it became similar to a revolving fund, even though not technically classified as a revolving fund and no specific legislation for Rec [Reclamation] revolving fund. It's often been called the Bureau's revolving fund, but really, theoretically, it doesn't have the legislation, but it acts very similar to one.

Storey: Another thing I wanted to discuss was the budgeting that you were involved in and how that worked. You were in Billings '74 to '83, I believe. How were budgets put together for Reclamation?

Reclamation Budget Process

Rachetto: They were usually put together at the project office level, and the project office level could be an O&M project or it could be a construction project. In Billings at that time we had the Huron Construction Office, the Bismarck Construction Office. We had O&M projects at Yellowtail, Canyon Ferry. We had some R&B activities at Riverton.

So those project managers would put together their budgets. The budgets were put on a format that was pre-specified by the Bureau of Reclamation. The O&M budgets were put on what were called P-F 3s at that time. The construction budgets were put on P-F 2s and P-F 2Bs. Those are simply forms that identify how you set up the budget and what elements you have in the budget. The O&M budgets, of course, included personal services and travel and transportation. It included vehicles. It included replacement of spare parts. It included major replacements of circuit breakers or whatever it might be in that O&M facility. The construction budget usually included line items for construction of dams, roads, whatever elements were being constructed or rehabbed.

So those budgets were put together at the project level, and then were sent into the regional office. The regional office consolidated those budget amounts and put together what the region's O&M budget was, what the region's construction budget was, what the region's loan budget was, or whatever it might be. Those were, of course, included, or an amount was included in those budgets to operate the regional office. The regional office did not receive a specific appropriation. The regional office charges were sent to the O&M programs, to the construction programs, and whatever. So amounts were included in those project budgets to include the operation of the regional office, or the Centralized Project Activities, or C-P-As, as they were called at that time. So that's how they were consolidated at the regional level.

The next step that would go forward after they were consolidated at the regional office, they were sent to Washington, or they were taken to a budget workshop down in Denver where the entire Bureau's budget would be put together, and that would include all of the regional offices plus the Denver office, and an overall Bureau budget was put together. That was, of course, taken forward to the department and was included within the department's overall budget.

Some time before that, though, we would usually get an allocation from O-M-B on how much the Bureau would be allowed to submit for an O&M, a construction budget, and there were a number of processes that we went through in paring down that to meet that O-M-B target. Usually the process that took place is that as the regional office budget was submitted and consolidated, that would be compared to what we in the region had been allocated from the Washington office on a target level. If our budget exceeded that target level, we usually sat down with the managers at the regional office and the project managers and went through a prioritization process and identified priorities for the work that was going to be done. Usually you'd keep your people on board; you'd keep the vehicles going;

you'd keep the plan operating; and then if you had additional funds, you would be replacing some various items, let's say, replacing an office building. If there was not monies to replace that office building, that was of a lower priority, that would probably be the first thing that would be cut. So we went through that type of a process. It was even at a point where we had the project managers coming to the regional office to discuss their budget.

A similar process took place then at the Washington office, where the regional directors would go forward and present their budgets. This goes back a ways. Since that time it has changed, and a Budget Review Committee is working at the present time. But back in the—I'm thinking the seventies and the eighties, even through the early '84 time frame, there were still reviews that took place in the Washington office, and Bill Klostermeyer was the head of the budget group back there.

We, as regional directors, or the regional director and the budget officer, would go back to Washington and present their budget in the Interior Building to the commissioner. They would make cases that this is how much the region needed, this is the detail of it.

I specifically remember one very interesting session where we were just starting to get involved in the Kesterson activities. The other regions were able to listen in on the presentations, and I remember listening to the M-P regional director's presentation on how much is needed to clean up the Kesterson activities. So it was a learning process for the rest of our budget officers to see what was going on in the other regions. If the Bureau on a whole was over the O-M-B target, then it would be up to the commissioner and Mr. Klostermeyer to cut back the regional director's programs to meet that O-M-B target. So it was interesting interaction. That process has been discontinued, but it was always a fun time to go back to Washington and see what the presentations of the other regions were.

Storey: So the regional directors would take the budget folks with them.

Rachetto: Yes. Right.

Storey: Because they didn't have the detailed knowledge.

Rachetto: They didn't have the detail. The regional director would have a general idea of what was included in the budget, but the budget officer was sitting there right next to him when he was testifying or making his presentation to the commissioner, and usually

they were very pointed questions. All of the budget staff were there. Mr. Klostermeyer was there and Paul Hauffy, Marly Bucky, all of the folks that were really involved in the detail of putting together that budget, plus the commissioner. And there were some very pointed questions, usually by Mr. Klostermeyer. "Why do you need that much money to clean up Kesterson? Why do you need that much money? I see you have a ten-ton crane in here. Do you really need a crane? Can't you go out and hire one?" Those are the kinds of questions, and the budget officer would shuffle around his paper and say, "Yes, this is why we need the crane, and it's an absolute must." That's just an example, but it's kind of an interesting process.

Storey: During these meetings in Washington, were the regional directors jockeying for budget money?

Rachetto: Yes. Usually budget money, and F-T-Es [Full Time Equivalent] or people also. Those were the two elements that usually went forward, how much money you needed and how many people you needed to operate those projects and run the regional office.

Storey: Would it be possible to characterize the F-T-E situation and the money situation for the region you were in? Were you constantly okay? Were you constantly short? Were you sometimes okay and sometimes short? How did that work for you all?

Rachetto: Usually the situation was that we were usually in pretty good shape. The other thing that those meetings back in Washington—and they were usually in January or, I believe, in February—the other thing that those did is they prepared the commissioner to go forward to testify on the Bureau's budget, and that would usually be in a February/March time frame, usually a March time frame, about where we are right now. So that served two purposes: to sort out what was included in the budget and perhaps make any reductions, and then to prepare the commissioner so that he could go forward to an appropriations committee and testify. I think those are really the reasons that Mr. Klostermeyer asked the questions, because he had a good feel on what the Congress was going to be questioning the commissioner on, and so he wanted to prompt the commissioner, "This is a possible problem. This is a question that you're going to be asked on why you want 5 million dollars for Kesterson." I don't know if that was the number, but that's an example, because that was [unclear].

So the commissioner would be able to ask that of the regional director, and the regional director would be able to explain it. So when Klostermeyer and the commissioner went forward to those hearings, they were usually pretty well

prepared. There were budget books that were prepared on possible questions and answers, and, if you recall, that's exactly what happens at the appropriations hearings, is a number of specific questions are asked of the secretary or the commissioner. "Why do you need X number of dollars for this activity? Have you considered contracting out this activity? Why do you do this, or why do you do that?" So that was a very good exercise to prepare the commissioner for those hearings.

Storey: And how long did this budget meeting in Washington with the commissioner take?

Rachetto: It was usually a two-day session.

Storey: Two days of this.

Rachetto: Two days of it. And usually each region was on there for two or three hours, and it was a really grueling session. And then afterwards there were, of course, tasks to follow up with certain questions. If you didn't have the response right there, you made a list of the questions that you needed to get a written response back to the Washington office, again, for the notebooks, the testifying notebooks, for the commissioner. So it was a fun time, always an interesting process.

Storey: How many times did you go back and do this?

Rachetto: I was back there about three times in doing it. I was back there two times in doing it, and then one time I was back on detail and I sat in on the session.

Storey: What were you on detail for?

An Investigation to Merge Reclamation with the Army Corps of Engineers

Rachetto: A number of us, that time that I was back on detail—it was an interesting process. The Congress was looking at combining the Bureau of Reclamation and the Corps of Engineers, and it was a proposal that was put forth by—I'm not sure, a senator or something. And they asked for a study team to look at combining the Corps of Engineers and the Bureau of Reclamation. I was asked to go back and work on that study team. We had Corps of Engineers people and we had Bureau people. We looked at a possible combination, or is it feasible to combine.

Our recommendations back to the secretary of the interior and the Corps of Engineers, or Army Department, was that we not consolidate the two agencies, that

their functions were separate enough that they should remain separate entities.

Storey: Do you remember when this was?

Rachetto: That must have been in the early eighties, time frame of about '81—excuse me, no, it must have been '83 or '84, probably around '84. It was very shortly after I moved here.

Storey: How many Reclamation people were represented on this group?

Rachetto: There were probably about six or seven Reclamation people from throughout the Reclamation.

Storey: Do you remember who any of them were?

Rachetto: I'm blank on names right now. There was a gentleman from the Denver Administrative Service Center that was heading it up. He was kind of charged as our leader, Lee Gokey. I don't know if you remember Lee or not, but Lee was in charge of the Administrative Service Center—myself, and there were a couple of regional people and a couple of Washington people. I'm just blank on the names right now.

Storey: That's okay. What kind of expertise was represented from Reclamation, do you remember that?

Rachetto: There was some O&M expertise, some from the O&M activities, some from the Washington activities. My involvement, the reason I was asked, is because of my involvement with Western Area Power and my involvement in the financial end of it. So that's why I was asked to participate in that activity.

Storey: So you were sort of specialized in the electrical and the financial activities?

Rachetto: Mainly in the financial activities, and then having worked for Western Area Power for a number of years and putting together the—at Billings, I think I told you earlier that we consolidated the Corps of Engineers statement and Western Area Power and the Bureau statement into one Pick-Sloan basic statement. So I had a little bit of exposure to those two agencies through that process.

Storey: How large was this team in total, roughly?

Rachetto: We had around six or seven members, and the Corps of Engineers had six or seven members. So there were meetings, work that was being done on the Bureau of Reclamation side in the Interior Office. Then over in Army, at the Corps of Engineers, there was another team, and they were doing their thing. And then Lee Gokey and the Corps person would get together every other day or so and discuss where we were going and what we were trying to accomplish and the points that we were trying to make.

We had maps of Corps facilities, and maps of Bureau facilities, and regional offices of the Bureau, and district offices of the Corps. We were trying to put together feasible combinations of those. Our final, as I mentioned, recommendation was that because of the different legislation, because of the different functions that each agency performed, that it didn't make an awful lot of sense to us to combine those agencies.

Storey: How long were you on detail? How long did it take your group to arrive at that conclusion?

Rachetto: I think we were back there probably a month, a month and a half, somewhere in that time frame.

Storey: That must have been interesting.

Rachetto: It was an interesting process.

Storey: Was there anybody who supported combining, out of the group?

Rachetto: There were a few. There were a few. You know, there are some advantages and could be some advantages. We listed all of the advantages and listed all of the disadvantages. It has come up before that time. There was a number of proposals even before that time, and it's come up even since that time, that, why do you have those two agencies? I wouldn't be surprised if this Congress doesn't look at it just because of the shrinking role of the Bureau of Reclamation, the shrinking role of the Corps of Engineers. It could very well be another issue that comes up again.

Storey: Who caused this group to be formed?

Rachetto: I'm trying to think. It was a congressional request, and I don't remember the congressman. So each agency, the Corps and the Bureau, were asked to put together a team to look at that and do the feasibility of a combination. I can't

remember if it was a committee that requested or an individual senator. I'm not sure.

Storey: Were you aware of any pressure on the committee to come to one conclusion or another conclusion?

Rachetto: No, I don't. I don't really. I would imagine, though, there was some pressure. I would imagine there were some preconceived ideas that, why do you have two agencies running dams? If you look at the Columbia River, you know, you start at Hungry Horse, which is ours, and you've got some Corps facilities and you've got some private facilities and you've got Grand Coulee, and then you go down the river and you've got more Corps facilities, one wonders why so many federal agencies on the same river? And, of course, that's the same with the Missouri, too. You start up at the top of the Missouri and you've got Canyon Ferry, then as you get lower down in the river, you've got a lot of Corps activities. Some facilities, like at Garrison, you've got the Corps that has the dam and the reservoir and the generating plants, and the then Bureau over the site has the pumping plants. It takes the water out of a Corps lake, so to speak, and irrigates in the Garrison Project. So, you know, you've got some combinations there that are very close.

Storey: Yes, I think we do that at Chief Joe [Chief Joseph Dam]¹⁶, too, maybe.

Rachetto: Yes.

Storey: I'm not sure.

Rachetto: Yes.

Storey: A one-month detail in Washington. You have a family, I believe.

Rachetto: Yes.

Storey: What did you do with your family?

Rachetto: They stayed here in Boise.

Storey: Were you able to come back during the detail?

16. Chief Joseph Dam is a Corps of Engineers dam on the Columbia River in north-central Washington; see Water and Power Resources Service, *Project Data*, 233.

Rachetto: Well, no. We just stayed back there the whole time. We stayed back there the whole time. I've had a couple of other details back there, one as a liaison officer back in '91, '90 time frame, and I was back there for about six months. At that detail I was able to come back and forth a number of times. But the one where we were combining the Corps and the Bureau activities or looking at the feasibility of that, was about a month. It was a January time frame.

Storey: Tell me about how your move to Boise came about and why it came about.

Boise Made a Good Impression

Rachetto: Why it came about? I don't have the exact time frames here, but in about '81 or '82 I was acting budget officer over in Billings, and we had two sessions. Usually we would go back to Washington, D.C., as I mentioned, in February for the budget workshop, and then we would have a Summer Program Conference where we would talk about the budget. I believe it was in '82 we had a Summer Program Conference here in Boise, Idaho. So, being the budget officer, I had to come over with our regional director to Boise, and we stayed at the Red Lion Downtowner, and we were here a whole week. That was when our commissioner was Mr. Broadbent, and he was new on board as a commissioner. So we made budget presentations to him, each of the regional directors, and we had lots of discussions during that week about what was included in the budgets and where the Bureau was going.

So, long story short, I was exposed to Boise. It was the first time I had been to Boise. I walked on the greenbelt. I was impressed with Boise. At the same time as I had come over here, the finance officer in Boise was thinking about retiring, Nedra Blackwell, and she did retire that following year. So putting those two things together, her retirement, an open job over here in Boise, liking what I saw in Boise, I went ahead and applied for the job here in Boise and was selected for that job here in Boise. We moved over here in September or October of '83. So that's kind of how I got over here. We enjoyed Billings, Montana, but wanted to see what happened with the water on this side of the Continental Divide. Having worked with Reclamation where the water always went down the Missouri and Mississippi, I wanted to see where it went on this side. So that was a change.

Storey: Before we go on into your career here in Boise, let's talk about the summer program conferences. How many of those did you attend?

Summer Program Conferences

Rachetto: I attended two of those, one here in Boise and one down in Colorado Springs the following year.

Storey: Where did you stay in the Springs, do you remember?

Rachetto: I can see the hotel, but I don't remember what the name of the hotel was. I really don't remember.

Storey: Doesn't matter. Tell me what the summer program conference was about. Why was it needed? What was it used for?

Rachetto: Usually the cycle of the budget cycle was, as you put together the budget, those were consolidated for the Bureau of Reclamation. Those budgets, as they were consolidated for the Bureau of Reclamation, were sent forward to the Department of Interior. The Department of Interior policy, budget, and management group would review the budgets and would give the Bureau any feedback. If that budget is too large or if they didn't agree with some of the things in the budget or the overall thrust of the budget, the department would give the Bureau some feedback.

The summer program conference was an opportunity for the regional directors to get together again after we had received Department of Interior guidance and Department of Interior feedback. This was the final step before the overall budget was put together for O-M-B. So the projects would put it together, the region would put it together, it would go to the department, and then there was another opportunity for the regional directors to get together and talk about items that were included in the budget. This one didn't focus as much on the dollars, but more focused on the programmatic aspect of what was included in the budget.

But it was a very similar process that happened back in Washington in the February time frame, just a different time. This was usually in early August, usually the first week in August, and usually you would hope that you would get Interior feedback by the end of July, and usually you did. So then the program managers and the regional directors again would get together in August before the final budget was put together here at the end of August. So it was another opportunity for the commissioner to ask what was included in the budget and talk about overall budget strategy at that point in time.

Storey: Did those continue after you came here to Boise?

Rachetto: They continued for a number of years. I didn't participate in them when I came here

to Boise because I was in the finance officer's position. Harry Menzel participated in those. We even sponsored one here in this region up in Spokane, I believe it was in '85, '84-'85 time frame. I believe that was about the last year, '85 or '86 time frame. Those were discontinued also just as the Washington office visits were. The summer program conferences, which had gone on for years and years, were discontinued. I'm trying to think. There was one in Spokane. There was one in Rapid City, South Dakota. There was one down in Colorado. Then eventually those were discontinued, mainly because of dollars and the program. This Budget Review Committee was instigated after that as a different way, hopefully a better way to review the budgets that are put together by the region.

Storey: So what's this new system that's used with the Budget Review Committee then?

Budget Review Committee

Rachetto: The Budget Review Committee is made up of a number of people, usually from the Washington office, a couple of people from the Washington office, one regional director, usually a couple of people from the Denver office. Those folks come around to the region. The region still goes through the same process: getting the information from the area managers, consolidating that into a budget, and trying to meet the O-M-B targets and then submitting that budget to the Budget Review Committee. We just submitted ours here in the end of February, the first of March, to the Budget Review Committee. Notebooks are put together, and those notebooks are made for each of the members of the Budget Review Committee.

Then in the March/April time frame, the Budget Review Committee comes out to the region or to the Denver office and sits down with the managers, and they ask those same pointed questions. "Why do you include a million dollars for this restoration on the Columbia Project?" or Columbia Basin Project or whatever the detailed question might be. So the questions come in a little different format. This Budget Review Committee is meant to be representative of the entire Bureau, with a regional director representative and Washington office and Denver office.

END SIDE 1, TAPE 1. MARCH 21, 1995.

BEGIN SIDE 2, TAPE 1. MARCH 21, 1995.

Storey: So the Budget Review Committee comes out, sits down in each region, talks over all the issues, goes through it all. But, for instance, does the regional director then have an opportunity to sit down with his peers and make a case for his program, or

does he have to do that when the B-R-C is in the region?

Rachetto: He does that when the B-R-C is in the region. He doesn't really sit down before or with the other regional directors. He sits down in front of the B-R-C group and makes a case for his program. He has a budget briefing book that shows how much he has for O&M, G-I, the various appropriations. He usually brings his staff in at that point in time, and that's the one good thing about the B-R-C coming to the region—more people, more staff members, can participate in that, because you bring in your loan program, you bring in your O&M people, and they're able to hear the questions that the Budget Review Committee are asking of the region. In that respect, it's very good. More people are exposed to the types of questions that top management are asking about, "Why do you include so many dollars? Do you have justification for including this? Why do you need this many people?" So those are the questions that are typically asked by the Budget Review Committee group.

Storey: But I would think there would also be some tension, because the region is not presenting its budget to the commissioner or even one of the directors. It's talking to a regional director and another group of staff people. Do they feel isolated from the top management of the organization by this new process?

Rachetto: No, I don't think so. I think they still feel that they're getting their chance in court, so to speak, to present their program. You have to realize that these people that are coming out and are on the Budget Review Committee are usually—in this case the Bob Wolf, who is head of the budget group back in Washington, the Jim Malila that are Administrative Service Center people, those type of people. So they are high-level management. Obviously—this year I believe Ed Osann is on that group.

Storey: Oh, is he? So one of the managers is on that.

Rachetto: So one of the managers is on that group. The commissioner hasn't been in the last few years, but his top people usually are. Austin Burke is a key member on that group.¹⁷

Storey: So that's two out of three.

Rachetto: So you can see it's represented fairly high in the organization.

17. J. Austin Burke, *Oral History Interview*, Transcript of tape-recorded Bureau of Reclamation Oral History Interviews conducted by Brit Allan Storey, senior historian, Bureau of Reclamation, from 1993 to 1997, in Denver, Colorado, www.usbr.gov/history/oralhist.html. (Accessed March 2013)

Storey: One of the things, as a neophyte in all of this, that I guess is a little confusing to me, I sort of presumed that the finance officer did the budget. Is that not correct?

Rachetto: No, that's not correct.

Storey: Tell me who does the budget, and what does the finance officer do if he isn't doing the budget?

Regional Finance Officer Oversights

Rachetto: The finance officer—I guess I kind of have to go back to the organization in Billings. The organization in Billings, before Finance was consolidated, you would have a budget officer and you would have a finance officer. The finance officer would be in charge of all of the accounting functions, the collection of revenues, the issuance of bills for collection, the payments that were made that we talked about earlier. The budget officer would be responsible for combining all of the budget documents as they came in, presenting those, going forward with the regional director to these meetings.

When the Denver office decided, or actually the department decided that we should consolidate Finance, a lot of those finance functions went down to Denver in a centralized finance location. So that changed the focus of what was left in the region. A very small finance function was left in the region, and a budget function. Those were combined into what are called the regional financial manager, which is kind of a combination of finance and budget. That regional financial manager in our case is Harry Menzel here in this region. He is responsible for the small amount of accounting work that's still done in the region, plus all the budget work. So he is, so to speak, the overall financial manager in the region. You've got the centralized finance function that's doing its thing down in Denver, paying bills and those types of things, and then you've got Harry Menzel types of folks in the regions that are doing the budgeting and whatever little bit of finance is left there.

So back in the older days there was a finance manager and there was a budget manager. You're right, they are different people. They have different functions. The finance manager did not put together the budget. He worked with the budget officer, but the budget officer was really the person who was responsible for the process that we just described in putting together the budget.

Storey: So is keeping up with the way the federal government does its budgets a full-time job?

Rachetto: Yes, it is. It very well is. There's a lot of work that's involved with not just putting together those budgets. Putting together the budget is one element of it, the budget formulation element. The second phase of it is budget execution, how you're spending your money, if you're spending your money appropriately, at the correct rate. Do you need to adjust the monies that are available within projects? That becomes quite a job, too, for the budget officer. He isn't responsible for not going out and getting the money, but he's responsible for spending it and spending it appropriately. So he's constantly making shuffles or shifts in money, based on his authority, between the different projects.

A case in point. This month we've got the Yakima Project, or I want to say Yakima Area Office, that has a great need for some money, that is short. We've got the Snake River Area Office that are short fund-wise. We've got Grand Coulee that has a surplus of funds. So the budget officer has to work with those area managers to shuffle that money to the needs that we have, and that's always been the case with the Bureau, even though no matter how good a budget you put together, when reality comes down and you're spending the money, you might have a delay in a contract, you might have an E-I-S [Environmental Impact Statement] problem, you might have a generator that goes sour, and all of a sudden you're going to need more money over here, and you're going to have surplus over here. You hope that you have surplus over here. So you have to meld those two together. If you can't do that within the region, then you have to go to Salt Lake, and you have to say, "Do you have any surplus funds Because this contract on this dam wasn't awarded." Hopefully they have some surplus, so you make a transfer of funds between the regions. So the financial manager works closely with the Washington office and the other regions to make shuffles in money and make the program work.

The process of the budget process, we started in November and December of '94 to put together a budget that's going to be in fiscal year '97. So it's basically two years down the road. So a lot of things can happen in those two years. Either you can have environmental problems, not making awards, not meeting all of your flags to make those awards, or you could have some large disaster such as a turbine runner go out on one of the big units at Grand Coulee. Those are just some examples. So you're always shuffling monies in this process.

Storey: Is it common for money to be shuffled between regions?

Rachetto: Fairly common. Yes. There's usually quite a few fund transfers that take place between regions and lots of fund transfers even within the region, where, in this case, the reality of Steve Clark having more money than what he needs because he's

gone through a RIF [Reduction in Force] and reduced his personnel down, and Jerry Gregg over at Snake River, and Jim Cole at Yakima Area Office have a need, they brought on more people than what they had budgeted for two years back there before those area offices were even formed. So there's the adjustments that need to take place, and the budget officer usually stays on top of those.

Storey: My instincts tell me that people are going to be very jealous of letting go of money. It's like letting go of people and letting go of power. Does this work because you know when you're going to be surplus and so it's easier to let go, or what is the mechanism here that makes this work?

Rachetto: You've hit on one of the problems that you run into, is that the people, they budget for the money, they have the money in their accounts, they're very reluctant to let go of that money until the very last minute. So as you go through the fiscal year, you start October, November, December, it isn't usually until you get down to about March, April, May, you realize you've got shortages. But the person that has the surplus, he's sometimes very reluctant to let it go until August or September. So you've got a need that's developing in March and April and May, and the person that has the money says, "No, I'm going to spend everything I have. I'm going to spend everything I have." So he's very reluctant to let go of that money until the last minute. So it's kind of a real balancing act. How do you project? Our people here in this budget office work closely with the budget officer, and they say, "Mr. Grand Coulee, you've got surplus money. It looks like you're not going to spend everything. We've got some needs out here." So it's kind of a convincing process.

It even gets worse between regions, because regions want to hold onto that money because they're anticipating something bad is going to happen or they're anticipating they're going to spend it all. So they hold very tightly onto the money. It's easier to shuffle it within the region, because your budget officer, the Harry Menzels, has pretty good influence on those area managers, but he doesn't have a great deal of influence on Neil Stessman [in Billings] to give up some money, or Charlie Calhoun in Salt Lake.¹⁸

So there's a real reluctance to give up any money between regions, unless there's some major things that are going on and the region recognizes that there's a large contract award on Central Valley or Central Arizona Project that's not going to materialize. Then they'll be receptive to giving up money. Of course, what you've

18. Neil J. Stessman, *Oral History Interview*, Transcript of tape-recorded Bureau of Reclamation Oral History Interviews conducted by Brit Allan Storey, senior historian, Bureau of Reclamation, fro 1994-1996, in Billings Montana, www.usbr.gov/history/oralhist.html. (Accessed March 2013)

got, you've got different plateaus. You've got O&M money that can be shuffled between O&M, but you can't shuffle construction money to O&M money. So you've got different plateaus, and you can only shuffle O&M money between O&M and O&M, or construction between construction and construction.

Storey: You can't convert G-A-E to O&M, for instance?

Problems with Constricting Budgets

Rachetto: That's right. Yes. So that adds a different level of complexity to it. Then there are certain restrictions that you have by Congress that you cannot take so much money from one construction program and plop it over here in another one, because Congress is saying, "Well, we have only approved this much over here in this one, and why didn't you spend what you asked for over here?" So there's limitations. There's usually a 15 percent limitation on construction money that you can take from one project and put over to another, because Congress wants their say in it. So there are certain limitations. If you're exceeding that limitation, that 15 percent limitation, then you have to go back to the committees and notify them. To do that, you've got to give them thirty or sixty days—I want to say thirty days—to say yea or nay. So you send a letter back to those, the Senate Committee and the House Committee, and say, "We plan on transferring so much from the Central Arizona Project to the Safety of Dams in Como [phonetic]. It exceeds our 15 percent authority. We're recommending \$600,000." That's just an example. So you have to go back to those Senate subcommittees to be able to do it between construction.

Storey: A moment ago I thought I understood you to say that this kind of manipulation would be a budget officer responsibility. Then in the conversation, I understood you to say finance officer would do this. Is this because of the new title?

Rachetto: Yes. I said regional financial manager. That's that new title that we really have for the regional financial manager.

Storey: Who's also the budget person, but it's a budget responsibility?

Rachetto: It's a budget responsibility. It's really primarily a budget responsibility. If you look at the way it's structured right now, that regional financial manager probably has 25 percent finance and 75 percent budget in the work that he does. The primary importance is the budget.

Storey: I don't know if this is quite the correct way to ask this question, but there's a famous quotation from one of the chairmen, I think of the House Appropriations Committee or something, and it goes to the effect, "Well, you know, you've got to be careful, because a few million here and a few million there, and eventually it adds up to real money." My question is, what's real money from a budget officer's perspective? What kind of money is it real easy to deal with, and when does it start getting difficult for us in Reclamation? Maybe there isn't an answer to this question.

Rachetto: Well, I'm not sure there is an answer. Real money is becoming real hard now. When we had the large construction projects, the large dollar amounts, the large Grand Coulees, the Third Powerplant at Grand Coulee, dollars were frequent and they were abundant. At that time we were talking about—let's say back in the early seventies we wanted to buy a computer system, we wanted to buy a Cyber computer system to put down in Building 67 and be the state of the art in computers. Well, we looked around the Bureau, and, gee, we hadn't budgeted for it. Grand Coulee was constructing the Third Powerplant. They had lots of money. So we bought our computer system, the Cyber, from Grand Coulee Third Powerplant money, big dollars. I mean, we're talking about large dollars. That was the way things were done back then. There were lots of dollars available. We had lots of money to shift around. Those were millions of dollars. Now we're talking about trying to find enough to put a toilet in Haystack Reservoir. I mean, we're talking about 45, 50,000 dollars. So our perspective of dollars has changed. So real dollars back then have become dollars for toilets and smaller things now in the region. I'm not saying that we don't have some big programs now, but the perspective is that the Bureau's budget is shrinking, that we have less flexibility in the dollars that we move around. I think it puts more pressure on the budget officer to do a better job of putting together his budget, what realistically you're going to need for 1997. It's a lot more pressure on him to put together some realistic numbers.

In the past, sometimes the budget officer would have this ten-ton crane in his budget, and he would simply move this ten-ton crane year to year, and he would have, let's say, a million dollars' flexibility in his budget. Well, now with the scrutiny that our budget goes into, we can't put that ten-ton crane—we don't have that million-dollar, so to speak, cushion in there. We're right down to the actual dollars that we need to operate and maintain those projects. So with the shrinking of the budget, it's put more pressure on that budget officer. I'm not sure if I described your millions here and millions there.

Storey: No, I think you have done exactly what I was interested in. Back when you were in Billings, for instance, was this ten-ton-crane type of an issue, did it exist then? In other words, at that time we had that kind of flexibility?

Rachetto: Yes, it did exist.

Storey: Now we do not?

Rachetto: Now we do not.

Storey: Can you characterize about where we began to lose that kind of flexibility in our budget process? Do you have a feel for that?

Budget Prioritizing and Flexibility

Rachetto: Yes, I would say it was probably the '87, '88, '89, '90 time frame, the diminishing resources. Then it's really become very prominent here in the last two years, the last two or three years, as we see the O&M budget shrinking. It depended on how much you had as far as leeway from the committees and how much you had from O-M-B, and they didn't scrutinize things. But as the deficit grows, there's more and more pressure on those federal agencies that have budgets for those budgets to shrink. So I would say probably in the last two or three years, it's really become predominant.

Our big programs have gone away, our big construction programs. The Grand Coulee Third Powerplants, the Oroville-Tonasket, the large construction programs have gone away, and we're left with O&M projects. O&M projects are primarily people and materials and supplies, and a few miscellaneous replacements and additions. So you don't have this large construction contract out there for a huge big amount. You've got smaller amounts that are more defined, and actually they're easier to project. They're easier to project, and there isn't as much big fluctuation.

Storey: There isn't so much need for elasticity in the budget, flexibility in the budget?

Rachetto: There is still some need for flexibility, because things go wrong, but that flexibility is being squeezed and squeezed and squeezed more and more.

The other thing that we run into, our O&M program continues to diminish,

but we have the same facilities to operate and maintain. In fact, if you look in reality, the dollars that you have to operate and maintain those facilities are becoming less, but the facilities are becoming older. As you have a car, and you have an older car, and you've got to replace the brakes and the transmission and the clutch and everything else, your maintenance is going up. That's the way our facilities are. We've got old facilities that have been in place for twenty, thirty, forty years. The maintenance is actually growing on those, but the pressure of the dollars being reduced. So you can see what kind of a dilemma we get into. You simply push out that replacement in addition of that generator or that transformer or whatever it might be out further and further into the future. At some point, it's going to fail. When it fails, if that generator fails in service and locks up, then it's very expensive to replace it. So that's the dilemma that our O&M people get into, are getting into, and have for the last two years, is how far do you push that replacement in addition now.

You've got buildings, metal buildings, that really, if you took care of them, you would paint them every five years, and the paint would eliminate any corrosion. But if you don't paint them, then the rust is going to come, and eventually you're going to have to replace the whole metal building because it's all rusted out. Those are the types of scenarios that our budget people put together trying to convince the Washington office and O-M-B that we've got to keep the maintenance of our facility, or it's going to cost more. You either pay me now or you pay me later.

Storey: Do we have any kind of contingency figure in the budget?

Rachetto: I would say that contingency amount is down to almost nil now. Where we are right now is, the House has passed the Recision Bill. The recision calls for 10 million dollars of recision from '95 funds from the Bureau of Reclamation's O&M program. That share of that recision is 2.3 million dollars for this region. We can come up with about 1.3 million dollars of things that we can stop right now, not do this fiscal year, fiscal year '95, but there's still a shortage of about a million dollars. We're really struggling.

Where does that come from? Do we lay off people? Obviously, we can stop training, we can stop a number of other things, but it's getting down to the point where we don't have that much contingency or that much fat in the program to be able to have some flexibility. The '96 program is even going to be greater. The '96 program is going to even be slimmer, because our Grand Coulee Program, which

always had a lot of O&M money, has been reduced down. They've gone through a RIF. Steve Clark has been told you put together just what you need to keep that project going. So he doesn't have some of the flexibility that he had in the past. That was always a big O&M program, is a big O&M program, still is, but the flexibility is being diminished.

Storey: Say somebody wanted to become an expert on Reclamation budgeting. What kind of training do they need? I'm not talking about college training or anything like that. I'm talking about on-the-job training. Where do they need to have worked in Reclamation to really understand the budget process?

Knowledge Necessary for Becoming an Reclamation Budget Expert

Rachetto: You know, I would think the first place that they would want to work would be at the project level, the project or the area office level. The area office manager would have him putting together the individual elements of what's included in an area office budget. Let's say Yakima, he's got fish screens, and he's got twenty fish screens. He should be budgeting how much it's going to cost to operate and maintain those fish screens, and that includes all of his people that go out in their trucks and everything, and these trucks, and all the nuts and bolts. So he would work with those fish screen people to put together a budget for those fish screens, and he would work with the people that put together a budget for the dams and reservoirs that provide the water and the carriage service and everything else. So that would be the first place that he would get just grassroots knowledge.

Then the second place that you would take him, you would take him to the regional office, and he would work for the regional financial manager, the Harry Menzels of the organization. He would work in the budget shop putting together the area office budgets. That would be an experience where he would see not only his area office, but the other area offices, what they submitted. That would be his second phase of training.

Then his third phase of training would finally be a detail back in Washington where he understands the political nature of what's coming down. I mean, you've got the fish screens, and they're put together in the regional office budget, but then you've got O-M-B that's saying, "Well, we don't care how much it costs to operate those fish screens. Here's how much you're going to get." So that's where the rubber hits the road. He would get a feeling of the political nature of

where Congress is coming from, where O-M-B is coming from, where the administration is coming from. This year would be a perfect example to be back there with the Contract on America and RIGO II [Reinvention of Government II] and all the things that are coming back. How are those going to affect the budget numbers for the Bureau of Reclamation? So I would see a three-phase step.

An important element would be he would have to work in the Denver office to really understand how Denver fits into that, how the Denver office is supported by the work that's being done in the area offices in the region, a key element. The misconception is that the Denver office is there for the Bureau of Reclamation. The Denver office is there for the customer, and the Denver office has to be supported by all of the regional offices and the work that is being done in the field. If it can't provide those services to the people out in the field, then there's a real question if it still should be there.

So those are the four elements that that person would go through in really learning what the budget is all about.

Storey: A huge, complicated thing, I suppose, when it gets done.

Rachetto: But you'd have a really valuable employee. But we don't do that. We don't give them that much opportunity. Sometimes we do. We'll send them back to detail to Washington for a few weeks and then they'll come back here. But if a person was really well rounded, they would have all of that expertise, and they would be a much more valuable employee.

Storey: What other kinds of things were you involved in here? How quickly did you become the assistant regional director after you became the finance officer?

Becoming Assistant Regional Director

Rachetto: I moved here in '83, and I believe it was '89, '90 I became the assistant regional director. The finance operation was consolidated in Denver. I was operating as the budget officer at that time under the regional financial manager, and a decision was made to add an assistant regional director. Ken Pedde was the one assistant regional director. He was getting swamped with work with John Keys. The decision was made to add another assistant regional director for administration. My knowledge in the administrative area helped me move into that position.

- Storey: We were talking about your becoming assistant regional director. Are assistant regional directors in this region S-E-S [Senior Executive Service] positions?
- Rachetto: No, they are not. They are not S-E-S positions. Really the only S-E-S position we have in the region here is John Keys.
- Storey: The regional director.
- Rachetto: The regional director, right.
- Storey: So what grades are then the assistants, if I may ask?
- Rachetto: I'm a GS-14. The other assistant regional director at that time was Ken Pedde. Ken was a GS-15. We did have, for a period of time, a third assistant regional director. Felix Cook came up on detail, not on detail, but Felix Cook was one of the assistant regional directors for about a year, a little over a year. Then Walt Fite came up and was an assistant regional director for a period of about a year, a little over a year. So we've had at one point in time, one assistant regional director, two assistant regional directors, and three assistant regional directors.

Now we've gone to an organization that does not have any assistant regional directors. It simply has John Keys, a deputy, which is Ken Pedde, and then regional managers, which is Max Van Den Berg and myself. So we've shifted to a kind of different structure. We have some of the same responsibility. Max Van Den Berg has responsibility over the technical end.¹⁹ I have responsibility over the administrative end. Ken works very closely with John as the deputy, and that working relationship is really quite good.

- Storey: So where your career previously—well, now, wait a minute. Maybe I'm jumping too fast. Previous, in Billings, your career was budget and finance.
- Rachetto: Yes.
- Storey: Then you moved over to Boise, where it was also budget and finance.

19. Max E. Van Den Berg, *Oral History Interview*, Transcript of tape-recorded Bureau of Reclamation Oral History interviews conducted by Brit Allan Storey, senior historian, Bureau of Reclamation, Boise, Idaho, in 1994 and 1995, www.usbr.gov/history/oralhist.html. (Accessed March 2013)

Rachetto: Primarily finance.

Storey: Then you became the assistant regional director.

Rachetto: Yes.

Storey: All of a sudden you had personnel and various other functions added, am I thinking correctly?

Rachetto: That's correct. When I became Assistant Regional Director over here, I was in charge of Personnel, Safety, E-E-O [Equal Employment Opportunity], Property and Services, the Job Corps centers, and IRM, (Information Resources).

Storey: Plus the budget and finance.

Regional Director Directly Oversaw the Region's Budget

Rachetto: No, not the budget and finance. John Keys is unique in this region, in that he really wanted to have the budget and finance person directly under himself, not under one of the assistant regional directors, but directly under himself. So he has made that selection, and that election to do that. So even when I was assistant regional-

END SIDE 2, TAPE 1. MARCH 21, 1995.

BEGIN SIDE 1, TAPE 2. MARCH 21, 1995.

Storey: This is tape two of an interview by Brit Storey with Paul Rachetto on March 21, 1995.

You were saying John did not want the financial folks under one of the assistant regional directors.

Rachetto: That's correct. He did not want the budget officer or the regional financial manager under one of the assistant R-Ds. He wanted a direct link with that regional financial manager, Harry Menzel in this case, and so he's maintained that relationship. So neither Ken nor myself nor the other assistant R-Ds had that function or responsibility. So it's kind of an interesting way it's arranged.

In some of the other regions it's quite different. In some of the other

regions, the regional financial manager is under one of the assistant R-Ds or under someone else and doesn't report directly to the regional director. In this region they do report directly to the regional director.

Storey: That must have been quite a change for you.

Reclamation and the Job Corps

Rachetto: Yes, it really was. So I ended up getting involved in programs that I hadn't had that much direct experience with, in the personnel area, in the safety area. The other thing I was responsible for, which I had no experience in, that was the Job Corps Program. So I jumped right in with the review of the Fort Simcoe Job Corps Center. I believe that was about the very first week that I was on board as assistant regional director, and that's been a fascinating program for me. I really enjoyed that part of it, the work that I do working with the Job Corps centers, working with the center directors. We have three center directors here in Boise [the PN Region] that I'm responsible for, one at Moses Lake, Washington, one at Fort Simcoe, Washington, which is outside of Yakima, and one here at Marsing, [Idaho] and those three Job Corps centers each have about 200 to 250 Job Corps students in them. That's just real fascinating to me.

Storey: Tell me more about Job Corps. How does it relate to Reclamation?

Rachetto: It doesn't really relate to Reclamation very well at all. The Job Corps centers happened to be close to where Reclamation facilities are. There are really two kinds of Job Corps centers. There's Civilian Conservation Job Corps centers, which are operated by the federal government, and the federal government, the Forest Service operates Job Corps centers, Fish and Wildlife Service operates Job Corps centers, National Park Service operates Job Corps centers and the Bureau of Reclamation operates Job Corps centers. Those are Conservation Job Corps centers under the direct operation of the federal government.

The other type of Job Corps centers are contract centers. M-T-C, Management Training Corporation, operates a number of Job Corps centers. They're funded by the Department of Labor, so we get our funding from the Department of Labor, and the contract centers, M-T-C, Management Training Corporation, gets their funding from Department of Labor also, and so the funding is coming from Labor but operated by either a contract center or a government

center.

The funding comes through different regions of Department of Labor. It's a program under Department of Labor. There are regional offices that we associate with our Region 10 out of Seattle. So we have a [Department of Labor] regional director whose name is Jack Krois out of Seattle that I work very closely with. He's really the person that obtains the funding for the regional Job Corps programs. Our Job Corps centers, it's an interesting situation. They really have two bosses. They have Jack Krois, the regional director in Seattle, and they have myself as their, so to speak, supervisor. So they get instructions from myself, and I really don't have direct instructions to them, so to speak. I work with them on their issues. We provide all of the support. We provide the property support, the supplies, the materials, the purchasing. We provide all the administrative support for those Job Corps centers, but they actually get their direction for program guidance from Jack Krois, the regional director out of Seattle.

When I say program guidance, I'm saying he's the one that dictates from Labor how many students they should have, what their onboard strength should be, what their policies are as far as drug and alcohol and maintaining student levels, those types of things, what the educational requirements are, what the vocational trades are. Those things are all coming from the Department of Labor, whereas we provide the people, the materials, the facilities, the supplies, those types of things. So it's an interesting combination of groups.

Storey: Then they work on Reclamation projects?

Rachetto: They really don't. Primarily they're underprivileged youth that perhaps haven't completed their high school education, have had maybe some trouble with the law, maybe have a family disruption, have only one parent, maybe no parents, have had a kind of a hard time making it, and they're youth from sixteen, seventeen, eighteen, nineteen, twenty-one, up to twenty-one years old. So we've got quite a wide range, and we primarily provide them an education, and we try to provide them a vocation, and it's usually maybe a eighteen-month to twenty-four-month program when they're in a program at these Job Corps centers.

Let's take, for example, the Columbia Basin Job Corps center up at Moses Lake, which is a Bureau of Reclamation center. We have approximately 250 students. There's about 230 on the rolls right now, and they have a welding

program. They have a masonry program. They have a cooking program. They have a health program, a dental program, a number of different vocational programs where they train the students in specific vocations. At the same time they're in a vocational program they're also going to high school. They're also going to a high school equivalency program that's right on campus there, that is a building where they have basically high school teachers that are teaching them the math, the english, the vocabulary, the various high school student courses. So they get their G-E-D, plus they receive a vocation. When they're done with the program, we work with the Department of Labor in placing them. The carpenter instructor up there is a union person, so he works directly with his union counterparts, his union brothers, in placing the students after they graduate from a Job Corps Program. They actually do graduate. They receive a diploma, and then we place them in, let's say, a building trade or a masonry trade or a welding trade in the Pacific Northwest. So it's an interesting program. It's just fascinating.

You said, how does it relate to Reclamation? I guess John Keys put it very well. He said, "It's the human side of the Bureau of Reclamation." It's the human side of the Bureau, meaning we're developing not structures, not dams, not concrete, we're developing people. To me, that's the fun part of the job, the most challenging part of the job.

Storey: So the Department of Labor is paying for this, is this right?

Rachetto: Yes.

Storey: But we're using our F-T-E?

Rachetto: We're using our F-T-E, Bureau [unclear].

Storey: How many F-T-E?

Rachetto: In our region there's about 150 F-T-E that's allocated to the Job Corps Program.

Storey: Out of how many?

Rachetto: Out of 1,150.

Storey: Really? But those salaries are paid by Labor?

Rachetto: By Labor.

Storey: Is that correct? So they are not taking money out of our budget per se.

Rachetto: Yes. The Job Corps Program supports itself. They pay the labor, everything, all the expenses on the center, plus they give us X number of dollars to cover our overhead costs here in the regional office, which includes processing the vouchers or processing the personnel actions, includes some of my time, includes a number of support activities here in the regional office, to support that Job Corps center. So they pay their own way. The Department of Labor receives their appropriations from Congress, and then those appropriations come down from our Denver Finance Office, and each Job Corps center has an allocated budget.

So it's just a fun program. To me, it's an interesting program because you can go out and talk to the students and see how the Bureau of Reclamation is making a change in their lives and talk to them as they're graduating and hear them talk about how excited they are about having a vocation. It really makes a change in their life. I mean, these are kids that don't have an education, they don't have a vocation, they're out on the streets, they're just down and out, they don't have any chances. This is a lot of times their last chance before they get thrown in the jails or whatever else, and it's not a replacement program for jails. Don't get me wrong. But it's kids that just have had hard luck, don't have a parent, have one parent, and they're out on their own trying to make it. So it changes their lives.

Storey: Sounds like a tough group to deal with. How successful is the program?

Rachetto: It's successful in that for every dollar that's invested in the program, the taxpayer will get about \$1.75 back out of the program, but it's not easy, because you're talking about some hard-core kids that have never completed anything in their life, and now they're asked to stay two years and get their G-E-D and get a vocation, and the drop-out rate is pretty intense, and you can't force them to stay there. It's not a lock-up situation. You've got to convince them that this is the only thing that's going to make a difference in their life or is going to be one of the big things that's going to make a difference.

A lot of them are on drugs. A lot of them are on alcohol. That's strictly forbidden in the program. You work with them one or two times, and you have to lay down the law, and you say, "This is it. If you're on drugs or alcohol, you're out

of here." Some of them change. Some of them say, "Okay. I'm going to make it. I'm going to make that change," and they stay in the program. Others don't, and after a couple of drug tests, they're gone. So it's a tough program. You've got a high turnover rate.

But for those that stay through the program, the return is fabulous. You know, you're talking about a return of getting them off welfare, getting them off drugs, getting them out of the correctional institutions, and putting them as a taxpayer, as an earning member of society. Those are really where your savings come from.

Storey: This was a whole new area to you all of a sudden. How did you react to it when you first walked into it?

Rachetto: Well, you know, I was kind of leery. I didn't know what I was getting into. I'd heard about the Job Corps Program. I'd never been to a Job Corps center, and I wasn't sure what I was getting into, but as we started looking at the programs and we started looking at—and we had a special team that went up to Fort Simcoe because Fort Simcoe was an interesting one. It was a B-I-A [Bureau of Indian Affairs] Job Corps center. B-I-A had Job Corps centers, and B-I-A wanted to get out of the program. So they put it up to the Department of the Interior and said, "Here. We want to get out of this program." The Bureau of Reclamation had a presence in Yakima, Washington, and so it was decided, well, Reclamation ought to take over that Job Corps center, so we took over the Job Corps center. It was a struggling Job Corps center, and the turnover rate was real high, the problems were overwhelming.

So we put a team of people together, the center directors and myself, and we went into the Job Corps center there at Fort Simcoe, and we recommended a number of changes, and it's taken a number of years. It's taken about three or four years. We've got a new center director on board. He's very ambitious. And it's a Native American center. It's run primarily by Native Americans. It's on the [Yakima Indian] reservation. It's land that's leased from the Yakima Indian Tribe, and it's on the reservation. We have Indian preference hiring where we have to hire Indians, Native Americans, and although the population of the students is diverse—there are blacks, there are Native Americans from Alaska, there are whites, there are Hispanics, there are a number of different cultures there—it's primarily run by Native Americans. Our staff is, I want to say 75, 80 percent Native American.

So we've turned that one around, and now it's doing quite well, very productive.

My first experience there was on this team reviewing the Job Corps Program, so I had a lot of learning to do. I had a lot of learning and understanding of what the Job Corps was involved with. My apprehension was pretty high, but after working with the program for five or six years, it's just so rewarding. I can go on and on and talk about it. So it's the human side of the Bureau of Reclamation.

Like I said, we have three centers here in the Pacific Northwest Region, two centers down in the Upper Colorado Region, one at Colbran and one at Weber Basin. Those are the five centers that the Bureau of Reclamation operates. There are 110 centers within the Job Corps Program, 110 centers, and we operate 5 of those, and then there's probably another 30 that are operated by other federal agencies. So you can see the preponderance of the centers are operated by contract centers, and the contract centers are out to make money. They're out to make a dollar for the corporation, but they're also providing a service.

So there's always a comparison between government-operated Job Corps centers and contract-operated Job Corps centers. We usually fare pretty high. We, the Bureau of Reclamation, just received the Department of Labor's Civilian Conservation Award for the fifth year running. In other words, we have the best conservation centers within the federal government, comparing Job Corps centers from Fish and Wildlife, National Park Service. Anyway, comparing all the Federal Job Corps programs, we have one of the best ones within the federal government.

Storey: Do they have annual meetings or something of people who operate the centers?

Rachetto: They do. They have seven directors meetings, usually on a regional basis. Region 10 out of Seattle, he'll bring his regional directors together. In fact, there's a meeting next week, March 27th through the 29th, up in Seattle. He'll bring his center directors together, and then there are also national meetings where they get together on an annual basis with center directors and talk about what programs are changing within the Job Corps.

The Job Corps is one of the ones that has been hit pretty hard with the Contract on America. There's some things coming down from the Republican administration that are saying, "We want to Job Corps Program to change. We want it to be stricter. We want it to be absolutely no drug and alcohol, one time and

you're out." So there's some real changes in their program [unclear].

Storey: Well, I'd like to keep going, but I've used up my time, I'm afraid. I'd like to ask you whether or not you're willing for the materials from this interview, both on cassette tape and in the transcripts, to be used by researchers.

Rachetto: Yes.

Storey: Good. Thank you.

END SIDE 1, TAPE 2. MARCH 21, 1995.

BEGIN SIDE 1, TAPE 1. MARCH 23, 1995.

Storey: This is Brit Allan Storey, senior historian of the Bureau of Reclamation, interviewing Assistant Regional Director Paul Rachetto in the Pacific Northwest Regional offices in Boise, Idaho, on March 23, 1995, at about nine o'clock in the morning. This is tape one.

During our last interview, you were telling me about the Job Corps activity, but there were a number of other things that you moved into that I think were sort of new areas, like personnel, for instance. Could you tell me about personnel and the kinds of issues that came up that you found particularly intriguing and challenging as assistant regional director?

Other Assistant Regional Director Issues

Rachetto: I think the interesting thing for me was going from a person that was being serviced by the Personnel Unit and asking the Personnel Unit or the Personnel Group to do things for me as a customer to going to being, so to speak, a supervisor of the group or the overseer of the group. And, yes, there were a lot of interesting things that I ended up learning that I had no idea, that I had not been involved with before—the labor unions, union negotiations, and everything that goes along with unions. That was interesting for me. Even though I don't know a lot of the details, I've gotten the gist of what happens with the union negotiations. That was quite a switch from my previous experience.

The other thing that I became involved with that I had not had exposure to before was disciplinary actions and personnel issues of multitudes of different

kinds. Those were interesting, so that the personnel arena was a whole new area for me that I had not had exposure to before, as were some of the other areas, safety reviews and the safety functions that we have out of the regional office here.

Having been in Finance and Budget, I hadn't been exposed to the safety arena very much. Working with our safety officer, Nelson Ross, here, I became exposed to what's required in the O&M fields and the construction fields as far as safety manuals and safety instructions. So that was a new area to me, too.

The area of I-R-M and computers wasn't that new. When I came on with the Bureau, I started working very closely with the I-R-M community and the Cyber down in Denver, so the computer areas and computer exposure were not a new area for me. In fact, I felt comfortable in that area, whereas I really didn't feel very comfortable in the personnel area. When a personnel officer would start talking about labor negotiations and unions and foremen in and out of the workplace or in and out of the bargaining unit, I was kind of lost. So it was a learning process. I ended up going to a number of different seminars and tried to get myself up to speed on that. And still I rely, of course, on the personnel officer and his knowledge in that area.

Storey: So it's the personnel office that is responsible for the union negotiations?

Rachetto: Yes, it is.

Storey: And for dealing with the unions?

Rachetto: Dealing with the unions and negotiating the contract. Of course, they deal closely with the area offices or the project offices at that time, or the area offices now, and the area manager in negotiating that contract. It's primarily the personnel people that do that.

Storey: So it's the regional personnel people?

Rachetto: Yes, the regional personnel people. They work closely with the Denver personnel people, Phil Varnag down in Denver, over all Bureau negotiations and unions. But it's really the regional people that deal with the local unions here.

Storey: Are they particularly touchy, or how would you characterize these things?

Rachetto: Yes, I would say it's a give-and-take issue when you deal with the unions. You have a certain position you're coming to the table with, they have a certain position, and so it's a matter of negotiation between the two positions, what's acceptable and any actions that are taken that involve people and impact on people have to be negotiated with the unions. And you've got some very strong unions here in the Pacific Northwest Region, specifically at Grand Coulee. So those union organizations are very strong and very well supported by the employees.

I think as we get into even downsizing even more, I think that the negotiations with the unions and the presence of the unions is even going to be more important in that working relationship. In fact, our personnel officer next week goes down to a meeting, a Bureau-wide meeting, to talk about partnerships, partnerships with the Bureau of Reclamation and the unions. This is being kicked off by the commissioner, Commissioner Beard.²⁰ So we'll see more and more activity. Hopefully the administration is pushing for a greater partnership with the unions, rather than an adversarial relationship that we've many times had, and working closely with the unions to get things done.

Storey: Of course, you've mentioned downsizing just now. I don't know how much Pacific Northwest has been involved in that, but I know, for instance, the Denver office has been. Has that been a major activity here in the last few years for Pacific Northwest?

Rachetto: Yes, it has. At Pacific Northwest, the staffing levels for a number of years had been very stable and had actually gone up a little bit. The program was very stable because it had a large base of O&M and a small amount of construction. In the last three or four years, we've had significant downsizing. We've gone from a staff of, a couple years ago, 1,300 folks, down to 1,100 folks. John Keys, our regional director, is predicting probably within the next couple of years we'll be down to around 1,000. So those positions, levels of staffing are coming down. So the downsizing has taken place.

We've tried to do that without RIFs [Reduction in Force]. We have had one RIF at Grand Coulee here a couple of years ago where there were a number of people go out the door or being placed in other agencies. But the primary tool that

20. For more information of Commissioner Beard, see Daniel P. Beard, *Oral History Interview*, Transcript of tape-recorded Bureau of Reclamation Oral History Interviews conducted by Brit Allan Storey, senior historian, Bureau of Reclamation, from 1993 to 1995, in Washington, D.C., www.usbr.gov/history/oralhist.html. (Accessed March 2013)

we've used is the early-out retirements. And so the early outs have helped us get down by a couple hundred people. This March 31, 1995, is the last early out that we have. It sounds like we're going to have some takers in that one, too. So I would say we'll be down about approximately 250 people, with the early-out activity. And probably the RIF at Coulee, I believe it was 100, 150 people. So we're looking at about 300 people over a period of a number of years. Some of those positions have to be replaced, so we've gone from the 1,300 staff down to 1,100 and probably down towards 1,000 here in another couple of years.

Storey: It sounds like this upcoming buyout might move you down a little more.

Rachetto: Yes.

Storey: What kinds of issues did you have to deal with as the supervisor of personnel in dealing with this downsizing? Did you have anything, for instance, directly to do with the Grand Coulee one?

The Impact of Downsizing on the Region

Rachetto: I didn't. The people in my personnel shop worked closely with the Grand Coulee staff on the reduction in force. They were a key player in developing retention lists and working with placements on people at Grand Coulee, employees at Grand Coulee, getting them placed at other jobs, working closely with the Grand Coulee staff on the rosters and the retention of rosters, going through the actual RIF themselves. The personnel people on my staff did that. I didn't get directly involved.

The effects on the overall organization, though, what we've seen in the last year, year and a half, have been movements of people here from the regional offices out to the area offices. Under Commissioner Beard's philosophy, more of that control is out in the area offices. So in the personnel shop itself we've moved people from the personnel shop here in the regional office out to the area offices. We moved one to Yakima. We've moved one here to Snake River area office. And we've also downsized the personnel office. The thrust through the Department of Interior is a 1:100 ratio, in other words, 1 personnel person for every 100 employees. So if you're looking at 1,200 employees or 1,100 employees, that's basically 11 or 12 people in the personnel shop, and that's coming down from a number of 17, 18, 19 a few years ago. So that's a significant decrease in the number

of personnel people we have to process promotions, process job advertisements, all of the personnel things that take place. So we've seen a significant reduction in our staff in the personnel area.

Storey: But I think I'm sort of hearing that you're hoping all of this is going to be done through buyouts and through natural attrition.

Rachetto: That's our thrust. We hope that there will not be a RIF here in the regional office, a reduction in force here in the regional office. And I think there's probably a good chance that there will not be. There may be some isolated situations, some isolated organizations that may have to endure a RIF, perhaps the drillers or whatever, but I don't see an overall reduction in force here in the regional office.

John Keys put it most adequately. He said that the only people that look forward to a RIF are those that haven't gone through it. Those that have gone through it realize that it's a great waste of time and energy, and people do go out the door, but it's usually the wrong people. It's usually the people that you want to keep. The people that you really would like to get rid of or see move on are the ones that are around, and you have a lot of bumping and retreats. People are moved into positions, have jobs that they really aren't that qualified for and really don't like the job and are unhappy. So it's not a good process to go through. We've taken the stance that a very strict—I wouldn't say hiring freeze, but a very strict limitation on hiring and encouragement of those people that are eligible to go out on the early out to go out.

Storey: Of course, one of the tools that we've been using is the buyouts. I think this is the third one, isn't it?

Rachetto: Third one, yes.

Storey: My understanding of the buyouts is that you're not supposed to hire back to fill the slot. Has that been causing Reclamation problems?

Rachetto: Yes, it has. It's something we've really struggled with. Theoretically, you cannot fill that position. That position is gone if that person leaves. There's positions that you have to have [to get] the work done. You've got a hydrologist. You've got to do the flood control studies to make sure that you fill the reservoirs correctly, and that's something that you just can't do away with. You can't just eliminate that. So

what you end up doing is if you lose another position, you don't fill that position, but you go back and fill the hydrologist, or whatever the individual situation is.

In the case of Grand Coulee, he obviously has certain mechanics and people that he has to have on the staff. So then he has to make a choice. If he fills that, then he doesn't fill another position. So it's very tricky with the managers. It's been an interesting time with the managers, trying to figure out what positions he needs to continue to put his resources in and what positions he can do away with.

We even had a discussion yesterday about the fact that we have more and more requirements coming down from Washington to us on things that we need to do. Our people are already very busy. So one of the things that we take off the plate, one of the things that we don't do, are there things that we have historically been doing that we shouldn't be doing that we no longer can do? An example of those are Personnel Management Evaluations, P-M-Es. The regulations require that every year the personnel officer do Personnel Management Evaluations of the projects. Well, that's something that's nice to do if you have the staff, and we did it a number of years ago, but it's something that we don't feel is that productive. So we've just said, "No, we are not going to do P-M-Es." The personnel staff, being only eleven or twelve people now, do not have the time to go out to the project offices or the area offices and do these. Those are the types of things that we just are going to have to make some hard decisions on.

The operation and maintenance reviews that we do at some of the projects that are really not Bureau projects or irrigation district projects, decisions have been made not to do those. Let's only do those that are absolutely essential for the integrity of the system. So those are decisions that we have to make. The biggest challenge, though, is getting people to change the mind-set that they've had, getting people to change the fact that, well, we've always done the personnel evaluations, or we've always done property reviews. And the fact that, you know, at this point in time in our organization and in the budget restraints that we just don't have the time and resources to do that, so that's one of the challenges for the managers right now.

Our board meeting this next week is going to focus on those very things: what are the essential things that the Bureau of Reclamation does to keep the projects operating, to keep the work going, the essential work going, and what are the things that we can drop off the table?

Storey: From your perceptions, do you sense that the managers feel comfortable with the staffing levels, that they can still maintain the regional activity adequately, or do you sense we're getting to the edge?

The Reactions of Managers to Reclamation's Restructuring

Rachetto: I sense that the managers and the supervisors are feeling very strained in the workload and the pressures that are coming down in the workload, the fact that we haven't been able to fill a number of positions that were lost during the buyout in contracting and water acquisition and in some of those fields. I feel they are strained. I think what we're seeing is a change, obviously, in the role of the Bureau, a change in the mission of the Bureau, but the analogy of that ship, that large ship changing, it's a slow process when you have a number of engineers—we have 250 people here in the regional office, let's say 50 of those folks are design engineers. Well, if there's no more design activities, if there's no more building of canals and bridges and conveyance works coming in, how do you get those people, those 50 design engineers, into the area where we're presently going, into water conservation, into water acquisition, into contracts, various things? So what we end up finding is we have perhaps a surplus of people in one area, a real deficit in another area, and how do you retrain those people, or how do you take the existing resources that you have and move those resources to a new area?

That's kind of a slow process. It's not a process that you do overnight. You can say, "Well, we're going to move that person. We're going to reassign him to a new position," but his skill level isn't there. Perhaps his interest isn't there. He's not comfortable with that area. That's going to take a long time. It's a transition we have to take as an agency, as an organization, to really survive. And I think we're starting to do that. We're starting to say where are some of our better—I don't mean to say younger people, but our better aggressive people that we can put into positions where the new Bureau of Reclamation is going or we can utilize in positions where the new Bureau is going. So those are the challenges that we deal on a day-to-day basis with.

Storey: I think I'm hearing that right now the tension is over the staffing levels, not over the money so much?

Rachetto: It's really over the money. The staffing levels, the F-T-E numbers that we're

required to stay at are important, but the overriding factor is the money to do the work. In other words, we realize that our money is limited, our resources are limited, and we simply can't go out and hire extra people, because the budget dollars are not there, the dollars to support those people are not there, even the number of design people that we have.

As the program has been reduced down, the Safety in Dams Program is going away, the fish work that we're doing for the Bonneville Power Administration is going away, so the dollars are shrinking. So the regional program is supported by the projects. If they're not funding out at the projects, then we have to reduce the regional program here, the regional program" meaning the number of staff. So the pressure is more a budgetary one than an F-T-E ceiling. I use the analogy of going from 1,300 down to 1,100, perhaps down to 1,000, but really that's more budget-driven than it is F-T-E-driven. A few years ago, it was more F-T-E-driven. A few years ago it was more driven by the F-T-E numbers. O-M-B [Office of Management and Budget] kept track of F-T-Es and said, "You can't have so many F-T-Es." In this last year, we've seen that almost go away. We have an F-T-E ceiling, and if we could hire all those people, that would be fine, but we don't have the budget to support all those people. So the budget becomes the driver in this case.

Storey: You mentioned a few moments ago a board meeting next week. Would you explain that? I think that may be part of the reorganization that's been going on in the region.

Region's Response to the Reorganization

Rachetto: Yes. Two years ago, or at least one and a half years ago, we decided we needed to change the way the region was organized. We went to a thrust with area managers. We set up an area manager in Yakima, one in the Snake River Area Office. We combined a couple of project offices. In the Snake River Area Office there was the Boise Project and the Minidoka Project. We combined those into the Snake River Area Office. The same with the Yakima Area Office. It was combined with the Columbia Basin Project, the Yakima Project, and the Umatilla Project. So we developed an area office there.

In going through this process, we made reorganizations here in the regional office. We went from divisions to major organizations of technical

services and administration. In doing that, we wanted to have a representation of the area office people, have them involved in the decision-making of the region. Before it was usually the regional director would make the decisions here in the region, and the word would go out to the projects, "Here's what the regional office has decided." Our philosophy was we need to have a more interactive group that would make decisions as to where the region is going, make decisions on what the region was involved with. So the decision a year and a half ago was to establish a Board of Directors for the Pacific Northwest Region, and that consists of the area managers, one from the Lower Colombia, one from the Upper Colombia, one from the Snake River Area Office, one from the Grand Coulee Power Area Office, so to speak. Those members are part of the Board of Directors, along with the technical services person here in the regional office, which is Max VanDenBerg, myself, the regional director, the deputy regional director, the financial manager, and the public affairs individual, and the Personnel Office. So that is approximately eleven, twelve folks that make up the Board of Directors for the region, and we try to meet on a monthly basis, perhaps every two months, not later than every two months, and talk about common issues that we have within the region, provide feedback to the regional director, the direction that we think the region should be going, make decisions on dollars.

One of the big items that is on our plate next week is the recision package which has passed the House and is going on to the Senate, the Senate tomorrow, as a matter of fact, the Senate committees. So we have a \$2.5 million recision package that we have to deal with, our share of it. And that will be one of the items that the board will discuss. We see other things that the board discusses. We deal with major issues of the thrust of the program. Should there be more emphasis on O&M activities? What are the projects that we should be turning back to irrigation districts? Those are some of the major issues that we deal with with the Board of Directors, and it's been a real good interaction.

It's been an interaction that's been missing because we've made decisions here in the regional office but haven't involved the projects. Now we are. We are involving the area office folks on those decisions, and they have just as much say as we do here in the region.

Storey: I imagine it must be hard for everybody involved to adjust to the change, is that true?

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- Rachetto: You know, the change to a Board of Directors, I think it was difficult the first, let's say, six months. For the first six months we struggled on how to set up the area offices and how to allocate the resources and the dollars. Now that we're operating as a team, we're operating as a pretty unified group, it seems to be working much better. We spent this past summer working on some team-building exercises, working on our interaction between each other and talking about how we interact as a group and how we work as a team. That time and that energy was well spent, because I really see the advantages of it now. We're working as a group. We have not only get-togethers periodically on a monthly basis but we have conference calls where we sit down and talk about issues that are in front of us at the current time. So I think the interaction is real good.
- Storey: But it takes a little bit of work.
- Rachetto: It does take a little bit of work, no doubt.
- Storey: Getting used to.
- Rachetto: Yeah, because it's a different way to operate than what we've operated in the past.
- Storey: One of the tensions, I guess, that I would expect to see would be when you have a project like the Colombia Basin Project with, it's almost a half-a-million acres, isn't it?
- Rachetto: Yes.
- Storey: Compared to a project like the Yakima—well, that happens to be the same manager now, doesn't it?
- Rachetto: That's the same manager.
- Storey: Compared to the Boise Project, which is a smaller project, with different kinds of crops, I would think, and so on, are there tensions about how to allocate money to the different projects, or how is that worked out?
- Rachetto: No, I don't really see a lot of tension in allocation of money. I see some pretty good cooperation. I think this region is fortunate in that we have some managers that do cooperate with others. In the case of the Yakima Project or the Colombia Basin

Project and the Boise Project, there is a real teamwork spirit in moving money around.

In this year, as I mentioned, Steve Clark has some extra money in his power O&M program, and we just received a faxogram yesterday saying, yes, we can take a half million dollars from his program, put \$300,000 in Jim Cole's area manager program in Yakima and a couple hundred thousand in Boise or whatever the situation might be. So we see that coordination and that cooperation in moving money around.

This region is fortunate, I mentioned, because other regions don't have the same latitude or don't have the same cooperation between the area managers. As we discussed the other day, a reluctance to give up that money, it's a reluctance to give up that money until you get right down to the end of the fiscal year, and then it's, many times, hard to spend the money.

Storey: And it's too late.

Rachetto: And it's too late by then. So our people have identified those surpluses and those needs early on in the year and have worked closely with each other. So I see us as operating as a team and putting together a budget as a team. One of the meetings we had in January, we talked about putting together the '97 program. We said, where are our priorities? Where should our priorities be? And we had some good, honest discussion about the fact that it needs to be in this area, or that area, and this area manager has a greater need than this one over here.

There's still a little bit of jealousy, of, "Well, you've got so many vehicles in your project. Why do you have to replace all of those vehicles? Why do you have to replace a radio system?" But usually as we work those through, we come to an agreement that it probably is necessary or it isn't as a group. So it's been a good process.

Storey: One of the things that I think has happened in this reorganization is that a lot more responsibility and control of money has gone from the regions to the area offices. Have you noticed whether or not the area offices have had trouble assimilating those new authorities and responsibilities?

Transition of Responsibilities to the Area Offices

Rachetto: Yes, there has been that transition from the regional financial manager, as it was, to the area offices. The area offices now have responsibility for their budget, and they have to put together their budget. They have to make sure it's executed. I think the biggest transition we've seen, or one of the stumbling blocks we've seen, is how you track that budget. If you have a \$10 million program, you need to track it on a monthly basis, and you're going to be responsible for how that money is being spent. So that puts a larger onus back on the area manager and his budget officer, to make sure that he knows how much he's spending, make sure he knows that he is not in a deficit situation, and try to identify needs early on. So it does put more responsibility back on that area manager to track that budget and develop a more realistic budget.

In the past, there was a tendency to perhaps not develop a real realistic budget. Perhaps there was, as we mentioned the other day, the ten-ton crane included in there that continued on year to year. We don't have that flexibility now. The managers are very aware of what's in their budget. The area managers themselves are more aware of what's in that area manager's budget, and so they're also responsible for the accounting and the expenditure of that. So there has been a shift.

Storey: Have they taken the shift well?

Rachetto: I think so. I think so. I think they've done it well. There's also been a shift—in this region, it's unique. In the Great Plains Region, in the regional office, we had more accountability, we had more delegation of authority on budget to the division groups or the organizations within the regional office. In this region, historically, that has not been done. In the past year, the past year and a half, we've attempted to do that. The manager, financial manager, has asked for budgets from Technical Services, from Administration. We've had to put together those budgets, submit those to him. And now we as a board have said, "Okay, this is how much you have, Technical Services, to operate." And so that's required Technical Services to track their budget, to track their expenditures. That's something that hasn't—

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BEGIN SIDE 2, TAPE 1. MARCH 23, 1995.

Storey: You were saying that Technical Service now, all of a sudden, is having to track their budget within the regional office.

- Rachetto: Right, within the regional office. And that's a transition. So the individuals who are responsible for those budget dollars now are saying, "Okay, here's how much I budgeted. Give me a report to show me how much I spent." So decisions are being made on how much money is available. In the past, it was simply, "Well, we'll put together this requisition. We'll send it up to the budget officer. He'll sign off on it if there's money, and it'll go forward and we'll buy it." Now the decision process is pushed back down to that individual manager. He has to decide does he have the money. The budget officer simply has said, "Here's your block of money. You make the decisions." So it's a transition the folks here in the regional office are having to go through, and I think a very good transition. I think it's something that's been long overdue.
- Storey: Do you have any sense of how the size of the regional office has changed as people migrated out to the area offices?

Impact of Reorganization on the Region

- Rachetto: I think, you know, you look at the regional office here, and a couple of years ago when we moved into this building, we were estimating—oh, I believe we had a staff of around 300 folks, 325 folks on board. Now that size has been reduced down to 250, 240, somewhere in that number frame, just within the last couple of years. So we've had a lot of buyouts that have taken place, we've had people move to the area offices, so we've seen that reduction.

I would see, or John Keys has estimated, that within the next couple of years, we'll probably be around 200 folks. So it's going to be a much smaller regional office, much more activities out in the area offices. The area offices, as we push things out to them or delegate those out to them, they're struggling with people, too, how many people they have on board.

What we've struggled with as a board is to try to find the most efficient organization. Is it more efficient to have a personnel person out in the area office, or should we have that personnel person in the regional office serving a number of area offices? The thrust has been to move those people out to the area offices, but the challenge is to the area manager to keep those folks actively employed and have them an integral member of their team out in the area office.

So those are things we've talked about on the board, is how far and how

fast do we make this transition, and how far do we want to go in this transition?

Storey: Well, let's pursue how far do we want to go. For instance, do you think it's possible that the managers might begin to feel that we don't need regional offices at all?

Rachetto: I think so. I think that's a very viable question in their minds, and we've discussed that. What role does the regional office play? Are they still necessary in the Bureau of Reclamation? Would you have an organization that the commissioner would have direct supervisory responsibility over the area offices? Should there even be a regional director? You know, obviously that's an extreme, but maybe that's where the Bureau should be going, a very decentralized organization.

I think the regional office still has a role. That role has been diminished and probably will be diminished some more, a role of policy and oversight and supervision. But a lot of the O&M activities that we've seen here in the regional office have been moved out to the area offices. The administrative function that I'm responsible for, we see a shift and a movement out to the area offices. When I first came here, there was one safety officer here in the regional office, and he had a deputy and a secretary and very few safety people out in the area offices. Now we see a safety officer in Yakima, and we see a safety officer in Grand Coulee, and we see a safety officer in the Snake River Area Office. So we've made a transition there. We have one person here in the region. So we've gone from a staff of three down to one. Those are the types of transitions that we're going through. But I would still see a role of the regional office.

Storey: Tell me about safety reviews. You mentioned them a few minutes ago.

Safety Reviews

Rachetto: Well, even the safety reviews, when I came on board as the assistant regional director, we were required to do safety reviews of the project offices. Those are one thing that, consciously or unconsciously, we haven't had the staff to do, so we've relied on that area safety officer to make sure that the safety program is running in his area office. There again it's been a transition. We have more and more requirements in the safety arena coming down from OSHA [Occupational Safety and Health Administration] on health safety, occupational safety, hearing program, a number of requirements coming down from OSHA. So our safety officer ends up coordinating a lot of those activities with the area safety individuals.

Storey: How do they implement a safety program like that?

Rachetto: Well, it really needs to be down at the grassroots level. It has to be a program that is agreed to and really bought off on all the way down through the organization. It needs to come from the top. Obviously, it needs to be an emphasis by the secretary and by the commissioner and by the regional director. But the real safety work is really out in the area offices, safety meetings that take place, and theoretically you would have a safety meeting every month. The managers or the supervisors that go out in the field would talk about safety issues with a safety officer, talk about what types of things that they need to do to ensure that the activities that they're doing are well protected, or the employees are well protected as far as their safety.

In other words, every job that they do, they really need to do a safety analysis of. Let's say it's an O&M job and it's replacing a turbine or something. The safety officer and the managers would be involved with the planning of that and making sure that there's no potential problems, injuries to the employees, when they replace that turbine and make sure that there's a lock-out, tag-out procedure to make sure that all of the valves and all of the electrical devices are turned off prior to any deenergization [de-energize] or any movement of that turbine.

So those are the types of things that it really needs to be at. You know, it even comes down to simple things of safety in the office space, the use of filing cabinets, the use of this or that, driving safety, a safe-driving program with the winter weather we've had up here. We've had a number of accidents due to the weather, due to icy conditions, snowy conditions. And so we have to periodically review those and try to encourage the managers to think about safe driving. So those are the types of things that really go down to the individual organizations and the individual managers in the safety arena.

Storey: Have you had any particular I-R-M issues that you've had to struggle with?

IRM Issues

Rachetto: You know, to me the I-R-M area has been, obviously, changing with the industry. I think the Bureau of Reclamation, as a government agency, has been very fortunate in that we've had some people that were on top of the changes in the industry. We're probably a government agency that's moved ahead quicker than any in developing local area networks, LANs, and wide area networks and computer

systems, in that respect.

I talked to my sister agencies, B-L-M [Bureau of Land Management], the state office, the district office, U-S-G-S [U.S. Geologic Survey], and they're years and years behind us. So our interaction with the local area network and wide area network has really been a boon to the Bureau of Reclamation. The Bureau has had computers going way, way back. The Cyber system that was put in was a state-of-the-art system; the IBMs. We've struggled with a number of different individual systems and how they would be structured. The Encores that we went through, we thought that's the way we should go. We should establish an Encore system. That kind of fell on its face. So we've relied on the core systems, the communication with the Cyber, the local area networks and wide area networks, and those have really been good communications tools for the Bureau of Reclamation. We're seeing those change, but we do have a good I-R-M community that's looking at the state of the art and trying to keep up with the state of the art.

Our thrust towards common software for the Bureau of Reclamation has been a key element, too. That common software, everybody uses WordPerfect Office of a certain version. Everybody uses WordPerfect Office as a standard word processing, so the communication between the offices has been, I think, very well done.

The I-R-M groups or the I-R-M managers have gotten together periodically and made good decisions. A new I-R-M council was formed by Kathy Gordon and Jim Mallia in the last couple of months they got together. So I think we're seeing some real good improvements there.

Storey: Is it expensive for Reclamation?

Rachetto: Very expensive. The I-R-M area and computers take a large percentage of the budget. I don't have that number right off the top of my head, but it is a very expensive program. And because it's expensive, there's always a lot of scrutiny on it. Why do we need to spend this much money in computers and technology? But it's a tool that the managers have gotten used to. It's a tool that the managers have used on AutoCAD and communications and hydrology models. It's a tool that people use, and there's no going back. It just simply builds and builds, and it gets more and more expensive. You get locked into a cycle of replacements of machines. You get locked into a cycle of replacements of software, because the

industry is changing. The industry is going to Windows, is at Windows, and the software is changing so that it no longer supports DOS. So one just gets on a roll, and that roll is not cheap, for any government agency, that is.

Storey: But I gather it's felt that it's worth it.

Rachetto: Yes. Yes, I think the benefits that we've reaped out of it really have been worth it, really have been. Obviously, with a shrinking workforce, a shrinking number of people, you've got to take advantage of the technology. You've got to take advantage of the technology so that that individual can do more at his work station or at his desk. And one of the advantages, one of the tools is the use of computers.

I personally have gotten hit by that because of spreadsheets. When I came with the Bureau of Reclamation as an accountant, we had these huge big spreadsheets that we'd do, and we'd do those manually. We'd have our little green eyeshades on, and we'd write in pencil all of these numbers that came out of the reports, and then we'd sit there with our calculator and total all of these,

Well, the advent of computer spreadsheets has dramatically changed the way we do business. So we have on our computer all of these spreadsheets. We hit one button and it computes all the numbers, so that's a transition that has allowed an accountant going from pages and pages of paper and worksheets and adding on a computer. I remember the individual next to me when I came with the Bureau of Reclamation in Billings, Montana, in 1974 was simply, I would say, five or six hours of the day on his calculator adding up numbers, and now that can be done by a computer just in a few minutes.

So those are the types of transitions that I'm talking about that computers have allowed us to do. It's not gone without struggle, though. It's not gone without some learning and transition for people to start using the computer. I think that's the biggest challenge that it's been, is getting people out of their old way of adding on a machine to using a computer to use a spreadsheet. Those challenges have been really interesting.

The other one that comes to mind is managers typing their own memos on a computer. In the past, it was always write it down in longhand on paper, give it to your secretary, and she would type it on a typewriter. Now we have managers that simply sit down at their computer and do the memo themselves, ship it to the

secretary electronically for her to print, and do all of the funny carbon copies—well, not even carbon copies now, but the required copies that go to central files and wherever else.

So we've seen a big transition there. The manager, when I first became assistant regional director, the public information person, he liked to use a tape recorder as you're using here. He would dictate all of his letters into this tape recorder, and all of his memos and whatever he was saying into the tape recorder. He would give the tape to the secretary, and she would sit there on her typewriter and transcribe them as what's going to happen here. So we've seen a transition there. Now this public affairs officer we have simply sits down at her computer, makes up a memo, and electronically ships it out to the Board of Directors, bang, just within a few minutes. So those are the transitions that we've seen that have allowed our people to become more productive.

Storey: Good. Good.

Rachetto: That's probably more than what you wanted to know.

Storey: No, it isn't, as a matter of fact. Could you think back and give me sort of a mini-history of the way computer use has changed since you came to Boise in 1983, wasn't it?

Rachetto: Yes.

Storey: Do you remember any of this?

Impact of Computers on Reclamation Business Activities

Rachetto: Yes. When I came to Boise in '83, the computer use was simply use of the mainframe computer down in Denver, the Cyber computer in Denver. All of our information, the accounting information, was on the Cyber in Denver. So what we would have is we would have—and I'm speaking from an accounting standpoint and finance standpoint, because that's what I'm most familiar with—we would have documents where we would be making payments to vendors, and we would be making those payments to the vendors. And so we would make the payment, and then we would code on a piece of paper, on an input document, that transaction, a payment to a construction company for \$100,000. That coded document would then

go from our finance shop to the I-R-M shop, and there we had three keypunch operators. And those keypunch operators would take a stack of documents, and they would keypunch a keypunch card that would be used to eventually enter the information into the computer system.

So then after a number of documents were accumulated, let's say every three or four days, we would have a run on the Cyber. We would take all of these keypunch cards, and we would read them into a keypunch reader, and this keypunch reader would take the information based on that keypunch card, feed it electronically down to Denver, and then it would process and update the Cyber computer and update the accounting records. Then the accounting records would spit out this end and give us reports, management reports or reports that would provide us information on our accounts.

So that was a manual process that took place. You had a number of people. You had a voucher examiner coding it. You had a keypunch operator. You had the keypunch reader. And then you had a person that took care of the print information, and then he would send the copy of the hardcopy back, of the reports. So that's the way it was done when I moved here, in Boise. Now we're at a point where our accounting technicians simply sit down at a computer terminal, and it's usually their own P-C, and they enter the information directly into the accounting system and update the accounting files on a periodic basis directly from their own P-C at their own desk. So you see the transition that we've taken there. We've gone from a number of people that had to be there to do that process to an accounting technician. He simply updates the information. Every night that information is updated, and he's able to go into the accounting system, he or she, and query the accounting system and ask for, "I want this organization code with all of these object classes. Give me a report on the first system." That information is updated every night in the accounting system, and he's able to develop a customized report on what he would like to see out of the accounting system.

The big difference that I see is the old accounting system had stacks and stacks of paper. You would have huge big reports, and I'm telling you, you would have, well, it must be two or three feet of paper that would come out every run. And end of the month, there would be about a five-foot stack of paper that would come out. And you'd have to sort through this paper and try to figure out the numbers that you wanted, and then you would take those numbers that came out of this two-foot stack of paper, and you would put them manually on a worksheet, on a

little spreadsheet, pencil it all in, and that would be the report that you would—well, you wouldn't even actually—take that a step further, after you put them on this spreadsheet in pencil, then you give them to the secretary, and she'd type them on the typewriter. So that would be the report that you would send to the regional director on how much he spent.

Now that computer technician or that accounting technician simply goes into the accounting system and says, "I want to see all of the organization codes, and I want to see all of the travel." And he identifies the organization code and the travel object class as 2100, and he says, "I want a report for all the organizations." Bang, that report comes out of the accounting system, and he has a piece of paper right there. So you see the transition that we've gone through there. We've gone from these huge mounds of paper to somebody that can simply extract the information out in a form that the manager can tell what he spent on travel. So we've made a lot of progress, lots of progress. A lot of steps in between there, but I see some really encouraging things. We're saving a few trees, anyway, in the process.

Storey: A lot of trees, I suspect.

Rachetto: A lot less piles of paper. It always bothered me when we'd print all of these piles of paper out, and I was thinking, gee, that's a lot of trees. And then every few months we'd haul them all off to the garbage can, and they'd get recycled. And I thought, "Gee, there's got to be a better way to do this."

Storey: Yes, and then it showed up.

Rachetto: Yes.

Storey: What are they called, minicomputers, microcomputers?

Rachetto: Microcomputers, minicomputers. Really the personal computers have made the biggest transition in the finance and accounting arena and actually throughout the whole office. The finance and accounting arena, as far as spreadsheets are concerned, the entire office as far as memos and documents and word processing, the personal computer has made a big difference. And the communication. I think the wide area network and the local area network has allowed us to communicate much better with each other.

Problems Associated with Moving into the Computer Age

But it's not without its faults. With that communication comes sometimes a loss of the paper documentation that takes place, the interaction that takes place. A memo comes. It's read by a manager, and he says, "Oh, that's fine." And he deletes it, and the person that sent it deleted it. Well, then you lose sometimes the track of that document and that agreement that was reached. The other thing that happens is that you end up spending more time on the computer reading messages that you're wondering why that message was sent to me, and so you end up spending some time that you may productively had better spent somewhere else. So it's almost too easy to send out messages to a large group of people rather than specify that, "I want it to go to Kathy Marshall, and I want it to go to John Murphy, and I want it to go to Bruce Cassidy, and I want it to go to Max Gallegos. Well, I'll just send it out to the entire regional office." So you simply put PN1, and it goes out to everybody in the regional office. So you all of a sudden have 250 people reading your memo that really maybe only five or ten people needed to read. So all of those people have to read it and say, "Oh, I really didn't need to see that. Delete it." Anyway, goods and bads of it.

- Storey: You came as assistant regional director to this region, is that correct?
- Rachetto: No, I came as the regional finance officer in '83.
- Storey: Yes. And then in '88?
- Rachetto: '88 or '89, I believe it was, I moved to the assistant regional director position.
- Storey: Of course, you came here about—that's maybe last year, five to six years ago, into the assistant regional director's position. What kind of process did the region go through to reorganize when that position was changed?
- Rachetto: When that position was established, when I came into the position? Is that what you're asking?
- Storey: No, moving out of the position into your current position, the reorganization process there. That would have been maybe '93, '94?
- Rachetto: No, actually, I was in the assistant regional director's position all the way through

until about October or November of this last year of '94. So it's only been about six months. And that transition, at that time I was assistant regional director for administration. There was a regional director and three assistant regional directors. I was in charge of administration. So the transition that took place was a rather a simple one, simply more of a name change than anything else. I went from assistant regional director to regional administrative manager. I was still in charge of the same personnel, property, safety, E-E-O, Job Corps. So simply my name changed. I was no longer, am no longer, the assistant regional director. I'm simply a manager of that group of people.

Storey: What process did the region go through to decide how to reorganize that time?

Commissioner's Office Pushed Reorganization

Rachetto: A lot of the thrust was coming from the commissioner's office. Other regions had reorganized and done away with the assistant regional director positions. I think John Keys felt a pressure to do away with those positions and try to flatten out the organization. So even though the names changed, the functions remained the same. And it, in fact, did flatten out the organization somewhat. There was a regional director, a deputy, and then the managers underneath the deputy.

So rather than going from the regional director to assistant regional directors to organizations underneath there, we've gone from the regional director to the deputy to organizations underneath them. So it was a process of flattening the organization a little bit. It didn't really make a lot of difference in the way we operate, though. We operate very similarly. John did take the opportunity to combine two assistant regional director positions into one, into one person that's called manager of technical services. Before we had two assistant regional directors; one was for resource management, and one was for technical services. We combined those into one position, and Max VanDenBerg has that position right now as the regional manager of technical services, RATS, they call it, the RATS group.

Storey: Were there divisions or something that were eliminated in this reorganization?

Rachetto: We went from divisions to organizations that were really subgroups under our organization. Let me try to explain that. And we struggled with that. We said, well, why should we call them anything but divisions? We wanted to get away

from the old concept of the old Bureau of Reclamation. So we wanted to do away with divisions. We wanted to come to an organization that was operated more as teams. So in my organization, we have a group called the Regional Administrative Services, and it's made up of the same group of people, but we call them the Civil Rights Team, the Human Resources Team, the I-R-M Office. We've been calling them offices more than divisions—Property and Services Office, and a Safety Office.

So we've made a transition from a structure of divisions to offices, and we, as a group in Administrative Services, have been trying to operate more as a team. The head of those folks and myself have been operating more as a team, similar to the Board of Directors, but more as a group rather than autonomous divisions, rather than separate divisions under that organization. A sleight of hand, but we've changed from divisions to teams and offices.

Storey: Well, I think we're pretty much at the end of my questions. Is there anything that we should talk about that I haven't thought to talk about?

Rachetto: Not that I can think of. We've covered a lot of things.

Storey: Good. I really appreciate your spending time with me. I'd like to ask you if the material on the tapes today and the resulting transcripts can be used for research purposes.

Rachetto: Yes.

Storey: Good. Thank you.

END SIDE 2, TAPE 1. MARCH 23, 1995.

BEGIN SIDE 1, TAPE 1. APRIL 23, 1998.

Storey: This is Brit Allan Storey, senior historian of the Bureau of Reclamation, interviewing Paul Rachetto in Boise, Idaho, in the regional office of the Bureau of Reclamation, on April 23, 1998, at about nine o'clock in the morning. This is tape one.

Mr. Rachetto, since the last time we talked, I think it's been three or four years now, there have been a lot of changes. I'd like to talk about that. We reorganized in '94, of course, and at that time you were an assistant regional

director. I'm wondering how your responsibilities have changed in all of that, or whether you're doing the same thing under a different title, or how that worked in the reorganization.

Rachetto: Okay. Yes, at that time we had two assistant regional directors under the regional director, and in flattening the organization, it was decided that we would not have assistant regional directors; they would be regional director and a deputy regional director. So my position was changed from assistant regional director to a title called—[Tape recorder turned off.]

Storey: Mr. Rachetto, last time we talked, a couple three years ago, we were in the process of reorganizing, and I'm wondering how that reorganization affected you and the way you do your job.

Latest Changes in the Region

Rachetto: Okay. At that time we had the regional director and two assistant regional directors, and in an effort to flatten the organization, we've gone to an organization where my position was assistant regional director and is now regional administrative manager. Really, the functions haven't changed. I still supervise the same group of people, still report directly to the regional director, but the title has changed. Actually, in some ways it works very well for me. I'm a little closer to my people. We've come together as a group, my people and in administration, and we seem to be working better as a team. So in some respects there's some positive spinoff on it.

Still, I'm a member of the Board of Directors and participate in the decisions that are involved in managing the region, but it also gives me a chance to work with my people a little closer. So to me it's a good arrangement.

Storey: Generally, how do you think the reorganization has gone? There have been a lot of changes. There have been devolutions of responsibility out to the area offices; there's been a staff migration, I believe, particularly in this region; the flattening has gone on. I have the impression, for instance, that there's a lot more stress on the upper management in Reclamation now. I'm wondering what your perception of it is.

Rachetto: Well, my perception is that I think there's really been some positive things have come out of it. On a day-to-day basis, you perhaps don't think about them or don't

realize the changes that have taken place, but if you look back over three or four years and the delegation of authority down to the field level and down to the regional office from the Denver office or the Washington office, I think it's had some real positive effects, positive in that it's created a situation where we can make decisions at the regional office level or even transfer those authority or the responsibility for those decisions down to, in the case of the Job Corps centers, the Job Corps centers or the area offices.

I see a positive change in the way that we do business, eliminating a lot of red tape. You hear Vice President [Albert] Gore talking about eliminating red tape, but I actually have experienced that happening, and I believe it's been a very positive thing. We've gotten an easier way to purchase things through the credit cards, the authority to do things has been delegated out, and perhaps that does put a little bit more stress on the managers in the field, but I think it allows us to get things done in a more efficient manner. So I see some of the things as very positive, looking back over the years.

Storey: John [W.] Keys [III] recently announced his retirement.²¹ What effect has that had on the region?

Rachetto: I think everybody's kind of speculating now what's going to happen without John here. It's almost like an institutional thing, having John here. We know he knows the program; we know he listens to us; and we trust him in the decisions that are being made. Those three things going away puts a question mark in our mind, what happens after John leaves.

John's manner is that he develops a relationship, a personal relationship and a working relationship with each one of us. We get to know him, he gets to know us, and that level of comfort is there in going in and talking to John. With that going, or the potential of that not being there, everybody is a little uneasy on who will be our next regional director and how will the relationships work. So, yes, it has put a little change in our perspective on what's going to happen in the future.

Storey: We've had a couple of commissioners. We had Dan [Daniel P.] Beard, who's now

21. John W. Keys III, *Oral History Interview*, Transcript of tape-recorded Bureau of Reclamation Oral History Interview conducted by Brit Allan Storey, senior historian, Bureau of Reclamation, from 1994 to 2006 in Denver, Colorado; Boise, Idaho; Washington, D.C.; and Moab, Utah, www.usbr.gov/history/oralhist.html. (Accessed March 2013)

gone. What kind of impacts did he have on Reclamation, from your perspective?

Commissioner Beard's Impact on Reclamation

Rachetto: From my perspective, I believe, as far as the administrative area, he focused on how we can make things work better, how we can delegate things out to the area offices, how we can make changes in regulations or eliminate regulations, how we can do away with things that are burdensome and kind of cumbersome. I think we went through that period. I think we've done a number of those things. He encouraged us to do that. He encouraged us to look at the way we do business. So, from my perspective, that was a very positive thing, one of the things I really think we gained from Dan Beard's exposure to the Bureau of Reclamation.²²

With the new commissioner, I don't have as much experience and exposure to Eluid [Martinez].²³ He's been out to the region a number of times, talked to us. I think he has a sincere interest in our program. He has a good knowledge of the water policy. But I just don't have a good enough sense; I haven't worked closely with him.

Dan Beard was the type of person that we could send him an e-mail message or send him a little note. I visited him a number of times in Washington and listened to him speak a number of times, and I guess I got a sense of what he was trying to accomplish, and felt good about what he accomplished while he was Commissioner of Reclamation.

Storey: Let's see how well I can remember. You, when you were assistant regional director, were responsible for the administrative side of the agency, things like budget, personnel, I presume procurement and those kinds of things.

Rachetto: Yes. In this region we're split out a little bit differently. The budget and finance function is directly under the regional director and is not under the—at that time the

22. Reclamation published Commissioner Daniel P. Beard's *Blueprint for Reform: The Commissioner's Plan for Reinventing Reclamation* in 1993 as one of the vehicles for his reorganization of Reclamation in 1993-1994. Another of the vehicles was the "Commissioner's CPORT team report—"Report of the Commissioner's Program and Organization Review Team" which Reclamation also published in 1993.

23. For more information on Commissioner Martinez, see Eluid L. Martinez, *Oral History Interviews*, Transcript of tape-recorded Bureau of Reclamation Oral History Interviews conducted by Brit Allan Storey, senior historian, Bureau of Reclamation, during 1996-2001, in Washington, D.C. and Santa Fe, New Mexico, www.usbr.gov/history/oralhist.html. (Accessed March 2013)

assistant regional director or my delegation. That's kind of a personal thing with John. He feels that the budget and finance issues are very important to the region, and so he feels he wants the direct supervision of that individual. So that's one difference between our region and some of the other regions within the Bureau.

Storey: For the areas that you were responsible for, how did giving the area offices more responsibility and power—were there issues that came up in devolving that responsibility as far as the areas that you were supervising and continue to supervise?

The Transference of More Control to the Area Offices

Rachetto: And we continue to work on that. One of the largest areas, or one of the more significant areas, is the personnel function. We've reduced our personnel staff down from around fifteen people down to around eight or nine people, and that authority for personnel actions has gone out to the area offices. I think that's probably had the most significant impact on our office. How much do you delegate out to that area office? How much authority do you provide to them?

The thought was that they could do their own recruitment, that they could do their own hiring, that they could do their personnel actions out in the area offices, and I see that as probably the biggest change that we've had in the administrative side. The civil rights function, the I-R-M function, and to some degree the property and procurement function haven't changed quite as much as in the area of personnel. I see us still working on resolving what functions, what authorities really work the best in the personnel area.

I think they benefitted from having personnel people at the area office level. They've gotten good information, good feedback on personnel actions, and that's worked pretty well, but still there's a matter of where do you draw the line between the area office activities and the regional office activities, and we're still working on that.

Storey: I would think personnel would be a fairly complex activity with a lot of regulations from O-P-M [Office of Personnel Management] and various other kinds of things. Actually, it surprises me that we've given responsibility out to the area offices. Is that causing them some issues as they develop it, or is it working well? What's going on there?

Rachetto: It seems to be working pretty well, Brit. We've taken some of our staff—we had two very key individuals, one went to the Yakima Area Office, one went to the Snake River Area Office, and they were actually in personnel, so they were knowledgeable individuals that have gone out to those area offices. But they have very small staffs. They'll only have one or two people to process the personnel actions and so forth.

It's actually worked fairly well. They're constantly in contact with the regional office folks about regulations and how to do this and what actions, but the day-to-day routine advertisement of jobs, the cutting of personnel actions, disciplinary actions, they actually handle quite well in the area office. They have a better sense of what the area office managers need and desire, so they can work directly with the area office. They're in tune with what's going on with the area offices and the personnel needs there. So in that respect, it's worked quite well.

We've always had someone with some knowledge at Grand Coulee, the personnel action at Grand Coulee, but we still do a lot of the servicing for the Grand Coulee area office out of the regional office here.

Storey: Did we have a RIF [Reduction in Force] as a result of the reorganization in '94?

Rachetto: No, we did not.

Storey: In this region, I mean.

Rachetto: No, not in this region. The people that were transferred out or moved around, we did that gradually over a period of time. The Board of Directions said, "We are not going to take immediate action as of one day. We're going to take this in a process, and we're going to transfer these functions out to the area offices on a gradual basis, and any reductions that we have, we're going to do an attrition."

Regional Downsizing

So my organization has actually reduced down in a couple of ways. We've transferred folks from the I-R-M shop into the technical services areas. We've transferred some people in personnel out to the area offices, and we've taken an overall reduction in the administrative folks here in the regional office.

Coming back to what we talked about Dan Beard, Dan allowed us to do

some of those things because of eliminating some of what I call kind of burdensome regulations or reporting requirements. So we've eliminated some of that work that we used to do in the past. So our staff has gone down from around sixty-seven to about fifty-seven folks here in the regional office, as far as the administrative folks.

Storey: So the region developed a policy that it wasn't going to go through a RIF.

Rachetto: Yes. I'm not sure if it was a policy, but it was a philosophy that the Board of Directors undertook, that we would not adversely affect anyone's position. As we had retirements, we looked at each of those retirements. As you know, we went through the buyout and we had a number of people that left the organization, and we made positive moves not to fill those positions. We had an individual in the civil rights office; we did not fill that position. We had a couple people in the I-R-M area; we did not fill those positions, and so forth.

What it's ended up doing, it's ended up reducing our administrative overhead here in the regional office that is passed on to the area offices, so I see that as a very positive thing. I see some actual downsizing that took place that we didn't fill behind some of those positions, but it was a very conscious effort not to go through a RIF, but we knew that we had people signed up for the buyout and we would just not fill some of those positions.

Storey: One of the kinds of issues that sometimes come up when you take this approach is that you end up with unbalanced staffing. Did we have any of those kinds of issues come up, where all of the powerplant operators retired or some such thing?

Rachetto: Yes. I would say that probably the largest area where we were unbalanced was in the regional office in the engineering side, and some of the functions that we had performed prior to the transition we went through. We had quite a few engineers that still had things going on, but we were getting out of the engineering mode, out of the design and building mode, and we were getting more into the biological services or biological area. So I see that as the biggest switch that's taken place, and it's still taking place.

As we have more work in the endangered species area, biological assessments, the staffing is growing in that area. We're doing less designing of canals and structures and fish screens and those types of things. So there's a gradual evolution of folks from one area over to another area, and that still hasn't completely

resolved itself, but gradually we're doing that. As people leave or as needs come up in the organization, we reassign folks into activity managers, perhaps areas that they hadn't worked before.

Storey: So I think what I'm hearing is that the basic fabric of Reclamation is changing.

Rachetto: Yes, that's the way I would see it, and it's a gradual process. It's like the large ship; you don't just turn it very quickly. It a gradual process where you change your staffing needs to accommodate what the demands on society are. You look at the activities we're involved with now, the biological assessment, and the Endangered Species Act, and those things, and we're obviously getting away from the structural fixes that we have had in the past, looking at groundwater, water quality, those types of things. So the nature of our business is changing, and the expertise that we have in our individuals is changing as a result of that. It hasn't affected me as much in the administrative area as it has in the technical area.

Storey: Interesting. Does the Denver office fit into this evolution of the regional office in any way?

Denver Office's Role in the Current Reorganization

Rachetto: Somewhat, in that when you were here before we had construction offices. We had a couple of construction offices, one in Bend, Oregon, and one in Yakima-Umatilla construction office. With the construction going down, we had less construction activity, so a decision was made to close the Bend office. Well, that Bend office was closed and some of those folks have moved into the Denver office as an overall construction office. So it's impacted the Denver office somewhat.

Some of the expertise that we ask for out of the Denver office is obviously changing also. We're asking for expertise in water quality, in environmental assessments, in endangered species work, as opposed to the strict things of design and engineering that we have asked for in the past out of the Denver office. So I'm sure it does affect it. I don't have a good enough sense of how that affects personalities down there.

Storey: What kind of staffing change has happened for the region, overall, as a result of the downsizing? Do you have any idea of that?

Rachetto: I think you can see it in this building. When we moved into this building, we had upwards of a staff of 290, 300 folks, and we filled this entire building. Now we see that number going down to 250, to 240, 220, and we've ended up vacating half of a floor as a result of that. Those folks, either their positions were not refilled or they were moved out into the area offices as functions were moved out in the area offices. So you see an effect on the regional office of a smaller staffing, smaller overhead component, and more of that work out into the area office.

Storey: Have the area offices also shrunk?

Rachetto: I would say they probably have stayed fairly much the same. Obviously they've changed when we went from a project office concept. This was a number of years ago, back seven or eight years ago, went from a project office into the area office, but the area offices have actually stayed the same or perhaps even grown a little bit.

Storey: I think I recall that there was a RIF at Grand Coulee.

Reduction in Force at Grand Coulee

Rachetto: Yes, there was. I don't exactly have the right date on that. It seems like we were talking about '91, '92, somewhere in that time frame. And there was a RIF at Grand Coulee. Actually, Steve Clark has done an amazing job of reducing his staff down through automation and efficiencies in the organization, and his staffing levels have come down significantly over the years. He initially started out with a RIF, eliminated a number of positions, and then also has reduced, through attrition and through the buyouts, his staffing levels at Grand Coulee.

Storey: How would the regional office have been involved in that? That was still when it was a project office, right?

Rachetto: Yes. Well, we were involved with it, in helping him prepare for the RIF and go through the RIF, and working up the letters of retention or the lists of retention and so forth. So our personnel office was involved in that somewhat. I'm not sure that was the question you were getting to.

Storey: Yes.

Rachetto: So we did work with him on that. We worked with him on placing some of the

people that wanted to continue to work but were affected by the RIF, and finding jobs for those that we could.

Storey: Were a lot of these folks retirement age? Actually, I guess maybe they're the ones that survive on the lists.

Rachetto: Yes. There were a number of them that were retirement age, and some did take retirement. Some took some early outs. Others were adversely affected and ended up being removed from the rolls or we found jobs for them somewhere else in the organization where there were needs, or other organizations.

Storey: You mean outside our region?

Rachetto: Outside our region.

Storey: But in Reclamation?

Rachetto: But in Reclamation.

Storey: What about labor unions out there? Were you ever involved in that side of the activities?

Rachetto: Our personnel office was, our human resources office was. I don't get involved, or haven't gotten involved, personally in the labor unions. It seems to be, though, that my senses is that our relationships with the labor unions in the last two years, two or three years, have been pretty good, pretty positive. In the past, five or six years ago, there was a very adverse relationship between the unions and management, and I've seen that mellow out somewhat, or at least perhaps I don't get the feedback that there is as much adversity between labor unions and management, and particularly at Grand Coulee. At Grand Coulee there was a notorious breaking point between the unions and management up there, and I don't see that, or I don't have a sense of that happening now.

Storey: Do you have any idea why it changed?

Rachetto: I sense that somewhat the leadership of the unions has changed, has gone from an adversarial role to working in a partnership. Reclamation has developed a partnership with the unions and has put a lot of effort in doing that. Our personnel

officer, our human resources officer, Max Gallagos, was a member of the Partnership Committee, and that was formed about a year or so ago, maybe two years ago now, and they've attempted to work out those issues before they've become problems. As an issue would come up, they would address it and say, "What can we do as management and unions to resolve some of those things?"

John Keys has been involved in the partnership activities, as have many of the other managers, and so I see that as a very positive thing that's happened, and perhaps as resulting in us working together better in the labor unions, in the labor arena.

Storey: Coulee has lots of revenues. Do you have anything to do with handling the bookkeeping and whatever else goes on with all of that?

Rachetto: No, I don't. Our finance folks have. They deal with Bonneville Power Administration on the revenues. As you know, we've shifted. In the last couple of years we have a financing arrangement, a financing agreement with Bonneville, where they're funding the power portion of our activities, and that's being funded directly out of the power revenues that are generated. In the past, we had received appropriations to fund the power, the irrigation, the flood control activities.

With this power revenue arrangement, the funding for the power activities comes directly from B-P-A, as opposed to coming from Treasury. Then a couple of things has made us accountable for our power expenses. We report those power expenses back to B-P-A, they advance us funds to cover those expenses. So it's been a different way of doing things.

Listening to the people at Grand Coulee, it's affected the way they look at the amounts of money they're spending. One of the clauses in the arrangement is that there's a revenue-sharing or profit-sharing type of arrangement in there, where the amounts that were saved through the reduction of cost in the power revenue generation go back to the employees in the form of a bonus. So the employees have an incentive to do things more effectively, more efficiently.

One would really need to talk to Steve Clark about this, but Steve's comment at the last board meeting, "It is working. We are looking at the way we're doing things. The managers are looking at all of the costs that they have, that they're incurring, and they're actually reducing their cost down, because they know

that there's an incentive for them personally if they can reduce the cost down," whereas when you get an appropriation, the main emphasis is spending that appropriation. In fact, you're criticized if you don't spend it and you don't get the same amount next year. So there's very little incentive to save anything.

But with the arrangement with B-P-A, the amounts that are saved are returned to B-P-A and an amount goes back into kind of a fund that carries on to the next year, but the employees also get a benefit out of that, in that they get a bonus. I believe it's called like a cost savings bonus. So they're looking at the way they do things. So that's an exciting thing that changes the way we do business at not only Grand Coulee, but the other power projects. In the Boise power and the Boise system, the power function operates the same way; it's funded from B-P-A, this direct funding agreement from B-P-A. So that's a big change in the way we do business.

Storey: But I understand there's some tension with the Congress about this because they no longer control the appropriations. (laughter)

Rachetto: That's true.

Storey: Have you heard anything about any specific issues around that?

Rachetto: No, I really haven't, but I haven't been in tune with it that much.

Storey: Finance. When you said finance handles all this, that's the budget office that's directly under John Keys?

Rachetto: That's correct, yes.

Storey: What else should we be talking about to bring us up to date? Have there been a lot of O-P-M kinds of changes, a lot of regulations kinds of changes that have affected the way your functions are carried forward?

OPM's Role in the Reorganization Process

Rachetto: Well, we wish there would be more O-P-M changes. O-P-M seems to talk like they're eliminating a lot of the requirements for personnel actions and for various other things, but we see very little relief in the area of personnel from O-P-M as far

as our authorities are concerned.

In some of the other areas, in procurement, we see quite a little bit of relief, streamlining, modernization in property, in safety, we see a lot of changes. But in O-P-M, in the personnel activities, the talk is that—

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Rachetto: ... things as opposed to preparing manual worksheets, big green worksheets where you wrote all the numbers down. We started entering information into spreadsheets, and the spreadsheets would do the calculations and print the copies out. So that was a significant change in the area of finance.

PCs and the Evolution of How the Bureau of Reclamation Conducts Business

That P-C evolution gradually worked its way into other parts of the organization. At one point in time we had what was called a steno staff, and the steno staff and the typing pool had typewriters. Well, the evolution eventually got rid of the typewriters, but the computers were in the steno pool, and that went on for a few years. Then they realized, well, there's no sense having a steno pool. Let's get the computers out to the secretaries' desks. So the evolution went from having the computers in one room to having a computer on the secretary's desk to do letters. It simply started out with just doing letters and doing memos, and you'd enter into word-processing and create the memo.

Well, the evolution went from there to the computer became a communications tool. I see that as probably one of the biggest changes in the way we do business and the way we communicate with each other, of going from a telephone-based system or sitting down with a person in a meeting, to email messages back and forth on various subjects. You look back and you think, gee, how did we do it before we had email? Well, we basically would call folks or talk to them in person. So a lot of the communication now is via the e-mail, group-wise. The communication is there.

The next big change that we see taking place right now is the information databases that are out there that we can access, we as managers can access. We can get information on the cost of our organization, the number of people in our

organization. We go a step further. We do the timekeeping of all of our folks on the computer. The manager goes on, logs on, signs the timesheets. Then you take that the next step and we're obviously getting into the Internet Age and the information on the Internet and the access of information on the Internet, not just within Reclamation, but outside Reclamation. Looking at Ken Pedde yesterday when he was looking at NMSF updated documents, he simply went in on the Internet and looked at the meetings that NMSF had planned, what they were talking about for the various endangered species.

Storey: NMSF is?

Rachetto: NMSF is the National Marine—I'm blank on that one. National Marine Sports Fisheries, organization out of Portland. It's Department of Commerce. They're the fish and wildlife folks that deal with the endangered species.

Storey: And the salmon issues.

Rachetto: And the salmon issues.

Storey: So he was checking his schedule, in effect.

Rachetto: Basically checking his schedule and checking to see what the various fish and wildlife activities, or fisheries activities were in the region. So that significantly changes the way we do business, too. So as soon as NMSF puts the document out there, it's accessible to all of the organizations that are involved—the tribes, the government agencies, the state agencies. So that's another facet that's rapidly changing, rapidly changing the way we do things. Ken relies on the Internet for the information, the transfer of information, what's going on, doing searches on what studies are out there on endangered species and biological assessment.

Obviously the communication that that accomplishes is that it actually eliminates having to do a lot of email messages of documents. They simply are put out on the Internet and people are notified that this document is out on the Internet. If you want to go out and look at it or if you want to print it, that is available, not only the documents, but studies and flow information, flow augmentation information, is available on the Internet. You can go and look at what the elevation of Grand Coulee is and what the flow is at McNary or the various reservoirs. That, for the hydrology folks, is absolutely essential.

Storey: Is this something that he has to have passwords to get into?

Rachetto: Only to get on the Bureau of Reclamation system. Once he gets into the Bureau of Reclamation system, we have a direct link through Interior onto the Internet. At one point in time we thought, well, only a few people would need access to the Internet, and as we're finding out more and more applications are available on the Internet, and actually required on the Internet—the safety folks, for example, had a computerized system within Bureau of Reclamation where they would enter information and then that would be uploaded to the Department of Interior. Well, Interior has changed that to now they have us enter information directly on safety accidents into the Internet, and that information is entered into the Internet and saved on a database and on an Interior-wide basis. So, quite a little difference in the way we do things.

Storey: Yes, the way we talk to one another.

Rachetto: Yes.

Storey: Tell me about the administrative side of the computers. Back in the mid-eighties, when you got a couple of computers for finance, what kind of justification and so on did you have to go through, and how has that evolved over the years?

Computers Becoming a Vital Tool

Rachetto: Well, the justification is, you're right, we would have to write out a long justification on why we needed a computer. You have to realize back then computers were a very small processor and very slow processor, and the cost of the computers were five or six thousand dollars. So it was a significant investment, and they were simply used to produce financial statements. So we would write up this long justification, spend quite a little bit of money for a computer that had very limited capacity. Now you have a computer that my secretary can go down with her credit card and buy a \$1,500 computer that has ten times the capacity. And no justification really required: hers is worn out or hers is not up to speed. So, quite a shift there in the responsibility and delegation to that individual to purchase the computer. So much more capability of the computer.

I think the biggest change, though, is going from an individual P-C to a network, to a Local Area Network (LAN), Local Area Network is in the regional

office here, and we have a file server, and all of the individual computers are hooked up to that Local Area Network. Then they, in turn, are hooked up to a Wide Area Network (WAN), which is a Bureau-wide network of computers. So we've gone from an evolution of having a single individual P-C with perhaps a mainframe down in Denver, to a number of Local Area Networks that are hooked together into a Wide Area Network. So the structure has significantly changed in the administrative function. It's also allowed us to share files, to share information, to share databases of information on a much easier basis.

Storey: One of the issues I've heard about in various locations is that you have a lot of computer people, you have this cadre of computer people, and that cadre was created when you were talking about mainframes. So their sort of main function was programming and keeping those big computers functioning. Then we had the P-C come on the scene, and we tend to evolve, as I understand it, away from mainframes toward the P-Cs, and sometimes the I-R-M folks have difficulty evolving from wanting to control everything from their programming mode and so on, to the P-C mode. Have you seen any of that kind of thing going on around here?

Rachetto: Fortunately, in our region, we haven't been affected that much. A number of our folks that were involved in writing COBALT and programming languages for a mainframe actually ended up retiring and moving on, and so the new folks that we have coming into the organization are more oriented toward networks and software in individual P-Cs. So we've been fairly fortunate.

Where it's affected us is the Denver office. A number of the folks in the Denver office were, just as you described them, computer programmers that wrote mainframe programs, wrote COBALT programs, and were not that familiar with individual P-C applications.

One unfortunate thing happened in the Denver office RIF three years ago, is the younger folks that had come on board, that knew the new applications, that were network-oriented, were the ones with the least amount of years in service. Some of the older folks that had been around were the old COBALT programmers; they were the ones who had seniority. As you well know, the ones that go in the RIF are the short-timers, the new ones. Those are the ones we lost. We retained the folks that had the old expertise, the COBALT programming. Unfortunately, the way it works, we lost some of the best younger folks and we still have some older folks that are very knowledgeable and very experienced, but perhaps not up to the

state of the art as some of the newer ones were. So in the Denver office, as I understand it, that's probably affected us more than in the regional office.

Storey: How would it have affected the region?

Rachetto: It affects the region in that when we go to Denver and we ask for support and changes in the structure of the Local Area Network and the Wide Area Network, they don't have the staff to be able to provide us that support. So that's how it's affected us more than anything else.

Storey: So am I hearing, then, that the Denver office provides the technical expertise for the LAN and the WAN, as it were?

Rachetto: Yes, they do. They provide some of that support. Our folks work with them, but they do provide some of that support for the Local Area Network and the Wide Area Network.

Storey: Is there anything else that's changed recently that you identify as significant in your own mind?

Personal Gratification in Working with the Job Corps

Rachetto: Not that I can think of right now. The activities that I'm involved with, I'm also involved in the Job Corps centers, and there's been quite a switch in the Job Corps centers, a switch in that the Congress and the Department of Labor have changed the type of folks that are in the Job Corps centers, the student center in there. They are sixteen to twenty-four years old, but the tolerance for drugs and alcohol is gone way down, and they've implemented a zero tolerance program in the Job Corps activities. As a result of that, as opposed to working with a student who has a drug or alcohol problem, we end up giving them one chance. If they don't clean up their act, they're out of the program. So that's changed the philosophy and the way we operate the Job Corps centers quite a little bit. It really doesn't have as much to do with the Bureau of Reclamation routine things, but it does change the way my job takes place now. So we've had quite a shift in the philosophy in the Job Corps centers.

Storey: How many centers do we have? Do we still have one at [unclear] Lake, is it?

Rachetto: No, we have five Job Corps centers within the Bureau of Reclamation, two in the Upper Colorado Region, operated out of Salt Lake, and three here in the Pacific Northwest Region, one up at Moses Lake, Washington, and one at Nampa, Idaho, and one outside of Yakima at Fort Simco, Washington.

The big change that's taken place for us in this region is we had a center of about 150 students at Marsing, Idaho. That center was closed in August, and we transferred and moved those students and built a brand-new center in Nampa, Idaho, and through Department of Labor funding, we've spent about \$17 million to build a 300-student center in Nampa. So that's changed the way we operate here in this region, as far as Job Corps. It's an exciting activity. As of yesterday, we were at about 256 students, so we're getting close to that 300 students. It's an ultramodern facility that's state of the art, as far as vocations and residential living and dining facilities in Nampa, so that's exciting for me personally.

Storey: And these folks work on Reclamation projects?

Rachetto: They do a little bit of work on Reclamation projects, but really what they focus on is getting the student between sixteen and twenty-four an education, first of all, a vocation, which would include carpentry, bricklaying, food services, computer repairs, health services, getting them a vocation, and then also working on their social skills, their interaction with people, the responsibility of being on the job at eight o'clock in the morning, how they interact with people, their basic social skills. So it's kind of like a three-pronged effect: you get the education, the vocation, and the social skills for these young folks.

To me, that's been a real exciting program and one that I was supervising when I was assistant regional director and still are supervising now. John Keys describes it best, as probably the human side of the Bureau of Reclamation. As opposed to working on a canal and working on concrete and water, we work with people and try to develop people skills in these young individuals. That's a real challenge.

Storey: I've always been fascinated by the Job Corps Program, because it doesn't really seem to relate to Reclamation at all, and everybody who's involved with it is very excited about it.

Rachetto: It is, because, you know, you go out to a graduation, you work with a student, talk

with the student, and you see where they've come from and you've seen them come into the program as perhaps a student or an individual has dropped out of high school, has had problems with his parents, has not been able to keep a job, perhaps has been involved with drugs, and you see them go through the program, you see them get a G-E-D, and you see them develop the social skills. Perhaps they're very isolated, they're a very self-centered individual. They grow as an individual, they're a dorm leader, and then they graduate from the program. They actually accomplish something for maybe the first time in their life, and that's really exciting. Then you see them go on to get a job and actually make money and become a productive employee in society, and to me that's just real exciting. It's just fascinating.

Storey: Is it men only?

Rachetto: No, men and women.

Storey: How do they get there? How do they get into a Job Corps center?

Rachetto: They're screened in from a number of different locations. When I say "screened in," there's a screening process. They have to meet certain qualifications financially. They're screened in from a lot of the big cities. Here in Boise we get quite a few of them that have heard about the Job Corps Program, want to make a change in their life, perhaps had had some problems socially, haven't graduated from school, and they're just struggling. They hear about the Job Corps Program, their screeners or their input people throughout the Pacific Northwest, actually throughout the whole country, and those folks talk to the students or talk to the young individuals, say, "We've got a Job Corps center here in Nampa. It has a welding program and it's an eighteen-month, two-year program. Here's what it has to offer for you."

Storey: So the kids come to these screeners?

Rachetto: They come to the screeners. We work closely with the school districts. We work closely with social organizations to make folks aware of the program. One of the things that we've always struggled with is making that program known throughout the country, is how do you find out about Job Corps? It at one time was titled "the nation's best kept secret," but we're trying to eliminate that. We're trying to make that Job Corps Program known to everyone so that everyone knows that it's available.

So we get a lot of students from the Boise area, Pocatello, Twin Falls. We also get some from Portland, from Seattle, into the Nampa center. The center up in Yakima gets a lot of students from Spokane, the Tri-Cities, from Seattle, and the same with the Fort Simco Job Corps Center.

Storey: Interesting.

Rachetto: It's a fascinating program.

Storey: Is there a big budget?

Rachetto: Each of the centers, the budget runs around two, three million dollars a year.

Storey: Where does that budget come from?

Rachetto: It comes from Department of Labor funding. The funds are appropriated to the Department of Labor, to the Job Corps Program. Those funds are transferred to the Bureau of Reclamation. There are around 110 centers throughout the entire country, and we just have five centers within the Bureau of Reclamation. There are about sixteen or eighteen centers within the Department of Interior.

You ask how does that relate to the Department of Interior. Well, these are called conservation centers. When I say "conservation centers," they are typically on Interior lands, like our centers are on Interior lands. They were typically involved with Fish and Wildlife facilities or Bureau of Reclamation facilities, somewhere where they were close to the Bureau of Reclamation activities. In the case of Marsing, it was close to the Boise Project, the irrigation districts. Up at Uphreta, Moses Lake was fairly close there. So we had a tie there. We, as a management organization within Interior, said, "Yes, we're going to operate some of these centers." And they've been a real boost. It's a different side of Reclamation. It's a side that many people don't know too much about. But it's an exciting side to work with.

Storey: The people who work there are Reclamation employees?

Rachetto: They're Reclamation employees.

Storey: Reclamation F-T-E?

Rachetto: Reclamation F-T-E. It's funded on the Department of Labor, so the monies are transferred in from Labor, and we operate and maintain the program. So we have an agreement with Labor, it's an interagency agreements, that says, "We'll operate the Nampa Job Corps center and we'll provide the staff, we'll provide the expertise. You folks provide the funding. And here's what our goals are."

Storey: Why doesn't Labor do it?

Rachetto: Labor actually doesn't—they don't operate any of the 110 centers. They contract them out to private contractors. In fact, the majority of the centers are run by private contractors. There's one large contractor, for instance, it's called Management Training Corporation, and it's a private corporation, and they have a contract with the Department of Labor to operate, let's say, twenty Job Corps centers throughout the United States. So Labor actually has a contract with them. They fund Management Training Corporation to operate and maintain these centers. So we are, in essence, a contractor to the Department of Labor to operate our five Job Corps centers within the Bureau of Reclamation.

Storey: Do we do that at the regional level or at the Washington level, or how does that work?

Rachetto: We have one individual in Denver that is our primary focus with Department of Labor, and that individual is the Office of Youth Programs Officer. In this case, it's Bob Simms in Denver. Bob is our one contact point with Department of Labor, and he works closely with them on the funding arrangements and the interagency agreement. So the funds come into the Denver office and then Bob Simms allocates those funds out to regions—the Pacific Northwest Region, the Upper Colorado Region.

Storey: Well, is there anything else you'd like to talk about?

Rachetto: That pretty much covers it.

Storey: Good. I appreciate you taking the time today, and I know you have another appointment. Let me ask you whether you are willing for the information on this tape and the resulting transcripts to be used by researchers.

Rachetto: Yes, I am.

Storey: Good. Thank you very much.

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END OF INTERVIEWS.