

Reclamation Manual

Directives and Standards

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| Subject: | Fee-for-Service Business Practices for Technical Services Work |
| Purpose: | This Directive and Standard (D&S) identifies steps to be taken for executing technical services work using standardized fee-for-service business instruments, including statements of work, service agreements, and completion reports. Benefits include standardization and improvement of key business practices and development of associated data to track, monitor, report, and improve such practices. |
| Authority: | Reclamation Act, June 17, 1902 (ch. 1093; 32 Stat. 388; 43 U.S.C. 391 <i>et seq.</i>), as amended and supplemented |
| Approving Official: | Deputy Commissioner – Operations (DCO) |
| Contact: | Coordination and Oversight Group (COG) Chairman |

1. Introduction.

- A. The Bureau of Reclamation adopted a new business model to provide agency-wide processes and procedures for obtaining and managing technical services in collaboration with its customers. This D&S directs the use of standardized fee-for-service business instruments associated with the business model.
- B. Fee-for-service practices are intended to meet a variety of objectives, including improved coordination and communication between offices in Reclamation and collection and analysis of data on the distribution and performance of technical services work.
- C. This D&S acknowledges the link between advance planning of future technical services work and implementation of fee-for-service practices. Advance planning is addressed in Reclamation Manual (RM) D&S, *Advance Planning for Technical Services Work* (CMP 10-01). This D&S focuses on fee-for-service practices. These practices will follow a consistent format which will generate standardized data to achieve transparency and accountability.
- D. There is also a link between project management and fee-for-service business practices, as illustrated by RM D&S, *Project Management* (CMP 07-01).

2. Applicability.

- A. This D&S applies to Reclamation employees involved in technical services work performed by program offices and service providers for all Reclamation project and resources program activities, other than routine project operation and maintenance. It is, therefore, applicable to technical services work required for construction of new projects or project features and safety of dams modifications, additions,

Reclamation Manual

Directives and Standards

modernizations, and replacements; for rehabilitation of project features; for extraordinary maintenance; for special, appraisal, and feasibility planning studies; and for the environmental and cultural resources compliance (including regulatory permitting) associated with construction activities, project operations, and land management activities. The practices described in this D&S may also apply to work requested by and, in some cases, conducted by non-Reclamation entities (see definition for program office below, and Paragraph 5).

- B. The practices set forth in this D&S are not required when Reclamation receives non-discretionary “pass-through” funding; however, should recipients of financial assistance from Reclamation choose to then request technical services work from Reclamation to accomplish the purposes of such assistance, such entities become program offices for purposes of this D&S, and the associated requirements will apply in those instances.
3. **Definitions.** The definitions included in RM Policy, *Bureau of Reclamation’s Business Model for Managing Technical Services* (CMP P10) for Pass-through Funding, Service Providers, and Technical Services Work, apply to this D&S. In addition, the following terms are defined for purposes of this D&S:
- A. **Completion Reports.** Completion reports are documents which provide data necessary to understand and report on performance, costs, and satisfaction associated with technical services work performed by a Reclamation service provider.
 - B. **Fee-for-Service.** In recognition of the principles of project management outlined in RM Policy, *Project Management* (CMP P07) and the associated D&S (CMP 07-01), fee-for-service is the business practice of a service provider performing technical services work on a reimbursable basis at the request of a program office. While fee-for-service business practices have often been associated with programs managed through a working capital fund with standard billable rates, fee-for-service practices as described in this D&S do not require a working capital fund approach.
 - C. **Program Office.** Any Reclamation organizational unit that has been delegated the authority and allocated the budget necessary to operate and maintain projects and to conduct the programs for which it is responsible. Area offices; Security, Safety, and Law Enforcement; and certain offices within the regional offices are examples of “program offices.” For this D&S, this definition is expanded to include non-Reclamation entities that typically use a separate business instrument (e.g., contracts, cooperative agreements, interagency agreements, etc.) to identify and request services of Reclamation on a reimbursable basis.
 - D. **Service Agreement.** A service agreement documents the mutually agreed-upon scope, schedule, and budget for a specific package of engineering and/or other technical services needed by the program office and to be performed by the service provider. The service agreement reflects all or part of the work identified in the statement of

Reclamation Manual

Directives and Standards

work and documents a commitment by the service provider to execute the work as indicated, within the agreed-upon schedule and budget, as well as a commitment by the program office to fund that work.

- E. **Statement of Work.** A statement of work is the initial document that provides a narrative description of the technical services work to be completed and the timeframe in which it will be accomplished. Detailed and specific information on scope, schedule, and budget is provided subsequent to statements of work in the service agreement or other appropriate business instrument. A statement of work is prepared by a program office. A “project management plan” used within the Project Management Body of Knowledge may contain elements essential to a statement of work. Nothing in this D&S supersedes the Federal Acquisition Regulation (FAR) governing contract requirements.
4. **Responsibilities.**
- A. **DCO.** The DCO is responsible for assuring that the fee-for-service business practices articulated in this D&S are implemented, followed, and adjusted as necessary to achieve their intended purpose. This includes evaluating report findings produced by the COG related to fee-for-service business practices.
- B. **Directors.** Directors are responsible for determining how to obtain the technical services work they need in order to accomplish the objectives of their assigned projects and programs, including the distribution of technical services workload within their directorates. They are also responsible for ensuring that program offices and service providers within their directorate follow the requirements in this D&S.
- C. **Reclamation Managers, Supervisors, and Employees.** Reclamation managers, supervisors, and employees will promote effective implementation of this D&S.
- D. **COG.** The COG is responsible for evaluating the utility and effectiveness of the fee-for-service practices outlined in this D&S, reporting findings to the DCO, and recommending any appropriate changes to fee-for-service practices.
5. **Use of Fee-for-Service Business Instruments.** This D&S addresses three fee-for-service business instruments: statements of work; service agreements; and completion reports. The Electronic Service Agreement Module (ESAM) is Reclamation software designed to develop, track, and report on two of these three instruments; it includes electronic forms for service agreements and completion reports. This allows paperless data tracking for COG business practice evaluation and reporting. Program offices and service providers must, at a minimum, fill out all required ESAM service agreement and completion report data elements called for in the electronic forms. Service agreements developed using ESAM will include and/or link to statements of work as desired by the program office. The program office will develop the statement of work outside of ESAM and will use the format provided in Appendix A as a template or guide. Use of all three business instruments applies to

Reclamation Manual

Directives and Standards

technical services work formulated through advance planning, as well as to work initiated on short notice (e.g., unscheduled or emergency work). These fee-for-service business instruments generally constitute official records, and must be preserved in accordance with the requirements set forth in RM D&S, *Information Management* (RCD 05-01).

- A. **Statements of Work.** The statement of work describes the program office's expectations regarding the technical services work to be accomplished. Information about project considerations and constraints, such as schedule and budget limitations, must be included as applicable. Major milestones and/or deliverables, as well as the general project schedule, must also be described.
- (1) Technical services work totaling an estimated \$10,000 or more from a single service provider will require statements of work.
 - (2) The program office will prepare the statement of work and use it as a basis for seeking technical input from service providers to clarify needs and expected outcomes in terms of products or services. Interaction between Reclamation and potential contractors will be governed by the FAR.
 - (3) The statement of work format provided in Appendix A establishes the minimum components to be included, but it may be expanded as appropriate to accommodate project-specific needs. The goal is to maximize use of statements of work while ensuring a consistent approach across Reclamation.
- B. **Service Agreements.** The service agreement will communicate program office expectations of the service provider(s) and articulate commitments related to products, services, budget, and schedule. Service agreements will be jointly developed by the program office and, where appropriate (i.e., excluding contractors), the service provider, for technical services work totaling \$10,000 or more from a single service provider. When Reclamation works with outside entities – either providing or requesting services – a contract or other appropriate business instrument will serve as the service agreement. Service agreements will be developed no later than the budget year of execution in which the project or services are to be initiated and/or accomplished. The program office will determine whether to use one or more service agreements for multi-phase projects or for projects which involve multiple service providers.
- (1) The service provider will, as appropriate, work with the program office to refine the scope, schedule, and budget and finalize a service agreement that adds detail to the statement of work to clarify specific understandings about who will do the work, how much it will cost, and when milestones will be achieved.
 - (2) In accordance with the program office's statement of work, ESAM service agreements will be populated electronically by the Reclamation service provider and will include, at a minimum, the data elements shown in Appendix B. If a

Reclamation Manual

Directives and Standards

program office or service provider requires more detailed information for project management purposes, optional data elements may be included as shown in Appendix B.

- C. **Completion Reports.** Completion reports will provide data to evaluate performance and costs relative to technical services work performed by Reclamation service providers. Completion reports must accompany service agreements at the conclusion of the technical services work.
- (1) The program office will provide written input to the service provider as needed for completion reports to communicate “administrative closure” of a work assignment. Completion reports will be entered into ESAM by the service provider within 30 calendar days from date of the delivery to the program office of the final product or service and are required before cost accounts are closed. Required and optional data elements for completion reports are identified in Appendix B.
 - (2) Deliverables such as reports, drawings, and specifications will precede the completion report and be referenced as appropriate in the completion report.