

**Testimony of Mark Limbaugh  
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And John W. Keys, III  
Commissioner of the Bureau of Reclamation  
U.S. Department of the Interior  
before the  
U.S. House of Representatives  
Committee on Resources  
Subcommittee on Water & Power  
April 5, 2006**

Mr. Chairman and Members of the Committee, it is a pleasure to appear today to discuss *Managing for Excellence*, an action plan for the 21<sup>st</sup> Century Bureau of Reclamation.

The principal catalyst for *Managing for Excellence* was a recently completed report of the National Academies' National Research Council (NRC) entitled, "Managing Construction and Infrastructure in the 21<sup>st</sup> Century Bureau of Reclamation." Reclamation asked the NRC to undertake this review in 2004 to get expert review and comment from third parties on our business practices and capabilities as we face the decades ahead.

In preparing its report, the NRC Committee spent most of 2005 consulting with Reclamation and Department of the Interior policy makers (both career and Presidentially appointed), Reclamation operations staff, water and power customers of Reclamation, Congressional staff, and other government water agencies, both Federal and state.

The NRC focused its recommendations for Reclamation in nine issue areas:

- centralized policy and decentralized operations;
- Reclamation's technical service center;
- Laboratory and research activities;
- Outsourcing;
- Asset sustainment planning;
- Project management;
- Acquisition and contracting;
- Relationships with sponsors and stakeholders; and
- Workforce and human resources.

Instead of detailing each of the NRC's 22 distinct findings and 24 recommendations, we would like to mention a few to give the Committee a sense of the scope of the NRC's work.

1. Reclamation's customers and other stakeholders want close contact with empowered Reclamation officials, but they also want consistency in Reclamation policies and decisions, and decision makers with demonstrated professional competence.

2. Policies, procedures, and standards should be developed centrally and implemented locally.
3. Reclamation should perform an in-depth review of its own Technical Services Center (TSC) to identify the core competencies it needs, the number of personnel it needs, and its optimum structure. This TSC assessment should be reviewed by independent experts and stakeholders.
4. Reclamation's laboratory organization and its physical structures may be too large.
5. O&M and other functions should be more aggressively outsourced.
6. Long-term sustainment of aging infrastructure will require more innovation and greater efficiency.
7. Reclamation should give high priority to completing and publishing cost estimating directives and resist efforts to submit projects to Congress with incomplete project planning.
8. The growing need to include a broad spectrum of stakeholders alters Reclamation's tasks and the skills required to accomplish them. Personnel must be equipped to address both technical uncertainties and the ambiguities of future social and environmental outcomes.

Mr. Chairman, you know Reclamation and its water and power customers well enough to appreciate how serious these and other challenges detailed in the NRC's report are.

Reclamation is up to the challenge. We are determined to take advantage of this opportunity to implement reforms with the goal of reinvigorating our program and ensuring that we will be able to provide optimum value to our stakeholders well into the future.

Before the ink was dry on the NRC report, Deputy Secretary Lynn Scarlett, (now Acting Secretary) directed us to develop a plan whereby Reclamation would address each finding and recommendation in the NRC report. The Commissioner appointed a Reclamation executive team led by Deputy Commissioner Larry Todd. With helpful input from an array of stakeholders, the team produced *Managing for Excellence, An Action Plan for the 21<sup>st</sup> Century, Bureau of Reclamation* and delivered it to Secretary Gale Norton in February.

Stakeholders with whom the Reclamation team consulted in preparing *Managing for Excellence* included:

- staff of Congressional Committees (authorizing and appropriating, majority and minority, House and Senate);
- the Family Farm Alliance, National Water Resources Association, and Trout Unlimited; and

- the federal employees who care so much about the Bureau mission from rank-and-file Reclamation field workers to Secretary Norton, herself, who offered several crucial comments as the document was being developed.

Perspectives shared by Reclamation employees on a special web page set up just for that purpose were enlightening and highly constructive.

The result, Mr. Chairman, is a plan for decision-making that exceeds the original expectations of many of us involved

Now let's turn to what is in *Managing for Excellence* and how Reclamation expects to carry it out.

First, each specific finding and recommendation in the NRC report is addressed in *Managing for Excellence*. But the Reclamation team went further. *Managing for Excellence* also draws on key Presidential Management Initiatives, a Reclamation customer satisfaction survey, and other internal reports and recommendations. Moreover, when stakeholders weighed in with their suggestions, they did not confine themselves to the four corners of the NRC report. The result is a far more comprehensive and cohesive product.

*Managing for Excellence* is actually a catalogue of 41 separate "action items," each of which requires critical analysis, serious thought, and some tough decision-making. However, the decision-making schedule is not open-ended. Each action item has a specific start date and end date. The schedule was carefully considered to make certain that each decision was afforded enough time to get it right but not so much time that the benefits of implementing decisions would be needlessly delayed. The timetable is ambitious. All but twelve of the 41 action items are scheduled to be completed (i.e., recommendations forwarded to Reclamation senior management) in 2006. Most of the rest cannot be completed sooner for logistical reasons. For example, one action item is to evaluate the effectiveness of an earlier action item.

Now let's turn to the action teams that are charged with carrying out the action items. The teams are made up of individuals known for intellectual honesty and for being committed to carrying out the Reclamation mission. They have established a reputation for ingenuity and achievement in communication, consultation, and cooperation with diverse stakeholders.

The teams have already started working. Each one has prepared a work plan which includes timelines for steps from gathering data and perspectives, to analysis, to final decision recommendations on the schedule set out in *Managing for Excellence*.

Will each action item succeed? The answer may turn on the involvement of stakeholders. For example, roughly half of the action items cannot be credibly addressed without direct input from water and power customers. Other action items depend on wisdom of rank-and-file employees, changes to legislation, or expert guidance from government management experts inside and outside of the Department of the Interior. We will seek help and support from all these sources.

Funding to carry out the tasks contemplated in the plan will be made available by reprioritizing existing activities. Reclamation's reprioritization of funds will be carried out consistent with an absolute commitment to ensure that all activities vital to Reclamation's core mission, including ongoing operation, maintenance, and environmental compliance responsibilities, are unaffected. We anticipate that implementation of the action items will result in significant improvements in the efficiency of Reclamation's management. This would ultimately translate into improved capacity to carry out all aspects of Reclamation's mission, including operation, maintenance, and environmental compliance.

The significant investment of Reclamation staff time and resources is warranted: these 41 action items may well shape the future of Reclamation for years or even generations to come.

Will we be able to weave former Secretary Gale Norton's 4C's (communication, consultation, and cooperation—all in the service of conservation) throughout Reclamation's culture? Can we restore consistency and clarity to agency policy while ensuring that operational organization is decentralized? Do we have the courage and wisdom to right-size technical services and, throughout Reclamation, to outsource more of our workload when that makes good business sense? Will we share O&M management and decision-making with a wide array of customers, or even transfer it to them? Will we restore confidence in project cost-estimating? And can we integrate these goals with Reclamation's existing statutory mission?

Finally, the Administration has long been concerned about many of the challenges identified by the NRC report. These have been identified or clarified in PART assessments conducted over the past several years. In particular, the PART conducted in 2005 on Reclamation's Water Management: Operations and Maintenance program stated as one of the follow-up actions to improve the program that Reclamation will follow up on the recommendations identified in the NRC report. Additionally, the PART directed the Bureau to, "[D]evelop a comprehensive, long-term strategy to operate, maintain, and rehabilitate Reclamation facilities". Clearly, this dovetails with many of the issues identified by the National Academies, and we are moving forward to ensure that we are addressing these long-term challenges.

These are just some of the questions that we will tackle and answer in coming months. We need your guidance, encouragement, and moral support—and that of our many stakeholders, particularly our water and power customers—to make sure the answers we develop are the best for all Americans whom we are privileged to serve.

Mr. Chairman, we would like to submit for the record a chart describing each of the 41 action items with each item's start and end date and team leader, as well as a chart that depicts the integrated schedule for all action items. We are pleased to answer any questions.