

**LETTER OF UNDERSTANDING BETWEEN
THE BUREAU OF RECLAMATION AND U.S. ARMY CORPS OF ENGINEERS
ON OPERATIONS AND MAINTENANCE BUSINESS CONCEPTS AND PRACTICES**

STATEMENT OF PURPOSE:

The U.S. Army Corps of Engineers and the U.S. Bureau of Reclamation seek through this letter of understanding to achieve a partnership between our organizations. Our common purpose is to provide a forum and resource for sharing information about operations and maintenance business concepts and practices that will contribute to cost-effective operations.

AUTHORITY:

This letter of understanding is undertaken pursuant to Reclamation's authorities in the Reclamation Act of 1902, as amended and supplemented, 32 Stat 388 and USACE authorities: Water Resources Development Acts of 1986, 1988, 1990, 1992 and 1996, the Flood Control Act of 1936 and 1944, the Federal Water Project Recreation Act of 1965, Water Supply Act of 1958, and Rivers and Harbors Acts of 1890, 1899 and 1909.

THE PARTIES AGREE TO:

1. Jointly explore and share information about common business processes and practices associated with the use of MAXIMO and other automated business applications related to maintenance management of physical assets.
2. Examine and share information about emerging acquisition methods and tools that can reduce the costs associated with acquiring and maintaining common repair parts and material held in inventory.
3. Share information about business processes and practices associated with the operation and maintenance of assets including but not necessarily limited to hydro power, water storage and delivery, buildings, structures, environmental and recreation resources.
4. Establish a continuing dialogue between the parties at all levels and foster a problem-solving attitude to guarantee effective and positive benefits.
5. Jointly attend annual meetings that will focus on reviewing accomplishments, tangible and intangible benefits, and identifying new objectives.
6. Incorporate Government Performance Results Act (GPRA) objectives in the execution of this joint effort.
7. Make changes to this letter of understanding only by mutual consent. This understanding does not obligate agency funds, property, or services, nor does it limit any agency's statutory authority or commit any agency to enter into any contract or other binding obligation. Each party will bear the full cost of its own participation in all activities under this letter of understanding.

8. This letter of understanding becomes effective on the date that both Parties have signed it. The understanding will remain in effect until September 30, 2006 . Either party can unilaterally terminate its participation in this understanding by providing written notice to the other party.

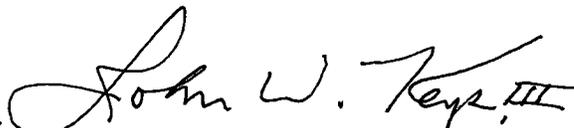
9. No member of or delegate to Congress, or official shall benefit from this letter of understanding.

SIGNATURES:



Robert B. Flowers
Lieutenant General, U.S. Army
Commanding

Date:



John W. Keys, III
Commissioner
Bureau of Reclamation

Date: