INTERNATIONAL BOUNDARY AND WATER COMMISSION
UNITED STATES AND MEXICO
UNITED STATES SECTION

Performance and Accountability Report
Fiscal Year 2006

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International Boundary and Water Commission
United States and Mexico
United States Section

MISSION AND PHILOSOPHY

MISSION

Provide binational solutions to issues that arise during the application of United States – Mexico treaties regarding boundary demarcation, national ownership of waters, sanitation, water quality, and flood control in the border region.

PHILOSOPHY

I – Integrity and Accountability

B – Binational Diplomacy

W – Working towards Excellence

C – Commitment to Stakeholders and the Public

MESSAGE FROM THE UNITED STATES COMMISSIONER

As the premiere federal entity on the United States (U.S.) – Mexico border responsible for diplomatically resolving transboundary water resource and boundary related issues, the U.S. Section of the International Boundary and Water Commission (U.S. Section) is confronting the challenges facing the border region in the 21st Century. Upon my official designation as Acting U.S. Commissioner in August 2005 and ensuing appointment to the position of U.S. Commissioner in December 2006 by President George W. Bush, I assumed ultimate responsibility for ensuring that the U.S. Section adapts to the ever-changing border environment and restructure itself into an efficient, high performing organization fully equipped to meet all challenges and achieve its vision:

"Through binational partnerships with Mexico, improve the quality, conservation, and utilization of transboundary water resources in the border region."

A recent agency redevelopment has been challenging, yet productive. Executive staff and I conducted a preliminary self-evaluation of the agency in early stages of Fiscal Year 2006. It required us to take a close look at our operational policies, structure, and responsibilities, and develop strategies to improve organizational efficiency, performance, and accountability. As a result, we identified agency priorities, revised necessary policies, reestablished key functions, roles, and responsibilities, reallocated resources, and reorganized the management structure to better enable the U.S. Section to efficiently achieve its mission:

"Provide binational solutions to issues that arise during the application of United States – Mexico treaties regarding boundary demarcation, national ownership of waters, sanitation, water quality, and flood control in the border region."

I am pleased to share with you our *Annual Performance and Accountability Report for Fiscal Year 2006*. The report provides an understanding of our agency, including its mission, structure, resources, and assets. It also highlights the progress we have made toward fulfilling our strategic goals and objectives. Our Strategic Plan reflects a practical emphasis on issues and opportunities that are aligned directly with our unique mission. On behalf of the dedicated and empowered employees of the U.S. Section, I pledge to you an unwavering commitment to enhancing border conditions and improving the quality of life of border residents. We are committed to doing so in an economically and environmentally sound manner. We will continue to measure our success in achieving accountability through the development and implementation of performance plans and reports.

Carlos Marin
U.S. Commissioner

ABOUT THIS REPORT

The Performance and Accountability Report provides important resource and performance information for the U.S. Section of the International Boundary and Water Commission during Fiscal Year (FY) 2006. It outlines the agency's:

- History;
- Mission, and strategic goals and objectives;
- Human and fiscal resources;
- Performance metrics;
- Financial status and results;
- Other pertinent information.

This report provides the means for the U.S. Section to be more transparent by enabling our stakeholders and the public to assess the performance of the U.S. Section in accomplishing its mission.

HISTORY OF THE INTERNATIONAL BOUNDARY AND WATER COMMISSION

The International Boundary and Water Commission (IBWC) traces its roots to the Guadalupe Hidalgo Treaty of 1848 and the Gadsden Treaty of 1853. The *Guadalupe Hidalgo Treaty of February 2, 1848* ended the Mexican-American War and provided for a new international boundary. The resulting boundary extended east in a straight line from the California coast, south of the port of San Diego, to and along the Gila River, and east along the Rio Grande to the Gulf of Mexico. However, disputes over the boundary lingered and a proposal for a southern railroad south of the Gila River added to the turmoil. Therefore, in 1853 the U.S., represented by James Gadsden, negotiated and acquired the necessary land from Mexico for $10 million U.S. dollars. Known as the Gadsden Purchase, the *Treaty of December 30, 1853* redefined the U.S. – Mexico boundary further south along New Mexico and Arizona to current location.

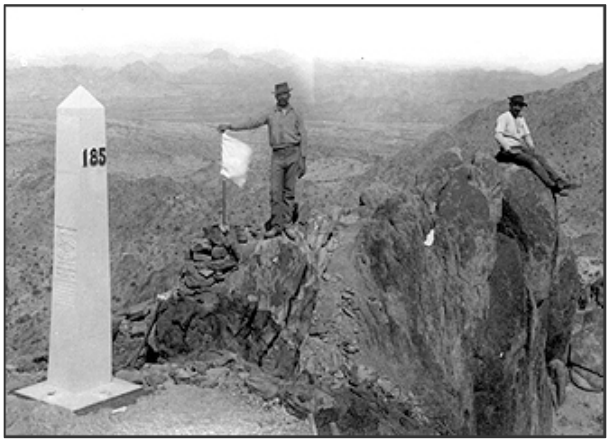
Joint Commissions, which were precursors of the IBWC, were temporarily established by the U.S. and Mexico between 1849 and 1857 to survey, map, and demarcate with ground landmarks the new boundary concluded under the 1948 and 1853 Treaties. Under the direction of U.S. Commissioners John Bartlett and William Emory, borderline surveys and demarcation efforts were initiated in 1849 and concluded in 1855. The resulting set of boundary survey maps were completed in 1857.

As the settlements grew along the Rio Grande and Colorado River in the late 1800's, settlers began developing adjoining lands for agriculture. In the late Nineteenth Century, questions arose as to the location of the boundary and the jurisdiction of lands when the boundary rivers changed their course and transferred land from one side of the river to the other. Therefore the U.S. and Mexico adopted certain rules designated to deal with these river boundary issues during the *Convention of November 12, 1884*. To apply the rules of this 1884 Convention, the two countries formed a temporary joint commission. An interim International Boundary Commission (IBC), consisting of a U.S. Section and a Mexican Section, was created by the *Convention of March 1, 1889*.

In addition to the river boundaries, the land boundary between the Pacific Ocean and the Rio Grande was another issue that needed to be addressed. The long distances between the boundary monuments coupled with the occasional destruction of a monument made it difficult to determine the physical location of the international border. To resolve this problem, U.S. Commissioner John W. Barlow and Mexican Commissioner Jacobo Blanco embarked on a quest to resurvey and demarcate the western boundary. The survey started at the El Paso, Texas – Ciudad Juárez, Chihuahua border in 1891 and concluded at the San Diego, California – Tijuana, Baja California border in 1894. During this survey, IBC crews reconstructed old monuments and erected new ones; thus increasing the number of monuments from 52 to 258. As border populations increased between the years of 1906 and 1968, the Commission constructed 18 additional boundary monuments for a total of 276. The IBWC later erected 442 smaller concrete markers to enhance demarcation along the western boundary in 1976 to 1986.

Old Monument No. 16

Stone Monument built in the early 1850's to mark the U.S. – Mexico boundary



Monument No. 185

Obelisk iron Monuments set in concrete during the resurvey to verify the boundary in early 1890's and improve boundary demarcation

In the year 1900, both Governments agreed to make the interim IBC a permanent binational entity by indefinitely extending its existence. It is this 1889 IBC that is considered to be the direct predecessor to the modern day IBWC. The *International Boundary Commission* was renamed to the *International Boundary and Water Commission* in 1944.

During the early to mid 1900's as border populations increased, the IBC was faced with more challenges. These challenges included the equitable and efficient distribution of Rio Grande and Colorado River waters between the U.S. and Mexico, Rio Grande flood control and channel stabilization, and border sanitation.

Historically, the Rio Grande was a meandering stream carrying heavy sediment loads through and below the El Paso – Juárez Valley. Channel aggrading occurred due to the flat gradient and low flow velocities, and during flood flows a new channel often formed on lower ground. In the late 1920's, the IBC formulated plans to rectify the Rio Grande and stabilize the boundary line between El Paso, Texas and Little Box Canyon in such a manner that the total areas to be cut from each country were equal. The IBC constructed the rectified Rio Grande channel with necessary grade control works and within a leveed floodway from 1934 to 1938. Thirty years later, the IBWC relocated and concrete-lined 4.35 miles of the Rio Grande channel to resolve a century old boundary dispute, known as the Chamizal Dispute, at El Paso, Texas - Ciudad Juárez, Chihuahua.

Rio Grande Rectification

Rectification of the Rio Grande during 1938 to straighten and stabilize the boundary between the U.S. and Mexico along the El Paso, Texas-Ciudad Juárez, Chihuahua Valley

The U.S. Section of the IBC built the American Diversion Dam and Canal immediately upstream of the Rio Grande

boundary in El Paso, Texas from 1937 to 1938. The purpose of this project was to separate Rio Grande waters allocated to the U.S. from those allocated to Mexico in the El Paso – Juárez Valley. To convey these waters more efficiently and protect U.S. lands against Rio Grande floods, the U.S. Section also straightened the river and constructed a leveed floodway from below Caballo Storage Dam to American Diversion Dam during 1938 to 1943.

American Diversion Dam and Canal

American Diversion Dam and Canal, completed in 1938, diverts and conveys Rio Grande waters allocated to the U.S. under the Convention of 1906.

Rio Grande Gaging Station

Stream flow gaging station, situated below American Dam, monitors Rio Grande water delivered to Mexico under the 1906 Convention.

Lower Rio Grande U.S. Main Floodway

Construction of the south levee along the Main Floodway in the Lower Rio Grande Valley of south Texas during 1934

The U.S. and Mexican Governments directed the IBC in 1930 to address the flood control problems in the Lower Rio Grande Valley located in far south Texas. As a result, the IBC extended, raised, and straightened levees of the Rio Grande and its interior floodways in 1933. The IBWC later constructed Anzalduas Diversion Dam between 1956 and 1960 to allow for controlled diversion of floodwaters into the U.S. interior floodway. However, the 1958 flood demonstrated that certain improvements to the system were needed, so the IBWC raised some levee reaches and extended the river levee eight miles upstream to Peñitas, Texas from 1958 to 1961. Unfortunately, Hurricane Beulah struck the region in 1967, devastating the Lower Rio Grande watershed with up to 35 inches of rain and causing major damage in both the U.S. and Mexico. The IBWC quickly responded by performing emergency repairs to the flood control system in 1968 and 1969. Soon thereafter in September 1970, the two Governments agreed to further increase the flood conveyance capacity of the system from 187,000 cfs to 250,000 cfs at the head of the valley. Beginning in 1970, the IBWC completed all the necessary flood control improvements by 1977; including levee raising, interior floodway modifications, and construction of Retamal Diversion Dam.

International Storage Dams and Power Plants

Falcon (left) and Amistad (right) International Storage Dams/Reservoirs and Hydroelectric Power Plants provide water conservation, flood protection, power production, and recreational benefits to both the U.S. and Mexico.

During the 1940's, the Commission conducted joint studies and investigations to determine the most feasible sites for the construction of major international reservoirs and hydroelectric power plants on the Rio Grande. Construction of international storage dams and power plants would provide flood control, water conservation, recreational, and electrical power benefits to both countries. Since the U.S. and Mexico concluded that two such combinations on the Rio Grande would be feasible, the IBWC proceeded with the construction of the Falcon and Amistad International Storage Dams and Power Plants. The Falcon International Storage Dam and Power Plant was built in 1950 to 1954. Unlike Falcon, the Amistad project was constructed in two separate phases. The storage dam and reservoir was built in 1963 to 1969, and the U.S. and Mexican power plant facilities were constructed from 1980 and 1987.

The U.S. and Mexico, through the IBWC, have worked together to address sanitation issues and improve the environment along the international boundary. Since the 1930's, the IBWC has jointly developed and implemented defensive sanitary works at various locations along the border. The most notable IBWC accomplishments include the construction and operation of three international wastewater treatment plants and related infrastructure on the border region to treat sewage from Mexico. The IBWC built the original Nogales International Wastewater Treatment Plant (NIWTP) at Nogales, Arizona in 1951. The IBWC operated this facility until it constructed a larger secondary sewage treatment plant with the City of Nogales in 1992 to treat both U.S. and Mexican wastewater. Also during the 1990's, the IBWC constructed the Nuevo Laredo International Wastewater Treatment Plant (NLIWTP) at Nuevo Laredo, Tamaulipas, Mexico, and the South Bay International Wastewater Treatment Plant (SBIWTP) at San Diego, California. Construction of the NLIWTP, which began in 1992, was substantially completed and placed into operation 1996. The IBWC started construction of the SBIWTP in 1993, and completed the advanced primary wastewater treatment facilities in 1997. However, wastewater treatment and effluent discharge operations did not commence until completion of the South Bay Ocean Outfall (SBOO) in 1999.

Nogales International Wastewater Treatment Plant

Sewage treatment plant constructed in 1992 to resolve border sanitation problems at Nogales, Arizona- Nogales, Sonora

South Bay Int'l Wastewater Treatment Plant

Since 1999, this plant in San Diego County, California has been treating wastewater originating in Tijuana, Baja California, Mexico

The IBWC is charged with applying the rights and obligations that the Governments of the U.S. and Mexico assume under various boundary and water treaties and agreements, and to settle disputes that arise in the application of these agreements. The IBWC is committed to exercising this authority in an environmentally sound manner that benefits the social and economic welfare of both countries, and improves U.S. – Mexico relations. The IBWC is entrusted with the responsibility of diplomatically addressing boundary preservation, accounting of the national ownership of transboundary surface waters, border sanitation and water quality problems, and affording flood control protection to millions of people on both sides of the 1,952-mile U.S. – Mexico border. This is accomplished through the joint construction, operation, and maintenance of four flood control systems (Tijuana River, Upper Rio Grande, Presidio Valley, and Lower Rio Grande) with approximately 500 miles of levees in the U.S. alone, five diversion dams (Morelos, International, American, Anzalduas, and Retamal), two international storage dams and hydroelectric power plants (Amistad and Falcon), three international wastewater treatment plants (South Bay, Nogales, and Nuevo Laredo), and over 700 monuments and markers to demarcate the land boundary.

THE UNITED STATES – MEXICO BOUNDARY

As established by Treaties in 1848, 1853, and 1970, the boundary between the U.S. and Mexico extends 1,952 miles, excluding the maritime boundaries of 18 miles in the Pacific Ocean and 12 miles in the Gulf of Mexico. Beginning at the Gulf of Mexico, the U.S. – Mexico continental boundary follows the centerline of the Rio Grande a distance of 1,254 miles from the Gulf to a point in El Paso, Texas and Ciudad Juárez, Chihuahua. From this point, the boundary follows a westward alignment marked by monuments and markers overland below New Mexico and Arizona a distance of 533 miles to the Colorado River. The boundary continues northward along the centerline of the Colorado River for 24 miles, where it once again follows a westward alignment marked by monuments and markers overland below California to the Pacific Ocean a distance of 141 miles.

The region along the boundary is characterized by deserts, rugged mountains, abundant sunshine, and by two major rivers. These rivers, which make up approximately two-thirds of the international boundary, are the Colorado River and the Rio Grande. The rivers provide life-giving waters to the largely arid, but fertile lands along the rivers in both countries.

Although sparsely settled at the time of the 1848 and 1853 Treaties, the region rapidly developed with the emergence of the railroads in the 1880s and the development of irrigated agriculture after the turn of the century. In 2003, approximately 1.6 million acres of crop land between Caballo, New Mexico and the Gulf of Mexico was irrigated in both countries with the waters of the Rio Grande. Likewise, about 1.1 million acres in the U.S. and Mexico were irrigated with Colorado River waters between Imperial Dam, located 18 miles upstream of Yuma, Arizona and the Mexicali Valley in Mexico. In addition, the Rio Grande provided 312 thousand acre-feet (384.7 million cubic meters) of water for municipal needs, which served over 3.7 million U.S. and Mexican border residents in 2003.

Today the boundary is characterized by fifteen pairs of sister cities sustained by agriculture, import-export trade, service and tourism, and by a growing manufacturing sector. The U.S. Section estimates that between 12 and 13 million people presently live and/or work in the U.S. – Mexico border region.

MAP OF THE UNITED STATES – MEXICO BOUNDARY

THE BOUNDARY AND WATER TREATIES

Treaty of February 2, 1848

The Treaty of February 2, 1848, commonly known as the Guadalupe Hidalgo Peace Treaty, ended Mexican – American War and established the U.S. – Mexico boundary from San Diego, California east along the Gila River, and the Rio Grande.

Treaty of December 30, 1853

The Treaty of December 30, 1853, also referred to as the Gadsden Treaty, reestablished the U.S. Mexico boundary after the U.S. purchased the area south of the Gila River from Mexico, which is now southwestern New Mexico and southern Arizona.

Convention of July 29, 1882

The Convention of July 29, 1882 established another temporary commission to resurvey and place additional monuments along the western land boundary from El Paso, Texas – Ciudad Juárez, Chihuahua to San Diego, California-Tijuana, Baja California.

Convention of November 12, 1884

The Convention of November 12, 1884 established the rules for determining the location of the boundary when the meandering rivers transferred tracts of land from one bank of the river to the other.

Convention of March 1, 1889

The Convention of March 1, 1889 established the International Boundary Commission (IBC) to apply the rules in the 1884 Convention. It was later modified by the Banco Convention of March 20, 1905 to retain the Rio Grande and the Colorado River as the international boundary.

Convention of May 21, 1906

The Convention of May 21, 1906 provided for the distribution of Rio Grande waters between the U.S. and Mexico for the Rio Grande from El Paso to Fort Quitman, Texas. This Convention allotted to Mexico 60,000 acre-feet annually of the waters of the Rio Grande to be delivered in accordance with a monthly schedule at the headgate to Mexico's Acequia Madre or irrigation canal above Ciudad Juárez, Chihuahua. To facilitate such deliveries, the U.S. constructed, at its expense, the Elephant Butte Dam in its territory. The Convention includes the proviso that in case of extraordinary drought or serious accident to the irrigation system in the U.S., the amount of water delivered to the Mexican Canal shall be diminished in the same proportion as the water delivered to lands under the irrigation system in the U.S. downstream of Elephant Butte Dam.

Convention of February 1, 1933

In the Convention of February 1, 1933, the two Governments agreed to jointly construct and maintain works, through the IBC, to straighten and stabilize the Rio Grande, which serves as the international boundary, from International Dam in the El Paso – Ciudad Juárez Valley to Little Box Canyon below Fort Quitman, Texas. The 1933 Convention required reducing the length of the meandering river from approximately 155 miles to about 88 miles and confining the channel between two parallel levees.

Convention of February 3, 1944

The Treaty of February 3, 1944 entitled, "Utilization of Waters of the Colorado and Tijuana Rivers and of the Rio Grande" distributed the waters of the Colorado River and of the Rio Grande below Fort Quitman, Texas between the U.S. and Mexico. In addition, it changed the name of the International Boundary Commission (IBC) to the International Boundary and Water Commission (IBWC), and expanded its authority by entrusting the IBWC to address all border sanitation problems. The 1944 Treaty provided for joint construction, operation, and maintenance of storage dams, diversions dams, and hydroelectric power plants on the Rio Grande. It also provided provisions for flood control works to protect adjacent lands from flood waters of the Rio Grande, Colorado River, and Tijuana River.

Convention of August 29, 1963

The Convention of August 29, 1963, also known as the Chamizal Convention, resolved the nearly 100-year-old boundary problem at El Paso, Texas – Ciudad Juárez, Chihuahua, known as the Chamizal dispute, involving some 600 acres (243 hectares) of territory which were transferred from the south to the north bank of the Rio Grande by movement of the river during the latter part of the Nineteenth Century. By this Convention the two Governments gave effect to a 1911 arbitration award under 1963 conditions. The Convention provided for the relocation by the IBWC of 4.35 miles (7 km) of the channel of the Rio Grande so as to transfer a net amount of 437.18 acres (176.92 hectares) from the north to the south side of the river. President Lyndon Johnson met Mexican President Adolfo Lopez Mateos in El Paso, Texas on September 24, 1964 to commemorate the ratification of the Chamizal Convention.

Treaty of November 23, 1970

The Treaty of November 23, 1970 resolved all pending boundary differences and provided for maintaining the Rio Grande and the Colorado River as the international boundary. The Rio Grande was reestablished as the boundary throughout its 1,254-mile (2,019 km) limitrophe section. The Treaty includes provisions for restoring and preserving the character of the Rio Grande and the Colorado River as the international boundary where that character has been lost, to minimize changes in the channel, and to resolve problems of sovereignty that might arise due to future changes in the channel of the Rio Grande. It provides for procedures designed to avoid the loss of territory by either country incident to future changes in the river's course due to causes other than lateral movement, incident to eroding one of its banks and depositing alluvium on the opposite bank. This Treaty, too, charged the IBWC with carrying out its provisions.

PROCEDURES FOR SOLUTION OF BOUNDARY AND WATER PROBLEMS

Prior to addressing a problem, the U.S. Section must ensure that the necessary authorities are in place to execute a solution. Implementation of broad provisions of treaties and other international agreements frequently require specific agreements by the IBWC for planning, cost sharing, construction, and operation and maintenance of joint works. IBWC decisions are subject to the approval of the two Governments and are recorded in the form of Minutes. Once approved by both Governments, the Minutes enter into force as binding obligations of the U.S. and Mexican Governments.

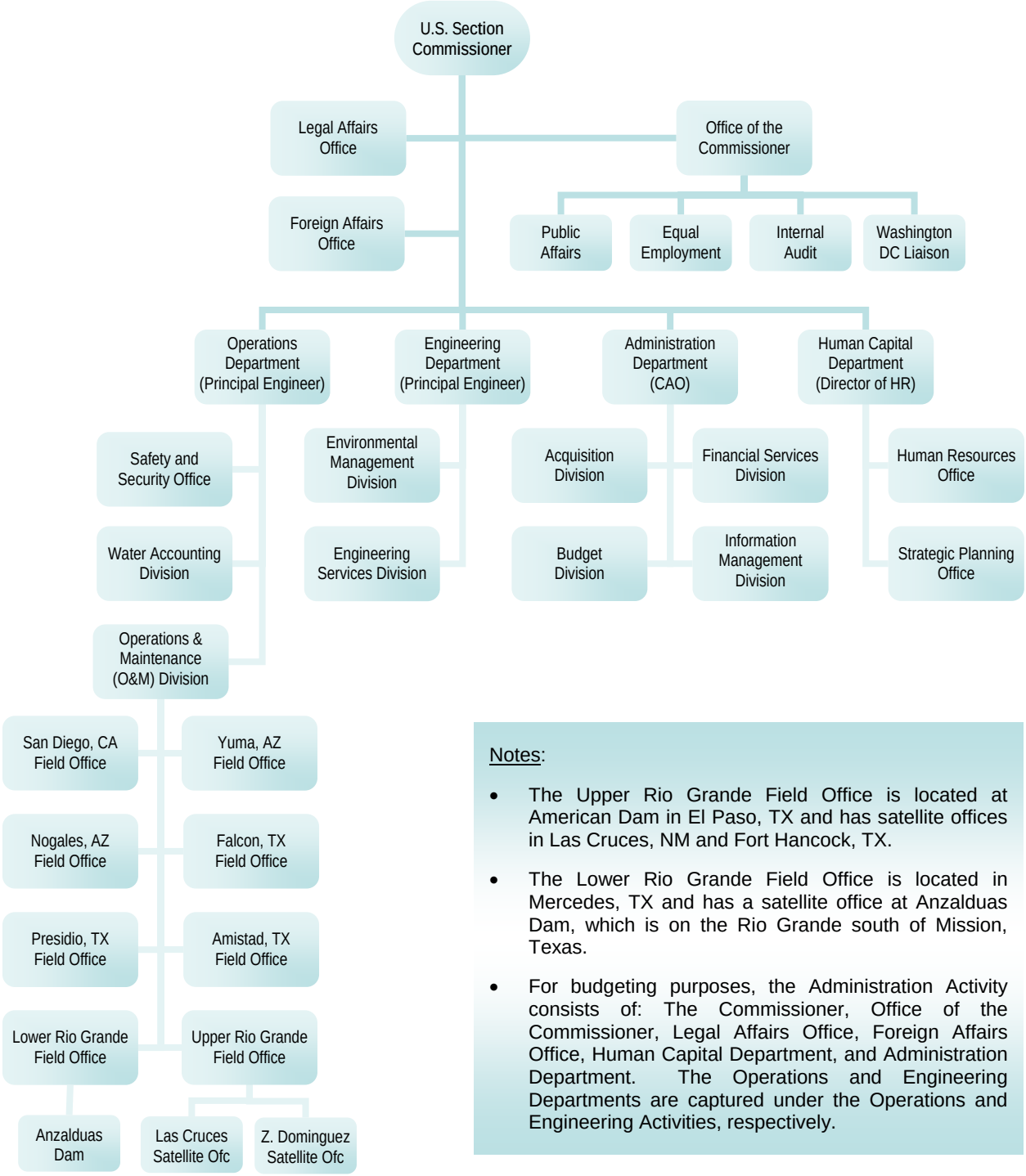
When a new or anticipated boundary or water problem is identified, the U.S. and Mexican Commissioners make recommendations to their respective Governments for its resolution. Early detection and evaluation of the problem and the development of measures for resolution are a part of the mission of the IBWC. Most problems are resolved by the development of new projects. The need for development of new cooperative projects may also be brought to the attention of the IBWC by one or both Governments, or by state or local authorities through their respective Section of the IBWC. If the findings of the IBWC joint investigations, often recorded in a joint report of the Principal Engineers of the two Sections, show that a cooperative project is needed, is feasible and can be justified as an international project, the IBWC may endorse the findings in a Minute and recommend the project to the two Governments.

Once the project is authorized and funded by both Governments, each Government through its Section proceeds to perform under the joint supervision of the IBWC, its share of the works, as determined in the approved agreement.

The two Governments generally share the total costs of the projects in proportion to their respective benefits in cases of projects for mutual control and utilization of the waters of a boundary river, unless the Governments have predetermined by treaty the division of costs according to the nature of a project. In cases of man-made works in one country or operations in one country causing or threatening to cause damage in the other country, the cost is borne by the Government in whose territory the problem originated. The U.S. Section prepares its assigned part of the plans for works or contracts for their preparation with other federal agencies or with private consulting engineers, awards contracts for, and supervises its part of the construction of a project under the overall supervision of the IBWC. The United States Section operates and maintains the part of the project assigned to the U.S. Government.

ORGANIZATION

ORGANIZATIONAL STRUCTURE



Notes:

- The Upper Rio Grande Field Office is located at American Dam in El Paso, TX and has satellite offices in Las Cruces, NM and Fort Hancock, TX.
- The Lower Rio Grande Field Office is located in Mercedes, TX and has a satellite office at Anzalduas Dam, which is on the Rio Grande south of Mission, Texas.
- For budgeting purposes, the Administration Activity consists of: The Commissioner, Office of the Commissioner, Legal Affairs Office, Foreign Affairs Office, Human Capital Department, and Administration Department. The Operations and Engineering Departments are captured under the Operations and Engineering Activities, respectively.

OVERVIEW OF ORGANIZATIONAL STRUCTURE

The International Boundary and Water Commission (IBWC) is a bilateral organization, established to apply boundary and water treaties, and related international agreements between the U.S. and Mexico. The IBWC consists of a U.S. Section and a Mexican Section. Each Section is administered independently of one another, and is headed by an Engineer Commissioner, who is appointed by his respective President. The U.S. Section receives foreign policy guidance from the U.S. Department of State, while Mexican Section is administratively linked to the Secretariat of Foreign Relations of Mexico.

The U.S. Section and Mexican Section maintain their respective headquarters in the adjoining cities of El Paso, Texas and Ciudad Juárez, Chihuahua. Each Section maintains its own legal counsel, engineering staff, and administrative staff, and has field offices situated along the border to operate and maintain joint works. The Commissioner, two principal engineers, a legal adviser, and a secretary, designated by each Government as members of its Section, are entitled to the privileges and immunities appertaining to diplomatic officers. The Commission meets on a regular basis, alternating the place of meetings between the two countries and the staffs of the two Sections are in frequent contact.

The U.S. Section consists of the Executive Offices of the Commissioner and four Departments: Operations, Engineering, Administration, and Human Capital. The Executive Offices of the Commissioner include the Office of the Commissioner, the Legal Affairs Office, and the Foreign Affairs Office. The Office of the Commissioner houses the Washington DC Liaison, Public Affairs, Equal Employment, and Internal Audit functions. The Operations and Engineering Departments carry out and address the core mission requirements of the U.S. Section. Like the Commissioner, the heads of the Engineering and Operations Departments are engineers. The Administration and the Human Capital Departments perform the necessary support functions for the agency, whereas the Executive Offices of the Commissioner provide legal and foreign policy guidance to the Commissioner. The Senior Legal Advisor, the Foreign Affairs Officer, and the four Department Heads comprise the U.S. Section's Executive Staff. The roles of the Executive Offices and Departments are summarized below.

The Executive Offices of the Commissioner

The Legal Affairs Office is the in-house counsel that provides all general legal services for the agency, including contracting, realty, employment, and environmental matters. It also provides legal guidance on bi-national issues, and interprets international law as part of the implementation of the Agency's Foreign Policy Program. The Foreign Affairs Office is headed by the U.S. Section Secretary, who serves as an expert adviser on Treaty and Minute interpretations, and, in cooperation with the Washington, DC Liaison Office at the Department of State, serves as a policy adviser on international relations. The Foreign Affairs Office also provides language interpretation services, maintains all diplomatic communication records, and prepares the formal binational agreements called IBWC Minutes. The Public Affairs Office responds to public concerns and coordinates citizen's forums to inform and update the public about current and potential U.S. Section projects, initiatives, and issues. This office also prepares press releases, publications, brochures, and newsletters as needed. The Equal Employment and Internal Audit Offices oversee agency policies and practices to ensure compliance with all respective laws, regulations, agency directives, and other requirements.

The Operations Department

The Operations Department is headed by the Principal Engineer of Operations. The Principal Engineer of Operations provides technical and policy advice to the U.S. Commissioner, and oversees all U.S. Section operations and maintenance activities to assure adherence with treaty requirements. The Operations Department, through its eight field offices, operates and maintains roughly 100 hydrologic gaging stations, 500 miles of levees, 20,000 acres of floodplains, four diversion dams, two International storage dams and associated hydroelectric power plants, over 500 hydraulic structures, two International wastewater treatment plants, and one-half of all boundary monuments and markers on the land boundary and at ports of entry. It also administers the occupational safety and health and realty programs, and performs the water accounting functions to determine the national ownership of Rio Grande and Colorado River waters jointly with the Mexican Section.

The Engineering Department

The Engineering Department is headed by the Principal Engineer of Engineering. Like the Principal Engineer of Operations, the Principal Engineer of Engineering also provides technical and policy advice to the U.S. Commissioner. The Engineering Department provides technical support for all U.S. Section operations, and administers the engineering, environmental management, and geographic information system functions. The Engineering Department conducts and reviews environmental impact studies, water quality monitoring, hydraulic studies, geotechnical investigations, and develops design plans and specifications for construction and renovation of buildings, hydraulic and flood control structures, hydroelectric power plant infrastructure, and wastewater treatment plant infrastructure.

The Administration Department

The Administration Department is headed by the Chief Administrative Officer. It provides administrative support to all agency functions through its four Divisions: Acquisitions, Budget and Financial Services, Information Management, and General Services (Property, Fleet Management, and Communications & Records). The Administration Department will lead the way to implement the President's Management Agenda with the following action plans: (1) identifying potential improvements to eliminate superfluous or overlapping responsibilities in agency programs; (2) instituting an organizational structure that allows for a well coordinated and efficient organization that emphasizes public needs while meeting requirements and empowering employees; (3) developing a performance based budget process that evaluates the effectiveness of all activities to establish successful mission-oriented programs, determine funding requirements and identify efficiencies to eliminate mismanagement, waste, or duplication of efforts The Department is committed to helping its customers achieve desired results instead of placing impediments to progress. All this will be accomplished by placing utmost importance to achieving agency priorities, and the professional and personal development of each staff member.

The Human Capital Department

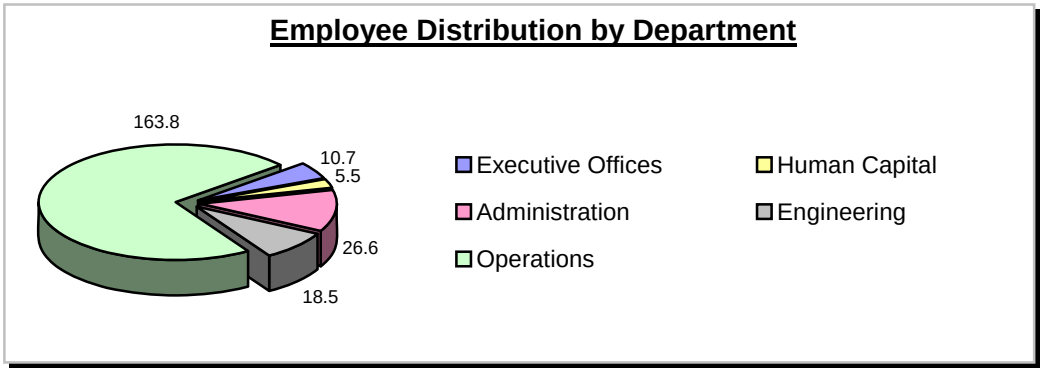
The Human Capital Department is headed by the Director of Human Resources, and consists of the Strategic Planning and the Human Resources Offices. The Strategic Planning Office performs the strategic planning functions for the agency, and develops performance-oriented plans and measures, in collaboration with the Budget Office, to improve agency results, effectiveness, and efficiency. This office is responsible for development of the U.S. Section strategic plan, annual performance plans, annual performance reports, and provides support to agency programs in project and program planning, and performance assessment ratings efforts used in PART assessments and Performance and Accountability Reports. The Human Resources Office is responsible for recruiting, maintaining and updating personnel information, analyzing positions, and administering employee benefit programs (retirement, insurance, etc.). The Office develops and implements policies, programs, and standards for effective management, utilization, and development of human resources in accordance with applicable laws, executive orders, rules and regulations.

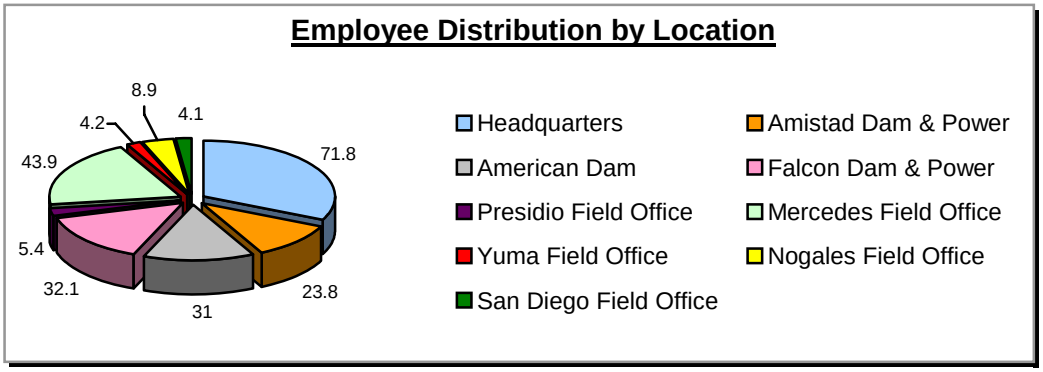
OUR PEOPLE

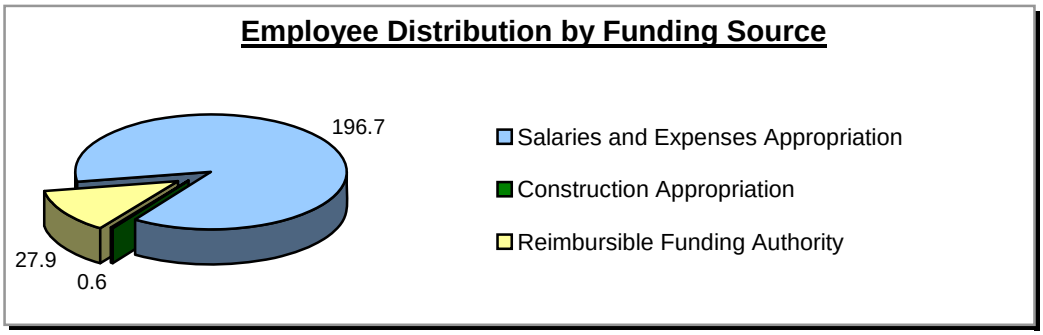
The U.S. Section is a unique organization whose most important asset is its people. Due to its presence along the U.S. – Mexico border, the U.S. Section is composed of a diverse cultural group of individuals, many of whom are bilingual. Agency employees embrace and understand the mixed U.S. – Mexico border culture as well as understand the fundamental cultural differences between the American and Mexican people. In addition, U.S. Section employees understand the critical issues and recognize the boundary- and water-related challenges facing the border region today. Without the dedication and commitment of its people, the U.S. Section would fail to fulfill its mission and obligations to its citizens and stakeholders in the U.S. and Mexico.

EMPLOYEE DISTRIBUTION

The U.S. Section employed an average total of 225.1 full-time personnel in FY 2006. Shown below is the average annual employee distribution by department, location, and funding source. These figures account for hire lag and consist of all U.S. Section personnel, including part-time employees.






Employee Distribution by Funding Source
196.7
27.9
0.6
Salaries and Expenses Appropriation
Construction Appropriation
Reimbursible Funding Authority

LOCATIONS AND GENERAL RESPONSIBILITES

The headquarters of the U.S. Section is located along the U.S. – Mexico border in El Paso, Texas. Likewise, the Mexican Section operates its headquarters in the sister city of Ciudad Juárez, Chihuahua just across the border from El Paso, Texas. The U.S. Section headquarters houses the diplomatic, legal, administrative and engineering functions of the agency, including oversight of its field operations. In addition, the U.S. Section maintains a liaison office in the Office of Mexican Affairs at the Department of State in Washington DC. The U.S. Section has eight field offices and three satellite offices strategically located along the U.S. – Mexico boundary to operate and maintain its works. Below is a map identifying the locations and jurisdictional limits of all U.S. Section Field Offices.

U.S. SECTION FIELD OFFICES

SAN DIEGO FIELD OFFICE

Located in San Diego, California, the primary functions of this field office are wastewater treatment and flood control. The San Diego Office addresses boundary and water issues from Boundary Monument No. 230 located west of Calexico, California to and including the Pacific Ocean coastal environment. This field office administers the operations of the South Bay International Wastewater Treatment Plant, which treats an average of 25 million gallons per day of Mexican sewage to advanced primary standards and discharges the effluent into the Pacific Ocean 3.5 miles off the San Diego coast. In addition, it maintains the Tijuana River flood control system (i.e. levees, floodplains, and channel).

YUMA FIELD OFFICE

Situated in Yuma, Arizona, the jurisdiction of this field office extends from Boundary Monument No. 230 located west of Calexico, California to the Lukeville, Arizona International Port of Entry, which includes the 24-mile international stretch of the Colorado River. The Yuma Office works closely with the U.S. Bureau of Reclamation (USBR) to ensure the delivery and quality of Colorado River waters to Mexico in accordance with the 1944 Treaty and IBWC Minute No. 242. The field office performs water accounting activities, including maintenance of water gaging facilities, and conducts water quality assessments of Colorado River waters. The Yuma Office also works jointly with Mexico and the USBR to properly operate and maintain the international segment of Colorado River flood control system, which includes Morelos Dam. Other responsibilities include water quality assessments of the New River, and maintenance of land boundary monuments within their jurisdiction.

NOGALES FIELD OFFICE

Located in Nogales, Arizona, this office's primary function is wastewater treatment. The City of Nogales, Arizona and the U.S. Section are co-owners of the Nogales International Wastewater Treatment Plant (NIWTP), which treats sewage from both countries. In addition to operating and maintaining the NIWTP, the Nogales Office maintains the land boundary monuments and addresses other transboundary water issues within their jurisdiction, which spans from the Lukeville, Arizona International Port Of Entry to the Arizona – New Mexico state line.

UPPER RIO GRANDE FIELD OFFICE

The Upper Rio Grande Field Office consists of a base station with two satellite offices. The primary office is situated along the Rio Grande at American Dam in El Paso, Texas. One satellite office is located in Las Cruces, New Mexico, approximately 40 miles north-northwest of American Dam, and the other is about 60 miles south-southeast in Fort Hancock, Texas. This field office addresses the international boundary matters along New Mexico and all issues concerning the Rio Grande from Caballo, New Mexico to the Presidio – Hudspeth – Jefferson Davis tri-county line in Texas. The primary functions of the Upper Rio Grande Field Office are to ensure the distribution of Rio Grande waters between Mexico and the U.S. in accordance with the Convention of 1906, and to provide protection to U.S. residents against Rio Grande floods. This is accomplished through the regular operation and maintenance of American Dam and Canal, and an array of water gaging facilities and flood control works along this 197-mile stretch of the Rio Grande. This Upper Rio Grande Office occasionally provides assistance to other western region U.S. Section field offices to restore or repair structures or facilities.

PRESIDIO FIELD OFFICE

Situated in Presidio, Texas, the jurisdictional limits of this field office extend along the Rio Grande from the Presidio – Hudspeth – Jefferson Davis tri-county line to Heath Canyon immediately downstream of Big Bend National Park. The main purpose of the field office is to protect the town of Presidio, Texas by maintaining flood control works along a 15-mile stretch of

the Rio Grande. Other responsibilities include preserving the international river boundary, collecting water quality samples, and performing water accounting activities, including operation and maintenance of water gaging facilities, along the Rio Grande within their jurisdiction.

AMISTAD DAM FIELD OFFICE

Located in Del Rio, Texas, the primary function of this field office is to effectively operate and maintain Amistad international storage dam and hydroelectric power plant. These operations provide electric power, flood control, and water conservation benefits to both the U.S. and Mexico. The field office also operates and/or maintains water gaging facilities, the boundary demarcation buoys on the reservoir, and performs water quality sampling and accounting of Rio Grande waters. The Amistad Dam Office addresses all Rio Grande boundary and water issues from Heath Canyon, just below Big Bend National Park, to the Maverick – Webb County line.

FALCON DAM FIELD OFFICE

Like its upstream counterpart, the core role of this field office is to effectively operate and maintain the Falcon international storage dam and hydroelectric power plant for welfare of the U.S. and Mexico. In conjunction with irrigation, municipal, and flood releases, the field office operates the hydroelectric power plant and generates electricity. The field office also operates and/or maintains water gaging facilities, and performs water quality sampling and accounting of Rio Grande waters. The Falcon Dam Office is situated in Falcon Heights, Texas, and its jurisdiction extends between the Maverick – Webb County line and Rio Grande City, Texas.

LOWER RIO GRANDE FIELD OFFICE

The Lower Rio Grande Field Office consists of a base station and a satellite office. The primary office is located nearly 40 miles upstream of Brownsville, Texas in Mercedes, Texas. The satellite office is situated south of Mission, Texas at Anzalduas Dam. The primary functions of the Lower Rio Grande Office are to ensure the allocation of U.S. waters in accordance with 1944 Treaty and to protect south Texas residents from Rio Grande floods. This is accomplished through the regular operation and maintenance of Anzalduas and Retamal international diversion dams, river and floodway gaging facilities, irrigation structures, and flood control works along the Rio Grande and its interior floodways from Peñitas to Brownsville, Texas. The office also performs water accounting and water quality sampling activities on the Rio Grande, oversight of Morillo Drain operations in Mexico, and is responsible for all other Rio Grande boundary and water issues between Rio Grande City, Texas and the Gulf of Mexico.

STRATEGIC GOALS AND OBJECTIVES

STRATEGIC GOAL 1: BOUNDARY PRESERVATION

Preserve the U.S. – Mexico boundary, through binational cooperation, in accordance with international agreements.

The 1848 Treaty of Guadalupe Hidalgo, which ended the Mexican – American War, and the 1853 Gadsden Treaty established the international boundary between the U.S. and Mexico. In addition, both Conventions established temporary joint Commissions to designate and demarcate the boundary line with ground landmarks. A binational survey and demarcation effort undertaken from 1849 to 1855 established the land boundary with 52 obelisk and stone mound monuments between the Pacific Ocean and the Rio Grande. The International Boundary Commission was established under the Convention of 1889 to apply the rules adopted under an 1884 Convention for resolving boundary issues resulting from the meandering of the Rio Grande and the Colorado River. It was made a permanent body in 1900. Pursuant to an 1882 Convention that addressed the land boundary, the Barlow – Blanco Survey resurveyed the borderline from 1891 to 1894 and increased the number of boundary monuments from 52 to 258. Between 1906 and 1968, the Commission further erected 18 boundary monuments for a total of 276.

The 1944 Treaty expanded the jurisdiction and responsibilities of the Commission and allocated the waters of the Rio Grande from Fort Quitman, Texas to the Gulf of Mexico and the Colorado River. The Convention of 1933 rectified the Rio Grande channel and provided a new river boundary between El Paso, Texas and Fort Quitman, Texas. The Chamizal Convention of 1963 relocated approximately 4.35 miles of the Rio Grande boundary to resolve boundary issues resulting from the southward movement of the river in the El Paso, Texas – Ciudad Juárez, Chihuahua Valley from 1852 to 1895. The 1970 Treaty, which superseded the 1884 Convention, resolved all pending boundary differences between the two countries, and provided for maintaining the Rio Grande and the Colorado River as the international boundary by authorizing works to protect against bank erosion. The 1970 Treaty also provided procedures to avoid the loss of territory by either country incident to future changes in a river's course.

IBWC Minute No. 244, signed in December 1973, provided for a permanent maintenance program for boundary monuments. Later in July 1975, IBWC Minute No. 249 concluded the boundary monumentation program by providing for smaller, intermediate concrete markers to be placed to better demarcate the international boundary. Records indicate that 442 markers were erected, mostly around areas experiencing population growth. IBWC Minute No. 302 in December 1999 provided for enhanced boundary demarcation at border ports of entry.

The 1970 Treaty mandated the delineation of the international boundary on maps or aerial mosaic photos for the Rio Grande and Colorado River Boundary. It also established the frequency to update these maps at intervals not greater than 10 years.

STRATEGIC OBJECTIVE 1.1: BOUNDARY DEMARCATION

Maintain and restore monuments, markers, plaques, and buoys that demarcate the U.S. – Mexico boundary at border ports of entry, international reservoirs, and on the land boundary in accordance with international agreements.

Strategy for Objective 1.1

The U.S. Section will conduct inspections to identify deficiencies and provide corrective measures for each monument and marker in accordance with IBWC Minutes No. 244 and 249. The agency will develop and implement restoration plans for all U.S. – maintained land boundary monuments and markers every ten years. The U.S. Section will also perform the necessary maintenance on all boundary demarcation plaques, and replace missing pavement markers at all border ports of entry where the U.S. Section is responsible for this maintenance in accordance with IBWC Minute No. 302. In addition, the U.S. Section will continue to inspect and maintain the buoys and markers, which identify the jurisdictional line, at Amistad and Falcon international reservoirs on a monthly basis.

STRATEGIC OBJECTIVE 1.2: BOUNDARY MAPPING

Develop and produce updated mosaic maps that delineate the Rio Grande and Colorado River boundaries in accordance with treaty provisions and minutes.

Strategy for Objective 1.2

The U.S. Section, in close consultation with the Mexican Section, will develop updated mosaic maps for approval by both Commissioners as stipulated in the 1970 Treaty. The maps will include key landmark features and will delineate the Rio Grande and Colorado River boundary. The U.S. Section will plan and execute the necessary efforts to update the boundary maps as required by the 1970 Treaty. IBWC Minute No. 278, dated March 1989, jointly approved the current boundary maps developed from photographic surveys conducted in 1982 and 1983.

STRATEGIC GOAL 2 – WATER QUANTITY OPERATIONS

Provide flood protection to U.S. residents and ensure the efficient conveyance, utilization, and accounting of boundary and transboundary river waters through the operation and maintenance of dams, reservoirs, power plants, and flood control projects in accordance with domestic law and international agreements.

The Convention of 1906 provided for the distribution of Rio Grande waters between the U.S. and Mexico in the international segment of the river from El Paso to Fort Quitman, Texas. Barring extraordinary drought or serious accident to the U.S. irrigation system, the U.S. agreed to deliver 60,000 acre-feet of water annually to Mexico at the Acequia Madre head works,

adjacent to the International Dam in El Paso, Texas. To facilitate compliance with the 1906 Convention, the U.S. Congress passed the Acts of August 29, 1935 and June 4, 1936. The 1935 Act provided for the construction and operation of the American Dam and Canal for the purpose of diverting U.S. waters and releasing Mexican waters. The 1936 Act provided for the canalization of the Rio Grande from Caballo, New Mexico to El Paso, Texas as a means to control flows and reduce conveyance losses through the construction of a shorter, artificial channel and floodway confined by parallel levees.

The 1944 Treaty distributed the waters of the Colorado River, and the Rio Grande from Fort Quitman to the Gulf of Mexico. Under this treaty, the U.S. was allotted all waters from the Pecos River, Devils River, and 5 other U.S. tributaries reaching the Rio Grande, as well as 1,750,000 acre-feet of Rio Grande water over a 5-year cycle (annual average of 350,000 acre-feet) from six named Mexican tributaries, one-half of the flows of the Rio Grande below the lowest storage dam, and one-half of the flows from the unmeasured tributaries. In regards to the Colorado River, the U.S. agreed to provide an annual volume of 1,500,000 acre-feet to Mexico, unless extraordinary drought or accident to the irrigation system in the U.S. make it difficult to deliver the guaranteed quantity. In years of surplus waters in excess of the amount necessary to supply uses in the U.S., the treaty guarantees up to an additional 200,000 acre-feet to Mexico. The distribution of Tijuana River waters was not concluded between the two countries, but was to be subject to the study and investigation of the IBWC.

The Convention of 1933 not only provided for rectification of the Rio Grande, but also entrusted the IBWC with the construction, operation, and maintenance of river structures and flood control levees between El Paso and Fort Quitman. The 1944 Treaty and subsequent IBWC Minutes authorized the U.S. and Mexico to construct, operate and maintain works for storage and conveyance of water, flood control, and stream gaging on the Tijuana and Colorado Rivers, and on the Rio Grande from Fort Quitman to the Gulf of Mexico. In addition, the treaty authorized the joint construction, operation, and maintenance of up to three large storage dams and hydroelectric power plants on the Rio Grande, two of which were built. The 1970 Treaty requires the IBWC to maintain the conveyance of established normal flows and design flood flows by prohibiting obstructions within the international segments of the Rio Grande and Colorado River.

STRATEGIC OBJECTIVE 2.1: FLOOD CONTROL

Improve and maintain the capacity and structural integrity of U.S. Section flood control projects to ensure the conveyance of design flood flows in accordance with the domestic law, treaties, and applicable IBWC minutes.

Strategy for Objective 2.1

The U.S. Section will maintain its flood control levees, floodplains, and channels to ensure proper conveyance of river waters within the established flood control parameters. Levee maintenance will consist of grading, spot repairs, and resurfacing. The U.S. Section will maintain its floodplains and channels through mowing and sediment removal activities. The agency will acquire the necessary permits and environmental documentation prior to commencing any of the silt removal activities. Targeted silt removal areas include: upstream and downstream of Morelos Dam in the Colorado River, in the Rio Grande at the Chamizal

Project, and at various tributary deltas and other segments containing heavy sediment deposits at the Upper Rio Grande Projects.

In addition, the U.S. Section has completed a preliminary economic benefits analysis and a condition assessment of its Rio Grande flood control systems. Flood control studies identified levee segments having structurally deficient embankments and/or foundations, as well as segments with inadequate capacity to convey established flood flows. Deficient levee segments, which warrant improvement, will be improved in order of priority.

The U.S. Section has developed a long-range plan through the year 2014 for design and construction of the necessary flood control improvements in the Lower Rio Grande. The U.S. Section will also improve critical segments of the Upper Rio Grande that are deficient. An improvement plan for the Upper Rio Grande is currently under development.

STRATEGIC OBJECTIVE 2.2: ACCOUNTING OF RIO GRANDE AND COLORADO RIVER WATERS

Ensure the allocation of Rio Grande and Colorado River waters, including the accurate measurement and accounting of these waters, in accordance with the 1906 Convention and the 1944 Treaty.

Strategy for Objective 2.2

The U.S. Section will regularly operate and maintain all hydrologic gaging stations and telemetry system equipment used to collect, measure, transmit, compile, and account for the allocation of Rio Grande and Colorado River waters between the U.S. and Mexico. Both Sections will continue to exchange hydrologic data and computations with each other to verify and ensure accuracy. The U.S. Section will coordinate regularly with the Mexican Section to review basin conditions and determine strategies for treaty compliance

STRATEGIC OBJECTIVE 2.3: SAFE OPERATION OF DAMS

Operate and maintain IBWC dams in a safe and efficient manner for compliance with the Federal Guidelines for Dam Safety, and enhance security of the international dams in accordance with the Critical Infrastructure Protection Framework Agreement between the U.S. and Mexico.

Strategy for Objective 2.3

The U.S. Section conducts inspections of all its dams at the required 5-year interval to identify structural and safety deficiencies. Inspections of the international dams are performed jointly with Mexico, whereas the inspection of American Dam is conducted solely by the U.S. The U.S. Section has developed a 5-year plan to correct deficiencies identified on the Joint Inspection Report. Each country is responsible for deficiencies on their own side. The U.S. Section will assess the potential risk and damage factors associated with the identified deficiencies, and will correct them in order of priority.

IBWC will also conduct silt surveys every 10 years to determine the reservoir capacities at Amistad and Falcon International Storage Dams. The Mexican Section will perform the survey at one reservoir, and the U.S. Section at the other. Both countries alternate reservoirs for each subsequent survey.

The U.S. Section also has an obligation to protect its critical infrastructure against terrorist attacks. The agency will also conduct security assessments to identify vulnerabilities at its dams. The U.S. Section will coordinate with the Mexican Section to address critical security needs, and to implement countermeasures to improve security at its dams.

STRATEGIC GOAL 3 – WATER QUALITY MANAGEMENT

Improve the quality of boundary and transboundary waters, in concert with Mexico, to address salinity and border sanitation problems pursuant to international agreements and applicable U.S. law.

The 1944 Treaty directed the IBWC to give preferential attention to the solution of all border sanitation problems concerning boundary and transboundary waters, and granted authority to provide any necessary sanitary measures or works to satisfy that requirement. Under IBWC Minute No. 261, dated September 1979, both governments agreed to identify border sanitation problems and solutions. This applied to waters crossing the border, including coastal waters, as well as those flowing along the Rio Grande and Colorado River boundary. Subsequent IBWC Minutes individually addressed specific border sanitation issues at the following border communities: Calexico, California; San Diego, California; Naco, Arizona; Nogales, Arizona; and Laredo, Texas.

In an effort to resolve the border sanitation problems in San Diego, California and Tijuana, Baja California, the IBWC concluded IBWC Minutes No. 270, 283 and 311. These minutes provide the framework for sewage treatment of inflows from Tijuana, Mexico to U.S. secondary standards. The Tijuana River Valley Estuary and Beach Cleanup Act of 2000, further authorizes the IBWC to construct, operate, and maintain secondary level wastewater treatment facilities in Mexico by means of a public-private partnership as a solution to this border sanitation problem.

By authority of the 1944 Treaty, the U.S. Section constructed the Nogales International Sanitation Project in 1951, which consisted of international wastewater treatment facilities at Nogales, Arizona. The IBWC later concluded IBWC Minute No. 206 for joint operation and maintenance of these facilities. The Nogales International Wastewater Treatment Plant, which treats sewage from Mexico and the U.S., is co-owned by the City of Nogales, Arizona and the U.S. Section.

In 1993, the U.S. and Mexico established the Border Environment Cooperation Commission (BECC) and the North American Development Bank (NADB) to assist states, localities, and private entities in development of border environmental infrastructure projects. The IBWC agreed in IBWC Minute No. 299 to provide support to BECC for development of projects to resolve border sanitation issues.

The 1944 Treaty is the primary authority that grants the IBWC the right to address and resolve water quality issues at boundary and transboundary rivers and streams. IBWC Minutes No. 241 and 242 provided for measures to improve the quality of Colorado River water made available to Mexico at the Northerly International Boundary. Furthermore, the U.S. agreed in IBWC Minute No. 242 to deliver flows to Mexico upstream of Morelos Dam having an annual average salinity of no more than 115+/-30 parts per million U.S. count over the flow-weighted annual average salinity of Colorado River waters that arrive at Imperial Dam.

In an effort to address growing water quality issues along the border, the IBWC concluded Minutes No. 279 and No. 289. The adoption of these Minutes facilitated the development of binational multi-phase and multi-agency efforts to characterize the extent of contamination within both countries' shared water resources. The following studies were conducted in the Rio Grande, Colorado River, and New River to identify the level of contamination in areas of concern such as expanding urban areas that depend on these water resources for multiple uses such as a domestic water supply, agriculture, and recreation:

- Binational Study Regarding the Intensive Monitoring of the Rio Grande Waters in the vicinity of Laredo/Nuevo Laredo Along the Boundary Portion Between the United States and Mexico (July 1997). A follow-up study was conducted after the completion of the Nuevo Laredo International Wastewater Treatment Plant in November 2000.
- Binational Study Regarding the Presence of Toxic Substances in the Rio Grande/Rio Bravo and its Tributaries Along the Boundary Portion Between the United States and Mexico (1992), Second Phase (1997), Third Phase (1998).
- Binational Study Regarding the Presence of Toxic Substances in the Lower Colorado and New Rivers (1995).

The Texas Legislature passed the Texas Clean Rivers Act and established the Texas Clean Rivers Program in 1991. The goal of the program is to maintain and improve the quality of water within each river basin in Texas through an ongoing partnership involving the Texas Commission on Environmental Quality, river authorities (program partners), other agencies, regional entities, local and state governments, industry, and citizens. The program uses a watershed management approach to identify and evaluate water quality issues, establish priorities for corrective actions, and work to implement those actions. Due to the international nature of the Rio Grande, the State of Texas contracted with the U.S. Section in October 1998 to administer the Texas Clean Rivers Program for the Rio Grande Basin.

STRATEGIC OBJECTIVE 3.1: WATER QUALITY OF BOUNDARY AND TRANSBOUNDARY RIVERS

Improve the quality of boundary and transboundary river waters in accordance with domestic law and international agreements.

Strategy for Objective 3.1

The U.S. Section will work together with the City of Calexico, California to develop and implement solutions to reduce solid waste in the New River, thus improving water quality. To improve the evaluation and exchange of water quality data on the Colorado River, the IBWC will

jointly establish binational sampling protocols and conduct binational technical meetings to address issues. The U.S. Section will continue sampling and monitoring Colorado River and Rio Grande waters to identify water quality issues and develop binational solutions. The U.S. Section will prepare water quality reports to provide information to stakeholders along the border.

The U.S. Section will also continue to provide oversight and support to the Mexican Section for the operation and maintenance of the Morillo Diversion System, which is located in Mexico and sustains the freshwater quality of Rio Grande waters for agricultural and municipal uses by both countries. The Morillo Diversion System consists of a pumping plant, a weir, and diversion canal paralleling the Rio Grande. This system diverts highly saline waters, which would otherwise enter the Rio Grande, and conveys them through the diversion canal for discharge into the Gulf of Mexico.

The U.S. Section will continue to monitor the water quality of the Rio Grande under its Texas Clean Rivers Program. The agency will work with its program partners to improve the water quality of the Rio Grande through public outreach initiatives. These initiatives include accessing current water quality data on the agency's website, supporting schools on related research projects, introducing new monitoring stations, increasing water quality sampling partnerships, and information sharing.

STRATEGIC OBJECTIVE 3.2: WASTEWATER TREATMENT

Improve the quality of effluent from IBWC international wastewater treatment plants in accordance with international agreements and applicable domestic law.

Strategy for Objective 3.2

The U.S. Section will test and implement cost-effective strategies, which were recommended in an optimization study to increase the amount of Total Suspended Solids (TSS) removal and improve the quality of the advanced primary effluent discharged into the Pacific Ocean from the South Bay International Wastewater Treatment Plant (SBIWTP). In addition, the agency will also implement measures consistent with the Tijuana River Valley Estuary and Beach Sewage Cleanup Act for secondary treatment of the SBIWTP effluent. The U.S. Section will also work with the Mexican Section to establish and implement a pretreatment program in Tijuana, Baja California, Mexico.

The U.S. Section will provide technical support to the City of Nogales, Arizona on a BECC-certified project to upgrade the Nogales International Wastewater Treatment Plant to improve the effluent quality for compliance with State of Arizona discharge standards. The U.S. Section and the U.S. Environmental Protection Agency (EPA) will work together with Mexico to promote the development and implementation of pretreatment programs that will reduce discharge of chemicals and other pollutants into the sewage collection systems of Nogales, Arizona and Nogales, Sonora.

STRATEGIC GOAL 4 – RESOURCE MANAGEMENT

Maximize organizational effectiveness through innovative management and accountability of human, physical, and fiscal resources.

To ensure that scarce public resources are wisely invested, federal agencies must manage their allocated resources and portfolio of capital assets in the most effective and efficient manner possible. Agencies must follow a capital programming process that integrates the planning, acquisition, and management of capital assets into the budget decision-making process. Capital programming is intended to assist agencies in improving asset management and in complying with all mandatory and regulatory requirements.

In today's world, agencies must abide by many results-oriented Acts. Some of the most commonly referenced include:

- The Government Performance and Results Act of 1993
- The Federal Managers Financial Integrity Act of 1982
- Chief Financial Officers Act of 1990
- Federal Financial Management Improvement Act of 1996
- The Energy Policy Act of 1992
- The Paperwork Reduction Act of 1995
- The Clinger-Cohen Act of 1996
- The Federal Acquisition Streamlining Act of 1994, Title V (FASA V)
- The Federal Information Security Management Act
- The E-Government Act of 2002 (P.L. 107–347)

For example, the Government Performance and Results Act establishes the foundation for federal agencies to be successful, by creating a performance planning and accountability process in which agencies clarify their mission, develop goals, measure performance, and submit annual progress reports. The Federal Managers Financial Integrity Act, Chief Financial Officers Act, and the Federal Financial Management Improvement Act require accountability of financial and program managers for financial results of actions taken, control over the Federal Government's financial resources, and protection of Federal assets. The Energy Policy Act requires each federal agency to reduce their dependence on petroleum products and install, to the maximum extent practicable, all energy and water conservation measures with payback periods of less than 10 years in U.S. government owned buildings. The Paperwork Reduction Act directs agencies to perform their information resource management activities in an efficient, effective, and economical manner. The Clinger-Cohen Act mandates agencies to use a disciplined capital planning and investment control process to acquire, use, maintain and dispose of information technology. The Federal Acquisition Streamlining Act, Title V requires agencies to establish cost, schedule and measurable performance goals for all major acquisition programs, and achieve on average 90 percent of those goals. The Federal Information Security Management Act directs agencies to integrate IT security into their capital planning and enterprise architecture processes, conduct annual IT security reviews of all programs and systems, and report the results of those reviews to OMB. The E-Government Act mandates agencies to develop performance measures and implement initiatives utilizing Internet-based

technology to improve customer service, save taxpayer dollars, and streamline citizen-to-government communications. The Act also requires agencies to support government-wide E-Gov initiatives and to leverage cross-agency opportunities to further E-Gov.

Federal agencies are obligated to comply with the President's Management Agenda (PMA). The PMA, which was initially announced in the summer of 2001, is an aggressive strategy for improving the management of the Federal government. The President has envisioned an active, but limited, government that focuses on priorities, and the PMA is the starting point for management reform. It focuses on five areas of management weakness across the government where improvements and the most progress can be made. These five major areas focus on Strategic Management of Human Capital, Competitive Sourcing, Improved Financial Performance, Expanded Electronic Government, and Budget and Performance Integration.

There are also numerous laws, regulations, executive orders, and other mandates with which federal agencies must comply. Many requirements are direct, while others indirect. For instance, agencies must ensure that their employees, as well as contractors, follow Occupational Safety and Health Administration (OSHA) regulations. Agencies are also obligated to operate in an environmentally friendly manner, and must apply the requirements set forth in the National Environmental Policy Act of 1969 (NEPA) to any action involving federal resources or assets. The U.S. Section will comply with all applicable requirements, and keep the public and its stakeholders informed of its intentions and progress.

STRATEGIC OBJECTIVE 4.1: PRESIDENT'S MANAGEMENT AGENDA

Ensure compliance with the President's Management Agenda by developing and implementing strategies to address deficiencies and improve agency performance in the areas of Strategic Management of Human Capital, Competitive Sourcing, Improved Financial Performance, Expanded Electronic Government, and Budget and Performance Integration.

Strategy for Objective 4.1

The U.S. Section will comprehensively review and evaluate its current organization and functional requirements, and identify areas for improvement in human capital, competitive sourcing, financial performance, electronic government, and budget and performance integration. U.S. Section will develop a human capital strategic management plan that will implement the U.S. Office of Personnel Management Human Capital Assessment and Accountability Framework, and develop a cost account system to track all financial data against associated project phases and strategic goals.

The agency will develop and implement the necessary Information Technology (IT) measures to meet the National Institute Standards and Technology (NIST) controls as mandated by Federal Information Security Management Act of 2002 (FISMA). The U.S. Section will acquire and install the necessary IT system software and hardware, modify IT system configurations, and implement policies to achieve system certification and accreditation with FISMA requirements. To improve the agency's financial performance, the U.S. Section will integrate its financial system with the Department of State's financial system. This will streamline our overall financial process and help standardize our financial and budgetary

functions. The U.S. Section will also develop and implement an agency-wide electronic travel processing system, and an electronic records management system to improve efficiency and meet E-Government initiatives.

STRATEGIC OBJECTIVE 4.2: REGULATORY COMPLIANCE

Ensure full adherence of U.S. Section actions with applicable laws and regulations by training employees, requiring compliance, and documenting infractions and corrective actions.

Strategy for Objective 4.2

The U.S. Section will research and prepare an inventory list of all applicable requirements (laws, regulations, mandates, etc.), which the agency must consider on a recurring or per action basis. The U.S. Section will also provide training to its employees and will operate in a manner to ensure full compliance with all known requirements. The agency will continue to update this inventory on a regular basis, and document all incidences of non-compliance and the corrective actions taken.

The U.S. Section will implement an Environmental Management System (EMS) to insure compliance with Executive Order 13148, titled "Greening the Government through Leadership in Environmental Management", and that conforms to the International Organization for Standardization EMS standard ISO140001: 2004. The agency will utilize the framework developed under ISO14001 to incorporate an EMS at all U.S. Section facilities. The U.S. Section will consider environmentally friendly "green" specifications during the preparation of project designs and will implement "green" alternatives whenever practical.

STRATEGIC OBJECTIVE 4.3: STAKEHOLDER OUTREACH AND RESPONSE

Improve the disclosure and exchange of information with Mexico and U.S. stakeholders through community outreach programs and proactive communication.

Strategy for Objective 4.3

The U.S. Section will strive to keep the general public and its stakeholders informed of all its plans and on-going activities. The U.S. Section will continue to update and post IBWC news, press releases and other public information on its official website (www.ibwc.state.gov). The agency will also redesign the website to improve its utilization and accessibility of its information to the public. The agency will also hold periodic meetings with the public and its stakeholders (other agencies and organizations with an interest) at each of 5 regional project areas (San Diego, Lower Colorado River, Southeastern Arizona, El Paso/Las Cruces, Lower Rio Grande Valley). The purpose of these meetings will be to brief the public and stakeholders, and exchange information.

The agency will also strive to improve diplomatic ties with Mexico. The U.S. Section will work cooperatively with the Mexican Section to resolve problems in a manner that can benefit

both countries, yet support the best interest of the U.S. The U.S. Section will hold Commission meetings with the Mexican Section on a recurring basis (usually every 2 to 8 weeks) to surface binational concerns, address issues, and resolve problems. Commission meetings are formal meetings between the Mexican Section and U.S. Section that involve the Commissioner, Secretary, and Principal Engineers of each Section.

STRATEGIC OBJECTIVE 4.4: GEOGRAPHIC INFORMATION SYSTEM

Develop and implement an enterprise Geographic Information System (GIS) to facilitate effective management and utilization of agency data.

Strategy for Objective 4.4

The U.S. Section will develop an Enterprise Geographic Information System (GIS) to more effectively manage, utilize, and share its data with other agencies or organizations. The U.S. Section GIS will facilitate the use of data by agency personnel in a manner that is transparent and readily available. Information will be published via the Internet to allow stakeholders access to data in an efficient manner and in multiple formats. The GIS will be accessible to all personnel in headquarters and field offices and fully operational through the existing U.S. Section local and wide area network infrastructure.

PERFORMANCE GOALS AND RESULTS

BOUNDARY PRESERVATION

Boundary Demarcation

1.1.1 In concert with the Mexican Section of the IBWC, review existing boundary demarcation and report on proposed measures to enhance demarcation of the land border in response to charge received by the U.S. and Mexican governments at the 2006 Meeting of the U.S. – Mexico Binational Commission.

Status: A Joint Report by the Principal Engineers, approved by both Mexican Section and U.S. Section Commissioners, was forwarded to the respective governments in August 2006.

1.1.2 Repair/restore 30% of the U.S. Section-maintained land boundary monuments.

Status: The U.S. Section restored 15.2% (21 of 138) of the U.S. Section-maintained land boundary monuments. These monuments were located along the Naco, AZ and Nogales, AZ areas.

1.1.3 Award a contract to survey 30% of the land boundary monuments and establish Global Positioning System (GPS) coordinates.

Status: The U.S. Section awarded a contract to GPS survey 30% of the U.S. Section-maintained monuments, which yields 15% of all IBWC boundary monuments.

1.1.4 Perform annual restoration of demarcation plaques and pavement markers at all U.S. Section-maintained border ports of entry (presently 21).

Status: The U.S. Section restored the demarcation plaques and/or pavement markers at 57.1% (12 of 21) of the U.S. Section-maintained ports of entry (listed in Minute 302).

1.1.5 Perform monthly maintenance of demarcation buoys and markers at Falcon and Amistad International Storage Dams.

Status: U.S. Section performed monthly inspections and maintenance of the demarcation buoys at Amistad and markers (towers) at Falcon.

Boundary Mapping

1.2.1 Produce a draft set of aerial maps identifying key landmark features and delineating the Rio Grande & Colorado River boundary for binational review and approval of a final set.

Status: A draft set of Rio Grande boundary maps was developed and submitted to Mexican Section for translation and review in September 2006. However, a draft set of Colorado River boundary maps was not completed as planned. The U.S. Section issued a Task Order to begin development of the Colorado River boundary maps in September 2006.

WATER QUANTITY OPERATIONS

Flood Control

2.1.1 Conclude the Environmental Assessments (EA) at the cities of Mission and Hidalgo, Texas for structural and capacity improvements of deficient flood control levees in the Lower Rio Grande Flood Control Project (LRGFCP).

Status: The EA at Hidalgo was completed in FY 2006 as planned. However, the EA for Mission is scheduled for completion the first quarter of FY 2007.

2.1.2 Issue a task order to conduct an Environmental Assessment of the remaining proposed sites in LRGFCP requiring structural and capacity improvements to the levee system.

Status: U.S. Section issued the following three (3) Task Orders for EA's at the remaining LRGFCP areas requiring improvement:

a) Lateral A to Retamal Dam - Issued May 2006.

b) Donna Pump to Brownsville - Issued September 2006.

c) Interior Floodways - Issued September 2006.

2.1.3 Issue a task order for pre-design geotechnical investigations on the remaining proposed levee segments targeted for structural and capacity improvements in LRGFCP.

Status: U.S. Section issued a task order for geotechnical investigations on the remaining LRGFCP levee segments targeted for improvement in September 2006.

2.1.4 Complete the conceptual design, and issue a project design contract for structural and capacity improvements on the Hidalgo Loop Levee (mile 3.3 – mile 4.5) in the LRGFCP.

Status: The conceptual design for the Hidalgo flood control improvements was completed in June 2006. However, the Task Order for the project design has been delayed until the 2nd quarter of FY 2007.

2.1.5 Complete project design (100%) plans and specifications for structural and capacity rehabilitation of the Hidalgo Loop Levee (mile 0 – mile 3.3) in the LRGFCP.

Status: Final design plans and specifications for Phase 1 of the Hidalgo flood control improvements are scheduled to be complete October 2007.

2.1.6 Perform vegetation management (mowing) on approximately 9,900 acres of woody floodplain in the Upper Rio Grande Flood Control Projects (Canalization, Rectification, and Presidio) to maintain floodway capacities for conveyance of established flood flows.

Status: As a result of the above-average wet weather experienced in the upper Rio Grande basin, U.S. Section crews were unable to mow all 9,900 acres of floodplain in FY 2006. Field crews only managed to mow 9000 acres or 90.9%.

2.1.7 Conduct an alternatives study for flood control improvements in Canutillo, Texas.

Status: A task order for this study was issued in August 2006. Conclusion of this study is anticipated in December 2006.

2.1.8 Issue a task order to the USACE to conduct a hydraulic investigation of alternatives for river enhancements in the Canalization EIS.

Status: A task order for the hydraulic study was issued to the USACE in August 2006. Conclusion of the study is expected in December 2006.

2.1.9 Develop an MOU with the Elephant Butte Irrigation District for a Safe Harbor Agreement and Water Rights Framework Analysis.

Status: An MOU was prepared and signed in FY 2006 as planned.

2.1.10 Perform vegetation management (mowing) on approximately 8,000 acres of grassy floodplain in the Lower Rio Grande Flood Control Project to maintain floodway capacities for conveyance of established flood flows.

Status: U.S. Section filed crews were only able to mow 7250 acres or 90.6% due to above-average rain periods experienced in the Lower Rio Grande basin during FY 2006.

2.1.11 Acquire the required environmental permits to restore the floodway capacity in the Colorado River upstream and downstream of Morelos Dam.

Status: This item was not met. The U.S. Section completed the Endangered Species Act consultation, but has not received a jurisdictional determination from the USACE Regulatory Office. The U.S. Section cannot apply for a dredge/fill permit until a jurisdictional determination is rendered. The U.S. Section expects to receive the jurisdictional determination and submit the permit application by December 2006.

2.1.12 Conduct a joint study with the U.S. Bureau of Reclamation to determine the flood flow frequencies and floodway conveyance capacity of the Lower Colorado River in the limitrophe.

Status: A task order for this joint study was issued in May 2006. However, partway through the study, it was discovered that additional cross-sections, upstream of the limitrophe, were needed to conclude the study. Consequently, the study has been postponed until a cross-sectional survey can be performed.

2.1.13 Acquire an excavator to support levee, floodplain, and channel maintenance operations at the Lower Rio Grande Flood Control Project.

Status: Excavator was purchased and received in the 3rd quarter of FY 2006.

2.1.14 Remove approximately 250,000 cubic yards of sediment in upper Rio Grande channel at major arroyo deltas and upstream of International, American, and Mesilla Dams to maintain efficient conveyance of waters pursuant to the 1906 Convention.

Status: Sediment removal was accomplished as planned at all three dams and major arroyo deltas.

Accounting of Rio Grande and Colorado River Waters

2.2.1 Develop and publish the annual Rio Grande Water Bulletin for 2003 and 2004, and the annual Western Boundary Water Bulletin for 2004.

Status: The 2003 Rio Grande Water Bulletin was prepared and mailed to the Government Printing Office (GPO) in August 2006, with publication anticipated in November 2006. Likewise, the 2004 Western Boundary Water Bulletin was prepared and mailed to the GPO in September 2006, with publication expected in December 2006. The U.S. Section expects to develop and publish the 2004 Rio Grande Water Bulletin during the 2nd quarter of FY 2007.

2.2.2 Engage in formal consultations with the Mexican Section regarding operating criteria for potential future Colorado River water shortage.

Status: The U.S. Section initiated consultations with the Mexican Section and USBR in February 2006 to discuss the operating criteria for potential water shortages in the lower Colorado River. A Binational Meeting with the USBR and Mexican Agencies (Mexican Section, CNA, and SRE) was conducted in June 2006, followed up with binational field trip September 2006. Subsequent meetings will continue in FY 2007 to address the operating criteria for Colorado River water shortages.

2.2.3 Ensure the delivery of Colorado River waters to Mexico in accordance with the 1944 Water Treaty.

Status: The full allotment of Colorado River waters, 1,500,000 acre-feet, was available to Mexico for the delivery cycle ending in December 2005.

2.2.4 Ensure the delivery of Rio Grande waters to Mexico in accordance with the Convention of 1906.

Status: The full allotment of Rio Grande waters, 60,000 acre-feet, was available to Mexico at International Dam for the delivery cycle ending in December 2005.

Safe Operation of Dams

2.3.1 Install piezometers at Amistad International Dam to measure water level gradient and evaluate seepage under the dam grout curtain.

Status: Piezometers were installed in May 2006.

2.3.2 Replace the spillway expansion joints at Falcon International Dam to allow for proper expansion and contraction of the spillway structure.

Status: A contract to replace the expansion joints was awarded in September 2006. Conclusion of the work is anticipated January 2007.

2.3.3 Evaluate the gate operations for penstock #4 at Amistad International Dam to correct gate dislodging problem.

Status: The draft evaluation report was submitted for review in August 2006. The final evaluation report is expected by October 2007.

2.3.4 Prepare plans and specifications to fabricate spare penstock bulk gate for Amistad International Dam.

Status: A task order to initiate development of the plans and specifications was issued to the USACE in September 2006. Final plans and specifications are expected by the 3rd quarter of FY 2007.

2.3.5 Upgrade the emergency backup power system at Anzalduas Dam to maintain dam operations during power outages.

Status: A contract to perform the emergency power system upgrades was awarded in September 2006. The project completion is anticipated by March 2007.

2.3.6 Perform maintenance on gates 3 and 4 of Anzalduas Dam.

Status: Maintenance was accomplished as planned.

2.3.7 Award a contract to upgrade the emergency backup power system at Retamal Dam to maintain dam operations during power outages.

Status: The design of the emergency power system upgrade was not prepared as initially planned in FY 2006. Consequently, the U.S. Section was unable to award the construction contract. The U.S. Section plans to design this emergency power system upgrade and award a construction contract by the 4th quarter of FY 2007. Construction of this work will be combined under contract with the construction of the new maintenance/storage building at Retamal. (See performance goal 2.3.11)

2.3.8 Upgrade roadway lighting at Falcon International Dam for security precautions.

Status: This work was not performed in FY 2006. The U.S. Section plans to perform the design for this project and award a construction contract by the 4th quarter of FY 2007.

2.3.9 Renovate, jointly with Mexico, the Anzalduas International Dam Pier #4 Control Room lighting, electrical, and HVAC systems, and bathroom facilities in support of dam operations.

Status: This effort was completed in August 2006.

2.3.10 Conduct the 5-year safety inspection of American Dam to identify deficiencies in accordance with the Federal Guidelines for Dam Safety.

Status: This effort was performed in February 2006.

2.3.11 Award a construction contract for the reconstruction of the Maintenance Shop Building to support operations at Anzalduas Dam.

Status: A construction contract was awarded as planned in August 2006.

2.3.12 Award a construction contract for the reconstruction of the Maintenance & Storage Building to support operations at Retamal Dam.

Status: The design of the new maintenance/storage building was not prepared as initially planned in FY 2006. Consequently, the U.S. Section was unable to award the construction contract. The U.S. Section plans to design this building and award a construction contract by the 4th quarter of FY 2007. Construction of this building will be combined under contract with the construction of the emergency power system upgrades at Retamal. (See performance goal 2.3.6)

2.3.13 Unplanned Accomplishment.

Status: The U.S. Section performed the 5-year safety inspection of Morelos Dam, located on Colorado River, in April 2006.

WATER QUALITY MANAGEMENT

Water Quality of Boundary and Transboundary Rivers

3.1.1 Ensure the operation and maintenance of the Morillo Diversion System (diversion structure, pumping plant, and 24-mile bypass canal) by Mexico in accordance with IBWC Minute 303 to prevent overflows of saline waters into the Rio Grande upstream of Anzalduas Dam.

Status: Normal maintenance, including the rehabilitation of a pump, was performed. A draft design to encase 300 meters of the diversion canal was also prepared.

3.1.2 Conduct a preliminary evaluation and binational exchange of Colorado River water quality data to improve sampling accuracy.

Status: This item is ongoing. U.S. Section anticipates conclusion in December 2006.

3.1.3 Conclude an MOU with the City of Calexico for construction of a solid waste screening structure in the New River to improve its water quality.

Status: Conclusion of this MOU has been suspended indefinitely until the City of Calexico can resolve its funding issues.

Wastewater Treatment

3.2.1 Implement and test 10 of 15 recommended O&M based alternatives agreed to between the U.S. Section and the California Regional Water Quality Control Board to optimize the performance of the SBIWTP and improve the removal rate of Total Suspended Solids (TSS).

Status: The U.S. Section accomplished 30% of its goal. Of the 15 O&M based recommendations, only 3 alternatives were implemented in FY 2006, 7 will be tested and implemented in FY 2007, and 5 will not be carried out due to their low benefits and high associated costs.

3.2.2 Partner with stakeholders to develop and award a contract by September 30, 2006 to design and build upgrades for the NIWTP to meet State of Arizona discharge requirements.

Status: The City of Nogales was unable to award a design-build contract in FY 2006; however, it expects to award the contract in November 2006. Delays were a result of project funding clarification issues between the City of Nogales and the EPA, and time extensions needed by the contractor during the proposal process.

RESOURCE MANAGEMENT

President's Management Agenda

4.1.1 Develop a Human Capital Management Plan for agency positions in accordance with OMB Circular A-76 to support the Competitive Sourcing initiative.

Status: Development of the plan has been deferred to FY 2007. However, a Human Capital Restoration Plan was developed and implemented as a result of critical staffing shortages throughout the agency.

4.1.2 Install and implement an agency-wide electronic travel processing system to support the Expanded Electronic Government initiative.

Status: This goal was met. The U.S. Section initiated full implementation of an e-Travel processing system in January 2006.

4.1.3 Revise the cost account system to better track all financial data against associated project phases and strategic goals to improve Budget and Performance Integration.

Status: This item was performed September 2006.

Regulatory Compliance

4.2.1 Attain 100% compliance with the National Environmental Policy Act for all U.S. Section actions subject to the Act by instituting appropriate protocols and providing training to employees.

Status: This goal was met. NEPA was considered on all federal actions in FY 2006.

4.2.2 Achieve 100% compliance with Federal Appropriations Law of all U.S. Section funding actions by instituting appropriate protocols and providing training to employees.

Status: All purchase requests were reviewed (and corrected as needed) to ensure compliance with appropriations law. Unfortunately, the U.S. Section had seven unauthorized commitments totaling $2155. All seven unauthorized commitments were ratified in accordance with agency policy.

4.2.3 Develop and fully implement an agency-wide Environmental Management System (EMS) to meet Executive Order No. 13148, dated April 21, 2000, "Greening the Government through Leadership in Environmental Management."

Status: This goal to develop and implement an agency-wide EMS was not met. An EMS has only been implemented at the following facilities: USIWBC Headquarters, and the American Dam and Nogales field offices. The U.S. Section hopes to complete this initiative in FY 2007.

4.2.4 Attain 100% adherence of Occupational Safety and Health Administration (OSHA) standards under 29 CFR Part 1960, "Basic Program Elements For Federal Employee…" by instituting appropriate protocols, providing training, and improving employee awareness of workplace safety.

Status: This goal was met. The U.S. Section achieved full compliance with all applicable OSHA requirements.

4.2.5 Achieve 100% compliance of all applicable U.S. Section procurement actions with the Federal Acquisitions Regulations (FAR) by providing employee training and instituting appropriate protocols.

Status: This goal was met. All U.S. Section procurement actions fully complied with FAR.

4.2.6 Reply to all Freedom of Information Act (FOIA) requests in accordance with established timeframes.

Status: This goal was accomplished. All FOIA requests were responded to within required timeframes.

4.2.7 Design upgrades for the Falcon Potable Water Treatment Plant to comply with the Safe Drinking Water Act (SDWA) and meet updated Standards.

Status: The design of the plant upgrades will be performed in FY 2007. The U.S. Section postponed the design work to evaluate other alternatives in FY 2006. After evaluating the alternatives, the U.S. Section concluded that upgrading the plant is the most viable option. Construction of a new plant is too costly, and the local private service provider is unable to meet the agency's potable water demand.

Stakeholder Outreach and Response

4.3.1 Conduct periodic Citizen's Forum Meetings at each region (San Diego, Lower Colorado River, Southeastern Arizona, El Paso/Las Cruces, Lower Rio Grande Valley) to brief the public of IBWC plans and activities, exchange information, develop cooperative efforts, and address public concerns.

Status: The U.S. Section met this goal by conducting periodic citizen's forums on an "as-needed" basis at each of the five regions. In FY 2006, the U.S. Section held one meeting in San Diego, four in the Lower Colorado River region, one in South Eastern Arizona, four in the Upper Rio Grande region, and two in the Lower Rio Grande region.

4.3.2 The U.S. Section and Mexican Section will hold Commission meetings on a recurring basis (usually every 4 to 8 weeks) to surface binational concerns, address issues, and resolve problems.

Status: This goal was accomplished jointly with the Mexican Section as planned.

Geographic Information System

4.4.1 Establish an enterprise Geographic Information System (GIS) fully accessible and operational through the existing U.S. Section computer network or via the web to better utilize and manage data.

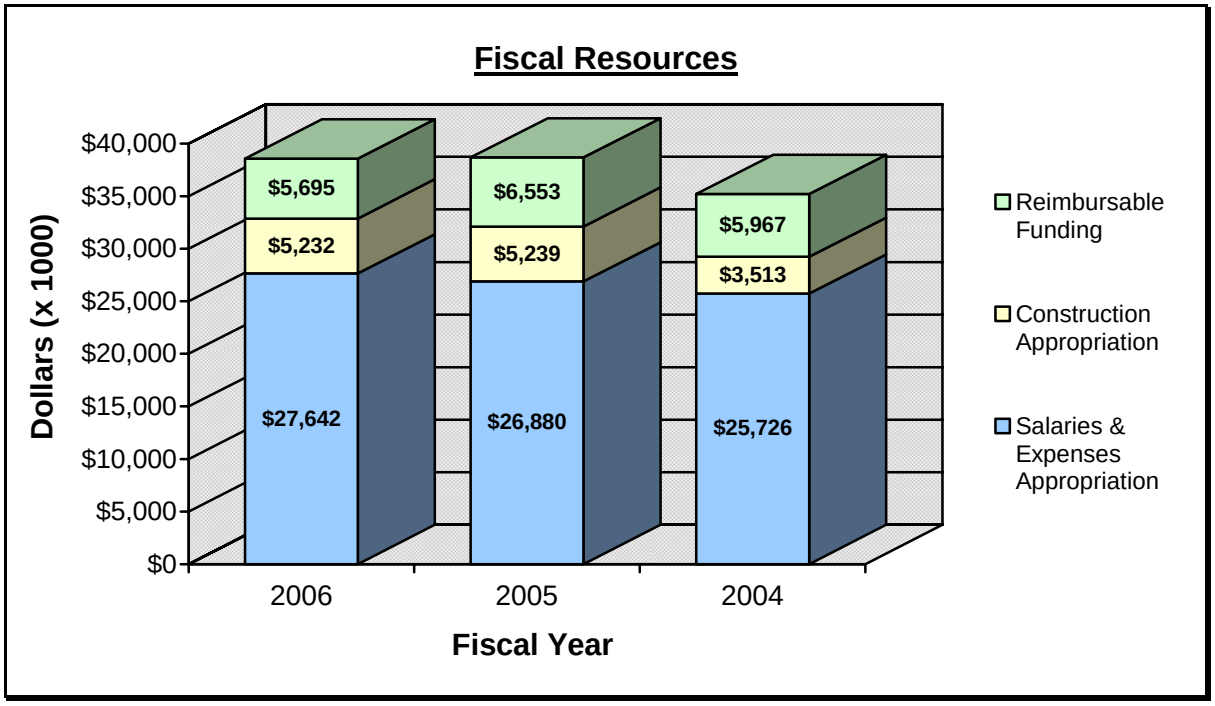
Status: This goal was met. A GIS was established and set up to operate as an enterprise GIS in September 2006.

BUDGET

The U.S. Section receives funding for its programs, projects, and initiatives through direct Congressional appropriations or indirectly through its reimbursement authority with other sources. The agency receives these funds under two separate appropriations – the Salaries and Expenses (S&E) Appropriation and the Construction Appropriation. Both appropriations consist of direct and indirect funds. Indirect funds, commonly referred to as "reimbursable funds," are provided to the agency to fund mission requirements and support for the Mexican Section and other federal, state, and local agencies. Reimbursable funding offsets the additional costs incurred by the U.S. Section to provide the increased level of support and services. Over the previous three years, the total direct and indirect funding (rounded to the nearest thousand) provided to the U.S. Section is as follows:

- FY 2006: $38,569,000
- FY 2005: $38,672,000
- FY 2004: $35,206,000

The graph below illustrates the various fiscal resources granted to the U.S. Section.



Note: The amounts listed on the bars are in thousands of dollars.

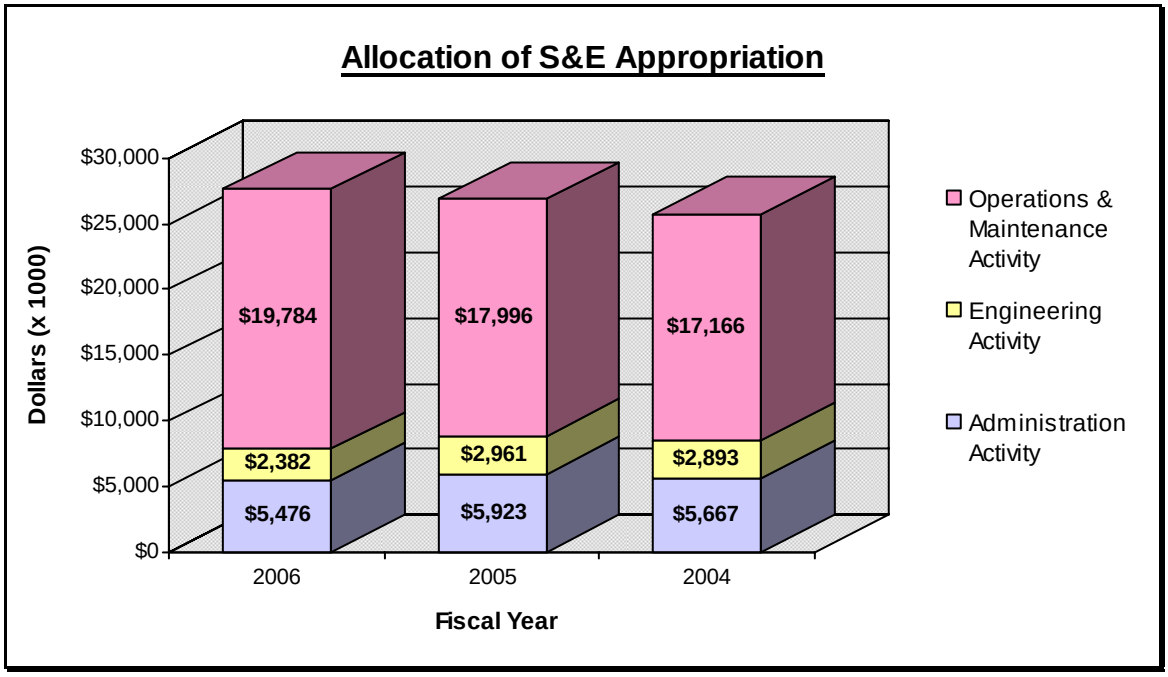
SALARIES AND EXPENSES APPROPRIATION

The U.S. Section's normal operating expenses, including labor, are funded through the S&E Appropriation. The S&E Appropriation is a one-year appropriation provided to fund annual steady-state requirements. This means that unobligated funds cannot be carried forward for use the following fiscal year. Remaining unobligated funds, directly appropriated by Congress, are returned to the U.S. Treasury's General Fund for redistribution.

The S&E Appropriation is distributed among three primary agency activities – Administration, Engineering, and Operations & Maintenance. The Administration Activity provides the budget for the U.S. Section's policy and administrative functions. The Commissioner, the Executive Offices of the Commissioner, the Human Capital Department, and the Administration Department are all funded within the Administration Activity. Funding for the agency's engineering and technical support roles are secured within the Engineering Activity. This activity provides the resources for planning and environmental studies, water quality assessments, geotechnical and structural investigations, and engineering studies and designs to meet mission requirements. The Operations & Maintenance Activity represents over two-thirds of the S&E Appropriation. It provides the resources for operation and maintenance of all agency works and facilities, including water gaging stations, water storage and diversion dams, flood control levees, floodplains and channels, hydroelectric power plants, wastewater treatment plants, and field office facilities.

Annual S&E Appropriation:

- FY 2006: $27,642,000
- FY 2005: $26,880,000
- FY 2004: $25,726,000



Note: The amounts listed on the bars are in thousands of dollars.

CONSTRUCTION APPROPRIATION

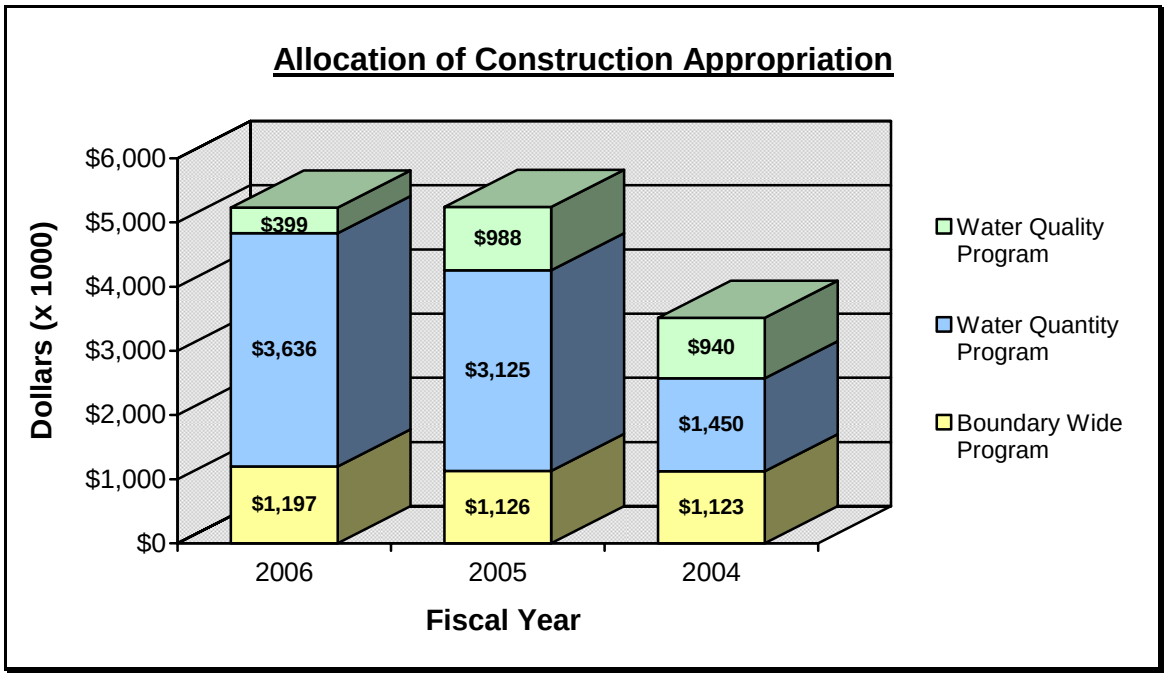
The U.S. Section's major construction or rehabilitation projects are funded by Congress through the Construction Appropriation. The Construction Appropriation provides the resources for the agency to acquire capital assets such as land, structures, equipment, intellectual property (i.e. software), and information technology (including IT service contracts) with an estimated life of 2 years or more to meet its mission requirements. Most commonly, capital assets may be acquired through purchase, construction, manufacturing, and exchange, and may include environmental remediation of land, and leasehold improvements and land rights. The U.S. Section cannot utilize this appropriation to fund grants to other entities (i.e. local governments, universities) for acquiring capital assets, or for intangible assets such as the knowledge resulting from research and development (R&D), or the human capital resulting from education and training.

The Construction Appropriation is a no-year appropriation, meaning that unobligated balances can be carried forward for use the following fiscal year. However, Congress reserves the right to redistribute or remove any unobligated funds the next budget session. This appropriation is extremely helpful because most, if not all, of the U.S. Section's construction projects take more than one-year to plan, design and construct. In addition, unanticipated issues occasionally arise during the development or construction of the project that can impact its completion date.

The Construction Appropriation is allocated among three agency program headings – the Boundary Wide, Water Quantity, and Water Quality Programs. The Boundary Wide Program provides for facility renovations, heavy mobile equipment replacement, mobile radio system improvements, and other similar projects along the entire boundary. The Water Quantity Program focuses on rehabilitation or improvement of the agency's water distribution and flood control systems (i.e. gaging stations, levees, dams). Finally, the Water Quality Program funds improvements to wastewater facilities and hydraulic structures and to improve the quality of river and other surface waters along the U.S. Mexico border region.

Annual Construction Appropriation:

- FY 2006: $5,232,000
- FY 2005: $5,239,000
- FY 2004: $3,513,000



Note: The amounts listed on the bars are in thousands of dollars.

REIMBURSABLE FUNDING

As previously stated, the U.S. Section receives reimbursable funding for services and improvements it provides to Mexico or other domestic governmental entities. Although these reimbursable services and improvements directly support the mission of the funding agency, the U.S. Section also shares an interest in these initiatives. These reimbursable resources are utilized to fund both labor and non-labor requirements. All support and capital provided with reimbursable funds are limited to the extent of the official authority between the U.S. Section and the funding entities, each having different limitations.

The primary sources of reimbursable funding consist of the following:

- Mexican Section – for equipment purchases and expenses applied to Mexico for operation and maintenance of the international wastewater treatment plants, power plants, and dams.
- State of Texas – to sample and assess the water quality of the Rio Grande at established sites under the Texas Clean Rivers Program.
- Western Area Power Administration, U.S. Department of Energy – to operate and maintain the Falcon and Amistad international hydroelectric power plants for the production of power in conjunction with water supply releases at their respective storage dams.
- U.S. Environmental Protection Agency – to fund water quality improvements for sanitation projects along the border.

FUNDING AMONG MISSION PROGRAMS

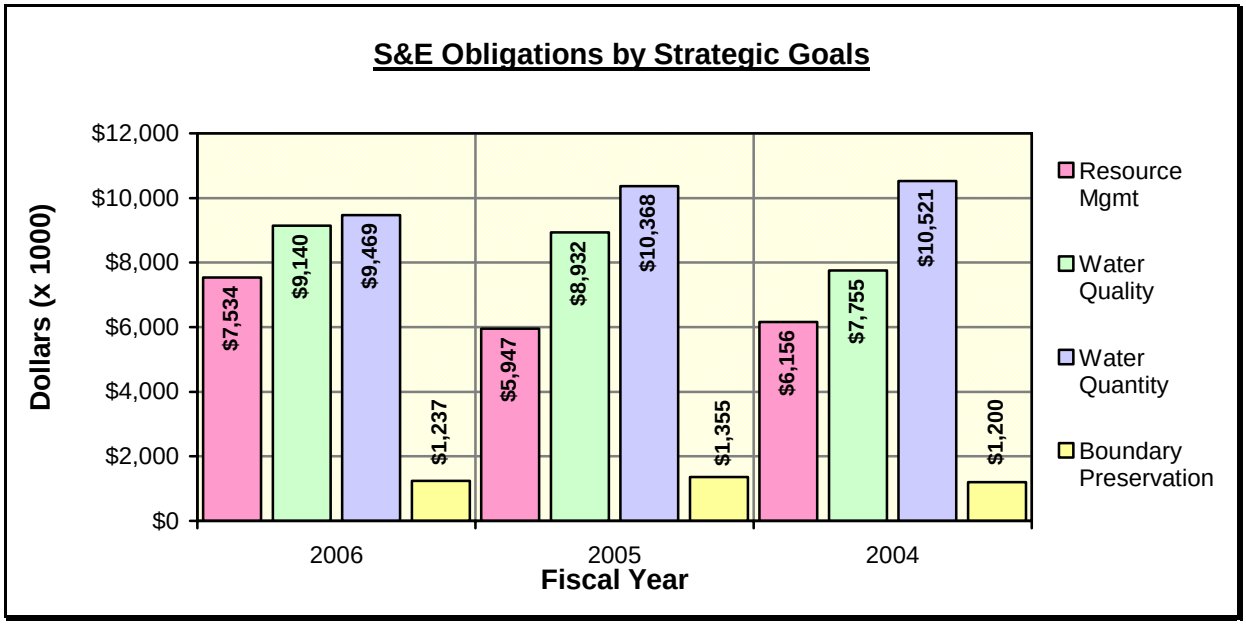
In addition to tracking fiscal resources among the agency's administration, engineering, operations and maintenance, and construction activities, the U.S. Section tracks the utilization of funds against its mission areas. These areas consist of:

- Boundary Preservation – Includes activities associated with the preservation and demarcation of the U.S. – Mexico border.
  - Erection and restoration of monuments and markers to demarcate the boundary.
  - Demarcation of the boundary line at international ports of entry.
  - Mapping of the Rio Grande and Colorado River boundaries.
- Water Quantity – Involves the control, containment, and utilization of the boundary and transboundary river waters.
  - Measurement and accounting of river waters and tributaries, including operations and maintenance of water gaging stations.
  - Operation of diversion and storage dams.
  - Construction and maintenance of flood control works.
  - Operation and maintenance of the hydroelectric power plants to ensure uninterrupted power generation.
- Water Quality – Involves all water quality efforts activities.
  - Water quality monitoring of the Rio Grande, Colorado, and Tijuana Rivers, their tributaries, and the Pacific Ocean coastal waters.
  - Operation and maintenance of wastewater treatment facilities and infrastructure
  - Construction of water quality improvement works and facilities.
- Resource and Asset Management – Entails the strategic management of assets and human, fiscal, and physical resources to support agency functions and ensure compliance with all mandatory requirements.
  - Maintenance of building facilities, heavy mobile equipment, tractors/mowers, shop equipment, etc.
  - Operations and maintenance of land and mobile radio communication systems, financial systems, information technology computer systems, etc.
  - Development and maintenance of the enterprise geographic information system.
  - Execution of stakeholder outreach, foreign affairs, and administrative support functions.

Utilization of fiscal resources is tracked through obligations. An obligation is a binding commitment made by an agency official, which creates a legal liability of the Government for the payment of funds for goods and services ordered or received. Representations of the agency's annual obligations, received from direct and reimbursable funding sources, incurred among their respective strategic goals are displayed below for the last three fiscal years.

Annual S&E Obligations:

- FY 2006: $27,380,000
- FY 2005: $26,603,000
- FY 2004: $25,632,000

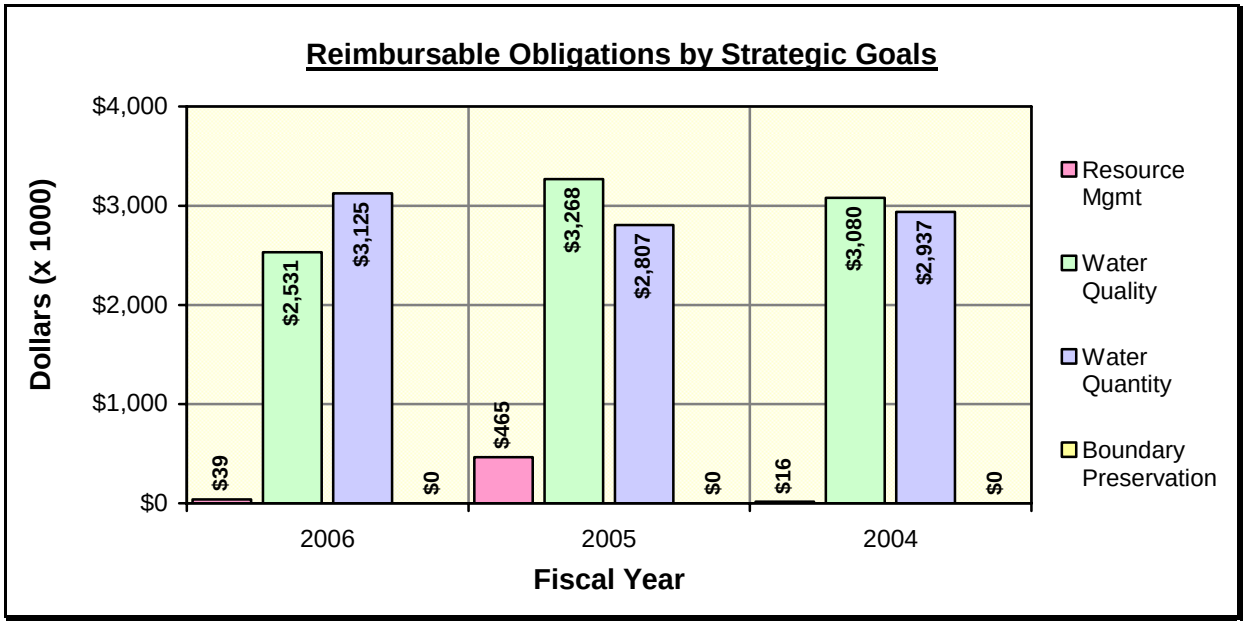


Annual Construction Obligations:

- FY 2006: $7,123,000
- FY 2005: $3,961,000
- FY 2004: $6,900,000

Annual Reimbursable Obligations:

- FY 2006: $5,695,000
- FY 2005: $6,540,000
- FY 2004: $6,033,000



Total Direct and Reimbursable Obligations:

- FY 2006: $40,198,000
- FY 2005: $37,103,000
- FY 2004: $38,564,000

FINANCE

The Office of Management and Budget (OMB), in conjunction with the Chief Financial Officers (CFO) Council, provides the guidelines for financial reporting in OMB Circular A-136, *Financial Reporting Requirements.* OMB Circular A-136 is the central reference point for Executive Branch agencies that are required to submit audited financial statements.

The U.S. General Accounting Office requires the U.S. Section to prepare and submit audited financial statements for inclusion into the Department of State's Financial Audit Report. The U.S. Section prepares its financial statements in accordance with the accounting standards promulgated by the Federal Accounting Standards Advisory Board (FASAB). These statements are audited by the Department of State's financial accounting firm of Leonard G. Birnbaum and Company, LLP.

FINANCIAL HIGHLIGHTS

Each year since FY 1999, the U.S. Section has received unqualified opinions for its financial statements. An unqualified opinion is the preferential outcome of a financial audit, because it validates the compliance and accuracy of financial requirements without any reservations.

CONSOLIDATED BALANCE DATA SHEET
(Dollars in Thousands)

Assets & Liabilities	% Change	Net Change	FY 2006	FY 2005
Assets				
Fund Balance with Treasury	-13.4%	($2,612)	$16,899	$19,511
Accounts Receivable	41.0%	$432	$1,486	$1,054
Land	0.1%	$50	$49,816	$49,766
Structures	0.6%	$2,407	$380,341	$377,934
Equipment	4.5%	$621	$14,528	$13,907
Construction in Progress	-0.6%	($99)	$17,058	$17,157
Accumulated Depreciation	5.2%	($7,809)	($159,417)	($151,608)
Other Monetary Assets	188.9%	$17	$26	$9
Total Assets	**-2.1%**	**($6,993)**	**$320,737**	**$327,730**
Liabilities				
Accrued Payroll	63.5%	$375	$966	$591
Accrued Workers' Compensation	14.1%	$144	$1,166	$1,022
Workers' Compensation Actuarial	-49.1%	($2,764)	$2,870	$5,634
Accrued Annual Leave	7.7%	$84	$1,181	$1,097
Contingent Liabilities	0.0%	$0	$392,300	$392,300
Other Liabilities	-67.2%	($1,334)	$651	$1,985
Total Liabilities	**-0.9%**	**($3,495)**	**$399,134**	**$402,629**

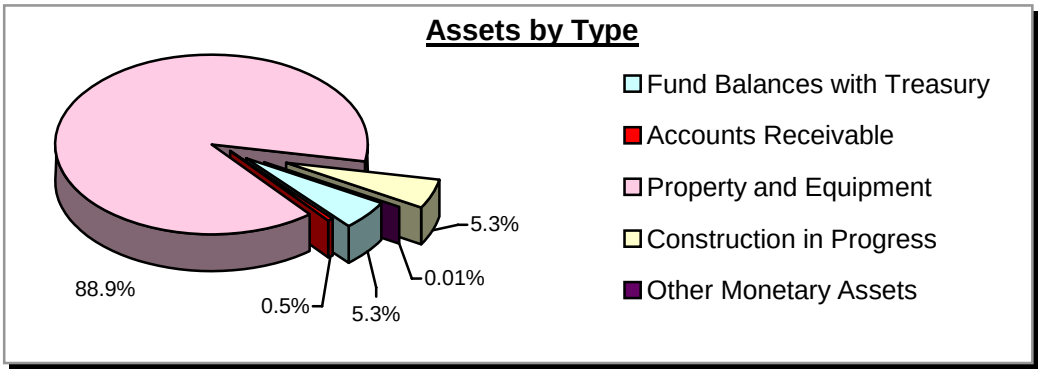
OVERVIEW OF FINANCIAL POSITION

ASSETS

The U.S. Section had total assets of $320.7 million at the year end in FY 2006, which is $7.0 million less than in FY 2005. This was primarily due to the posting of $7.8 million of accumulated depreciation for the year. Increased vendor payments for the operations and maintenance at the South Bay International Wastewater Treatment Plant (SBIWTP), and for construction of Rio Grande flood control levee improvements at the City of Hidalgo, Texas decrease the Fund Balances with Treasury by $2.6 million. Payments to the City of San Diego, California for ocean monitoring and assessment of the SBIWTP's effluent impacts increased in FY 2006.

Capitalized Buildings and Structures increased by $2.4 million over FY 2005 as the result of the construction of new facilities. During FY 2006, the agency constructed and capitalized an administrative building for the Lower Rio Grande Field Office in Mercedes, Texas; and a two bay maintenance building for the Upper Rio Grande Satellite Office at Fort Hancock, Texas. The Hydrologic Data Collection System Rehabilitation project was also completed and capitalized in FY 2006.

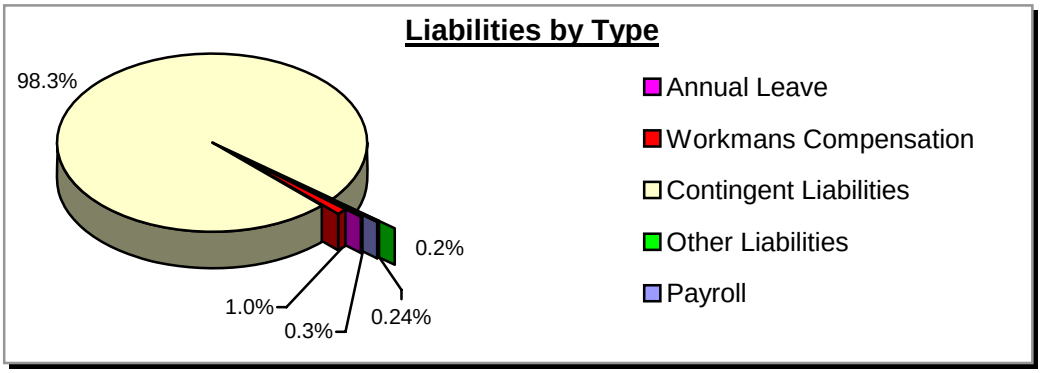
Equipment also increased in FY 2006. An excavator was purchased for the Upper Rio Grande Filed Office at American Dam in El Paso Field Office. This resulted in a $0.6 million increase over FY 2005 levels.



LIABILITIES

As reported on the Consolidated Balance Sheet, the U.S. Section had total liabilities of $399 million at the end of FY 2006. The largest component of the agency's outstanding liabilities at year-end was the $392 million Contingent Liability established for the agency to achieve full compliance with effluent discharge standards by providing for secondary treatment of Mexican wastewater from Tijuana, Baja California and Nogales, Sonora.

In FY 2006, the Department of State changed the method it used to compute the U.S. Section's cost of Workers' Compensation Actuarial. The result was a decrease of $2.8 million in that estimated liability. Likewise, a change in the method for determining the estimated Contract Accrual Liability was the primary reason for the $1.3 million reduction represented under *Other Liabilities*.

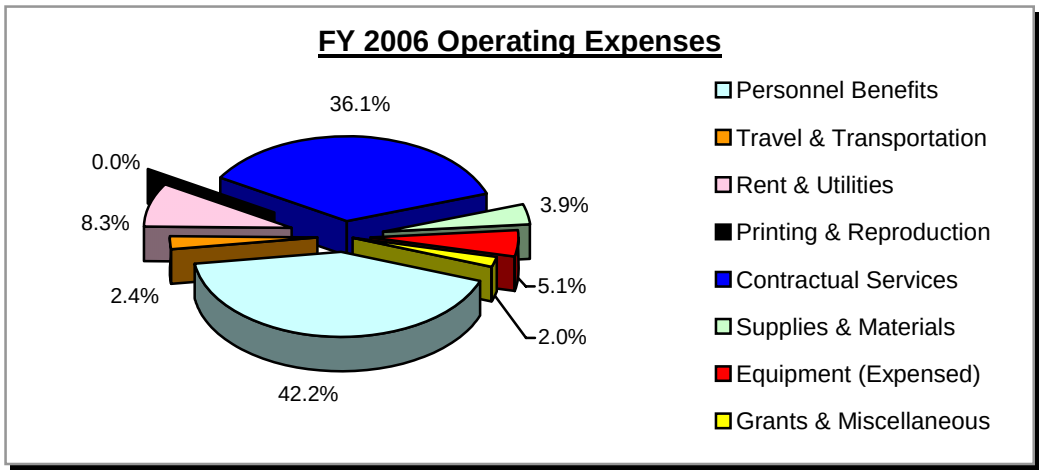


RESULTS OF OPERATIONS

The operations results for the U.S. Section are reported in the Consolidated Statement of Net Cost, and the Consolidated Statement of Changes in Net Position. These statements reveal that operating expenses rose $5.9 million, from $30.9 million to $36.8 million, in FY 2006. This was primarily a result of increased SBIWTP operations costs, and Rio Grande levee raising efforts at the City of Hidalgo, Texas. Below are a table and a graph, summarizing the U.S. Section's operating expenses.

ANNUAL OPERATING EXPENSES
(in thousands of dollars)

Operating Expenses	FY 2006	FY 2005	Net Change	% Change
Personnel Services & Benefits	$15,561	$15,918	$(357)	(2.2%)
Travel & Transportation Cost	$884	$726	$158	21.8%
Rent, Communication, & Utilities	$3,062	$2,773	$289	10.4%
Printing & Reproduction	$10	$33	$(23)	(69.7%)
Contractual Services	$13,303	$8,692	$4,611	53.0%
Supplies & Materials	$1,427	$1,280	$147	11.5%
Equipment (Expensed)	$1,870	$966	$904	93.6%
Grants & Miscellaneous	$732	$534	$198	37.1%
Total	**$36,849**	**$30,922**	**$5,927**	**19.2%**

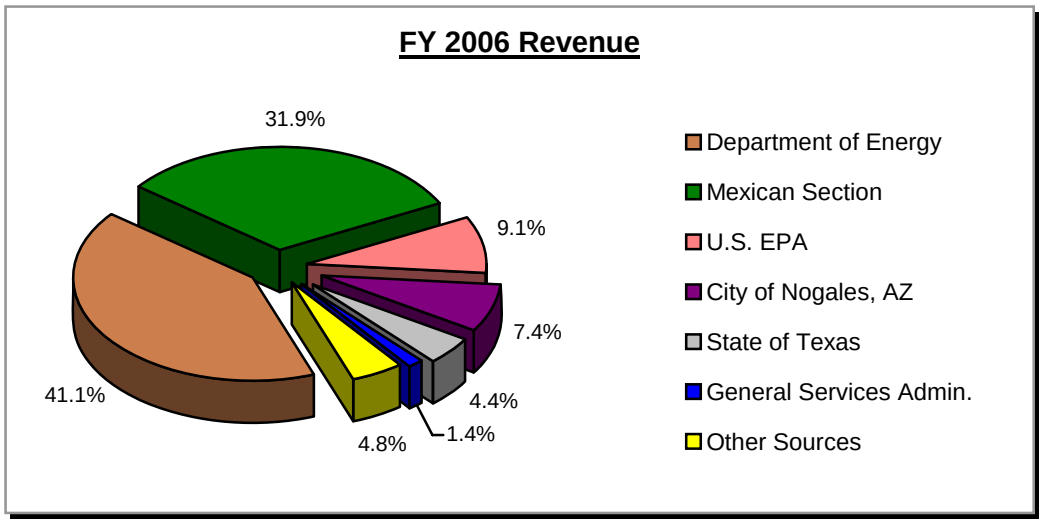


REVENUES AND FINANCING SOURCES

The U.S. Section's received $6.34 million in revenues for FY 2006. This was a decrease of $124,000 verses the FY 2005 revenues of nearly $6.47 million. The Department of Energy contributed $2.61 million in earned revenues for the operation and maintenance of the Amistad and Falcon Hydroelectric Power Plants. The Mexican Section was the second largest revenue source for the U.S. Section. It provided the U.S. Section with $2.02 million for the operation and maintenance of the South Bay and Nogales International Wastewater Treatment Plants, and other joint works. These and other revenues received are summarized below.

REVENUE & FINANCING SOURCES
(in thousands of dollars)

Financing Sources	FY 2006	FY 2005	Net Change	% Change
U.S. EPA (San Diego – Tijuana Sanitation)	$576	$686	$(110)	(16.0%)
Dept of Energy (O&M of Power Plants)	$2,608	$2,551	$57	2.2%
Mexico (O&M of SBIWTP)	$1,148	$1,108	$40	3.6%
City of Nogales (O&M of NIWTP)	$469	$467	$2	0.4%
Mexico (O&M of NIWTP)	$821	$588	$233	39.6%
State of Texas (Clean Rivers Program)	$278	$307	$(29)	(9.4%)
Texas Water Development Board	$58	$0	$58	n/a
Quarters Rental	$123	$124	$(1)	(0.8%)
Leases, Licenses, FOIA	$40	$59	$(19)	(32.2%)
Mexico (O&M of Cordova Int'l Bridge)	$12	$6	$6	100.0%
GSA (Vehicle Maintenance)	$86	$50	$36	72.0%
LRG Water Committee (O&M of Morillo Drain)	$54	$20	$34	170.0%
Mexico (O&M at Anzalduas Int'l Dam)	$3	$3	$0	0.0%
Hidalgo County (O&M of Gaging Stations)	$29	$3	$26	866.7%
Mexico (Other Goods and Services)	$39	$496	$(457)	(92.1%)
Total	**$6,344**	**$6,468**	**$(124)**	**(1.9%)**



PRINCIPAL FINANCIAL STATEMENTS

The *Principal Financial Statements* have been prepared to report the financial position and results of operations of the International Boundary and Water Commission, U.S. Section. The Financial Statements have been prepared from the books and records of the Commission in accordance with formats prescribed by the Office of Management and Budget (OMB) in OMB Circular A-136, Financial Reporting Requirements. The Financial Statements are in addition to financial reports prepared by the Commission in accordance with OMB and U.S. Department of Treasury directives to monitor and control the status and use of budgetary resources, which are prepared from the same books and records. The Financial Statements should be read with the understanding that they are for a component of the U.S. Government, a sovereign entity. The Commission has no authority to pay liabilities not covered by budgetary resources. Liquidation of such liabilities requires enactment of an appropriation. The Financial Statements present data for FY 2006 and FY 2005 in comparative formats.

CONSOLIDATED BALANCE SHEET

The *Consolidated Balance Sheet* provides information on assets, liabilities, and net position similar to balance sheets reported in the private sector. The Balance Sheet presents amounts of future benefits owned or managed (assets), amounts owed (liabilities), and amounts that comprise the difference (net position). Intra-Governmental balances have been identified and will be eliminated when consolidated with the department-wide statements prepared by the Department of State.

CONSOLIDATED BALANCE SHEET (in thousands of dollars)		
Assets & Liabilities	**FY 2006**	**FY 2005**
Assets		
Intragovernmental:		
Fund Balance with Treasury	$16,898	$19,511
Accounts Receivable, Net	$306	$239
Total Intragovernmental	$17,204	$19,750
Cash and other Monetary Assets	$25	$3
Accounts Receivable, Net	$1,180	$815
Advances	$1	$6
Property, Plant, and Equipment, Net	$302,326	$307,156
Total Assets	**$320,736**	**$327,730**
Liabilities		
Intragovernmental:		
Contract Accruals	$0	$257
Accrued Payroll	$213	$142
Accrued Workers Compensation	$1,166	$1,022
Advances	$89	$63
No Fear Liability	$0	$3
Workers Compensation Actuarial	$2,871	$5,634
Total Intragovernmental	$4,338	$7,120
Accounts Payable	$77	$197
Accrued Payroll	$753	$449
Contract Accruals	$202	$1,138
Advances	$196	$84
Accrued Annual Leave	$1,182	$1,097
Contingent Liabilities	$392,300	$392,300
Deposit Accounts	$87	$244
Total Liabilities	**$399,134**	**$402,629**
Net Position		
Unexpended Appropriations - Other Funds	$30,347	$29,961
Unexpended Appropriations - Earmarked Funds	$0	$0
Cumulative Results of Operations - Other Funds	($108,745)	($104,860)
Cumulative Results of Operations - Earmarked Funds	$0	$0
Total Net Position	($78,398)	($74,899)
Total Liabilities & Net Position	**$320,736**	**$327,730**

CONSOLIDATED STATEMENT OF NET COSTS

The *Consolidated Statement of Net Cost* reports the components of net costs of the U.S. Section's operations for the period. Net cost of operations is the gross cost incurred by the Agency less any exchange revenue earned from its activities.

STATEMENT OF NET COST (in thousands of dollars)		
Revenues and Expenses	**FY 2006**	**FY 2005**
Program Costs		
Operating Expenses	$29,924	$25,208
Operating Expenses, Intragovernmental	$3,154	$1,938
Benefits Expenses	$3,771	$3,778
Depreciation	$8,034	$8,199
Accrued, Annual Leave	$85	($158)
Workers Compensation	($2,619)	$3,119
Accrued Pension Costs	$1,407	$1,518
Interest Expense	$0.5	$0
Bad Debt Expense	$0.2	$0
Loss on Disposition of Assets	$0	$17
No Fear Claims	$0	$3
Total Program Costs	**$43,756**	**$43,620**
Less Earned Revenue		
SBIWTP O&M (EPA & Mexico)	$1,724	$1,794
NIWTP O&M (City of Nogales & Mexico)	$1,290	$1,055
Amistad & Falcon Power Plants O&M (DoE)	$2,608	$2,551
Clean Rivers Project (State of Texas)	$278	$307
LIDAR modeling for LRGV (TX Water Devel. Board)	$58	$0
Quarters Rental (Customs, Teachers, U.S. Section)	$123	$124
O&M Cordova Bridge (Mexico)	$12	$6
O&M Anzalduas Dam Stoplogs (Mexico)	$3	$3
Morillo Drain O&M (LRGWC)	$54	$20
Vehicle Maintenance (GSA)	$86	$50
O&M Gaging Stations (Hidalgo County)	$29	$3
Leases/Licenses/Water Bulletins/FOIA/Other	$40	$59
Other Services Rendered to Mexico	$39	$496
Total Earned Revenue	**$6,344**	**$6,468**
Net Cost of Operations	**$37,412**	**$37,152**

Consolidated Statement of Changes in Net Position

The *Consolidated Statement of Changes in Net Position* reports the beginning net position, the transactions that affect net position for the period, and the ending net position. Net position is affected by changes to its two components: Cumulative Results of Operations and Unexpended Appropriations.

STATEMENT OF CHANGES IN NET POSITION (in thousands of dollars)				
Items	**FY 2006 All Other Funds**	**FY 2006 Earmarked Funds**	**FY 2006 Consolidated Total**	**FY 2005 Consolidated Total**
Cumulative Results of Operations:				
Beginning Balances	($104,860)	$0	($104,860)	($98,963)
Adjustments	$0	$0	$0	$0
Beginning Balances, Adjusted	**($104,860)**	**$0**	**($104,860)**	**($98,963)**
Budgetary Financing Sources:				
Other Adjustments	$0	$0	$0	($6)
Appropriations Used	$32,191	$0	$32,191	$29,826
Transfers in/out	($71)	$0	($71)	($84)
Imputed Financing	$1,407	$0	$1,407	$1,518
Net Cost of Operations	($37,412)	$0	($37,412)	($37,152)
Net Change	($3,885)	$0	($3,885)	($5,897)
Cumulative Results of Operations	**($108,745)**	**$0**	**($108,745)**	**($104,860)**
Unexpended Appropriations:				
Beginning Balance	$29,961	$0	$29,961	$27,763
Adjustments	$0	$0	$0	$0
Beginning Balance, Adjusted	$29,961	$0	$29,961	$27,763
Budgetary Financing Sources:				
Appropriations Received	$33,300	$0	$33,300	$32,554
Other Adjustments	($723)	$0	($723)	($530)
Appropriations Used	($32,191)	$0	($32,191)	($29,826)
Total Budgetary Financing Sources	$386	$0	$386	$2,198
Total Unexpended Appropriations	$30,347	$0	$30,347	$29,961
Net Position	**($78,398)**	**$0**	**($78,398)**	**($74,899)**

CONSOLIDATED STATEMENT OF BUDGETARY RESOURCES

The *Combined Statement of Budgetary Resource*s provides information on how budgetary resources were made available and their status at the end of the year. It is the only financial statement predominantly derived from the U.S. Section's budgetary general ledger in accordance with budgetary accounting rules. Information on the Statement of Budgetary Resources is consistent with the budget execution information reported on the Report on Budget Execution and Budgetary Resources (SF133).

STATEMENT OF BUDGETARY RESOURCES (in thousands of dollars)	FY 2006 Budgetary	FY 2006 Non-Bud.	FY 2005 Budgetary	FY 2005 Non-Bud.
Budgetary Resources:				
1. Unobligated Balance::				
1A. Brought Forward, October 01	$6,030	$0	$3,448	$0
2. Recoveries of prior year obligations:				
2A.Actual	$334	$0	$292	$0
2B.Anticipated	$0	$0	$0	$0
3. Budget Authority:				
3A. Appropriations:				
3A1. Actual	$33,300	$0	$32,554	$0
3A2. Anticipated	$0	$0	$0	$0
3B. Borrowing Authority	$0	$0	$0	$0
3C. Contract Authority	$0	$0	$0	$0
3D. Spending Auth. from Offsetting Collections :				
3D1. Earned				
a. Collected	$5,959	$0	$6,240	$0
b. Receivables from Federal Sources	$78	$0	$0	$0
3D2. Change in Unfilled Customer Orders				
a. Advance Received	$25	$0	$41	$0
b. Without Advance from Federal Sources	($751)	$0	$1,364	$0
3D3. Anticip. for Rest of Year, w/o Advances	$0	$0	$0	$0
3D4. Without advance from govt agencies	$0	$0	$0	$0
4. Non-expenditure transfers, net	$0	$0	$0	$0
5. Temp. Not Available Pursuant to Public Law	$0	$0	$0	$0
6.Permanently Not Available	$0	$0	$0	$0
6A. Cancellation of expired & no-year accounts	($298)	$0	($95)	$0
6B. Enacted reductions	($425)	$0	($435)	$0
7. Total Budgetary Resources	**$44,252**	**$0**	**$43,411**	**$0**

STATEMENT OF BUDGETARY RESOURCES (in thousands of dollars)	FY 2006 Budgetary	FY 2006 Non-Bud.	FY 2005 Budgetary	FY 2005 Non-Bud.
Status of Budgetary Resources				
8. Obligations Incurred:				
8A. Direct	$34,837	$0	$30,856	$0
8B. Reimbursable	$5,695	$0	$6,540	$0
9. Unobligated Balance:				
9A. Apportioned	$2,961	$0	$5,274	$0
9B. Exempt from Apportionment	$0	$0	$0	$0
10. Unobligated Balance Not Available	$759	$0	$742	$0
11. Total Status of Budgetary Resources	**$44,252**	**$0**	**$43,411**	**$0**
Change in Obligated Balance :				
12. Obligated Balance, Net:				
12A. Unpaid obligations brought forward, Oct 1	$17,454	$0	$14,660	$0
12B. Uncoll. customer pmts from fed. sources	($4,217)	$0	($2,812)	$0
13. Obligations incurred	$40,618	$0	$37,395	$0
14. Gross outlays	($40,992)	$0	($34,428)	$0
15. Obligated balance transfers, net:				
15A. Actual transfers, unpaid obligations	$0	$0	$0	$0
15B. Act. transfers, uncoll. pmts from fed. sources	$0	$0	$0	$0
16. Recoveries of prior year obligations	($420)	$0	($292)	$0
17. Change in uncoll. customer pmts from fed. sources	$673	$0	($1,271)	$0
18. Obligated balance, net, end of the period:				
18A. Unpaid obligations	$16,660	$0	$16,889	$0
18B. Uncollected customer pmts from fed. sources	($3,545)	$0	($3,637)	$0
19. Net Outlays:				
19A. Gross outlays	$40,992	$0	$34,428	$0
19B. Offsetting collections	($5,984)	$0	($6,375)	$0

CONSOLIDATED STATEMENT OF FINANCING

The *Consolidated Statement of Financing* reports the relationship between budgetary transactions and financial transactions. The Statement of Financing is the bridge between the U.S. Section's budgetary and financial accounting. The Statement of Financing articulates the relationship between net obligations derived from an entity's budgetary accounts and net cost of operations derived from the agency's proprietary accounts by identifying and explaining key differences between the two numbers.

STATEMENT OF FINANCING (in thousands of dollars)		
Financing Items	**FY 2006**	**FY 2005**
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
1. Obligations Incurred	$40,532	$37,103
2. Less Spending Authority from Offsetting Collections\Recoveries	($5,645)	($7,939)
3. Obligations Net of Offsetting Collections and Recoveries	$34,887	$29,164
4. Less : Offsetting Receipts	$0	$0
5. Net Obligations	**$34,887**	**$29,164**
Other Resources		
6. Donations and Forfeitures of Property	$0	$0
7. Transfers In/Out without Reimbursement	$0	$0
8. Imputed Financing from Costs Absorbed by Others	$1,407	$1,518
9. Other Resources Used to Finance Activities	$0	$0
10. Net Other Resources Used to Finance Activities	$1,407	$1,518
11. Total Resources Used to Finance Activities	**$36,294**	**$30,682**
Resources Used to Finance Items not Part of the Net Cost of Operations		
12. Change in Budgetary Resources Obligated for Goods Services and benefits Ordered but not Yet Provided	$591	($2,424)
13. Resources that Fund Expenses Recognized in Prior Periods	$0	$0
14. Budgetary offsetting Collections and Receipts that do not Affect net cost of operations		
14a. Net Change Unfilled Orders	($726)	$746
14b. Other	$78	$0
15. Resources that finance the acquisition of assets	($3,204)	($3,009)
16. Other Resources or Adjustments to net obligated resources that do not affect net cost of operations	$86	$326
17. Total Resources Used to Finance items not part of the Net Cost of Operations	**($3,175)**	**($4,361)**
18. Total Resources Used to Finance the Net Cost of Operations	**$33,119**	**$26,321**

STATEMENT OF FINANCING (in thousands of dollars)		
Financing Items	**FY 2006**	**FY 2005**
Components of the Net Cost of Operations that will not Require or Generate Resources in the Current Period:		
Components Requiring or Generating Resources in Future Periods		
19. Increase in Annual leave Liability	$85	($158)
20. Increase in Workmen's Compensation Liability	($2,619)	$3,119
21. Labor Estimates	$375	$17
22. Contract Accruals	($1,192)	($185)
23.No Fear Liability	$0	$3
24. Total Components of Net Cost of Operations that will require or generate resources in future periods:	($3,351)	$2,796
25. Net Change in Revenue Estimates	**($406)**	**($180)**
Components Not Requiring or Generating Resources		
26. Depreciation and Amortization	$8,034	$8,199
27. Revaluation of Assets or Liabilities	$0	$17
28. Other	$17	$0
29. Total Components of Net Cost of Operations that will not require or Generate Resources	**$8,050**	**$8,215**
30. Total Components of Net Cost of Operations that will require or Generate Resources in the current period	**$7,644**	**$8,035**
31. Net Cost of Operations	**$40,763**	**$34,356**

NOTES TO PRINCIPAL FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The IBWC is responsible for applying boundary and water treaties between the United States and Mexico, and settling differences that may arise in their application. It is comprised of two sections, a U.S. Section and a Mexican Section, each administered independent of the other. The U.S. Section is headquartered in El Paso, Texas and operates under the foreign policy guidance of the Department of State. The financial statements include the accounts of all funds under U.S. Section's control.

Basis of Presentation

The accompanying principal financial statements present the financial activity of the U.S. Section. The statements are presented in accordance with form and content requirements contained in Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements. OMB Circular A-136 defines the form and content of the annual financial statements presented herein are in addition to the financial reports prepared by the agency in accordance with OMB and U.S. Department of Treasury directives to monitor and control the status and use of budgetary resources.

These financial statements have been prepared from the U.S. Section's books and records, and in accordance with agency accounting policies that are summarized in this Note. The U.S. Section's accounting policies follow generally accepted accounting principles (GAAP). GAAP for federal entities are in the hierarchy of accounting principles prescribed in the American Institute of Certified Public Accountants' Statement of Auditing Standards No. 91, Federal GAAP Hierarchy, by the Federal Accounting Standards Advisory Board, which is designated as the official accounting standards-setting body of the Federal Government by the American Institute of Certified Public Accountants.

Basis of Accounting

Transactions are recorded on both the accrual accounting basis and the budgetary basis. Under the accrual basis, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal constraints and controls over the use of federal funds.

Revenue and Other Financing Sources

U.S. Section receives most of the funding needed to support its programs through appropriations from the U.S. Government. U.S. Section receives both annual and no-year appropriations that may be used, within statutory limits, for operating and capital expenditures, primarily for equipment and construction projects. Other amounts are obtained through reimbursements for services performed for other federal agencies, state and local governments, and the Mexican Section.

Fund Balance with Treasury and Cash

U.S. Section does not maintain cash in commercial bank accounts. Cash receipts and disbursements are processed by the U.S. Treasury. Fund Balances with the Treasury and cash are primarily appropriated funds that are available to pay current liabilities and finance authorized purchase and contractual commitments. Cash represents balances held outside the U.S. Treasury by imprest fund cashiers for the U.S. Section.

Property and Equipment

The land, buildings, and equipment are capitalized at cost, if the initial cost is $25,000 or more. Expenditures that increase the useful life of the assets are capitalized. Normal repairs and maintenance costs are expensed when purchased.

Liabilities

Liabilities represent monies or other resources that are likely to be paid as the result of a transaction or event that has already occurred. However, no liability can be paid by the U.S. Section absent an appropriation. Liabilities for which an appropriation has not been enacted are, therefore, classified as unfounded, and there is no certainty that the appropriation will be enacted. Also, liabilities arising from other than contracts can be abrogated by the U.S. Government, acting in its sovereign capacity.

Accrued Liabilities

Liabilities are accrued for personnel compensation, services, supplies, and materials received in the fiscal year that was not paid at the end of the fiscal year.

Annual, Sick, and Other Leave

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. Each year, the balance in the accrued annual leave account is adjusted to reflect current pay rates. To the extent current or prior year appropriations are not available to fund annual leave earned, but not taken; financing will be obtained from future funding sources. Sick leave and other types of non-vested leave are expensed as taken.

Retirement Plans

The U.S. Section's employees participated in the Civil Service Retirement System (CSRS), to which it makes matching contributions equal to seven percent of pay. The agency does not report CSRS assets, accrued plan benefits, or unfounded liabilities, in any, applicable to its employees. Reporting such amounts is the responsibility of the U.S. Office of Personnel Management.

On January 01, 1987, the Federal Employees Retirement System (FERS) became effective under Public Law 99-335. Most employees hired after December 31, 1983, are automatically covered by FERS and Social Security(FIAC). Employees hired prior to January 01, 1984, had the option to join FERS and Social Security or remain in CSRS. The primary feature of FERS is that it offers a savings plan that automatically contributes one percent of pay and matches any employee contribution up to an additional four percent of pay. For employees hired after December 31, 1983, the U.S. Section also contributes the employer's matching share for Social Security.

FUND BALANCE WITH TREASURY

A summary of the fund balances with the U.S. Treasury as of September 30, 2006, and September 30, 2005, are provided below.

FUND BALANCES WITH TREASURY (in thousands of dollars)		
At September 30:	**FY 2006**	**FY 2005**
Salaries & Expenses Appropriation	$7,486	$8,925
Construction Appropriation	$9,065	$10,195
Advances from Federal and State Agencies	$285	$147
Budget Clearing Account	$63	$244
Total	**$16,899**	**$19,511**

ACCOUNTS RECEIVABLE

Accounts receivables consist primarily of amounts due from state, local, and foreign governments and are comprised of the following as of September 30, 2006 and 2005:

ACCOUNTS RECEIVABLE (in thousands of dollars)		
At September 30:	**FY 2006**	**FY 2005**
Intra-Governmental Receivables		
Accounts Receivable-Unbilled	$306	$239
Governmental Receivables		
Current		
Accounts Receivable-Billed	$52	$4
Accounts Receivable-Unbilled	$1,128	$810
Long Term		
Accounts Receivable-Unbilled	$0	$0
Total	**$1,486**	**$1054**
Amounts owed by the Mexican Section:		
4th Qtr Costs for O&M of SBIWTP	$285	$280
Costs for O&M of the NIWTP	$742	$500
Costs for O&M of Anzalduas Dam (Stop-logs)	$3	$2
Costs for O&M of Cordova International Bridge	$6	$6
Total	**$1,036**	**$788**

PROPERTY AND EQUIPMENT, NET

Property and equipment as of 30 September 2006 and 2005 consisted of the following:

PROPERTY AND EQUIPMENT (in thousands of dollars)				
Classes of Fixed Assets	**FY 2006 Acquisition Value**	**FY 2006 Accumulated Depreciation**	**FY 2006 Net Value**	**FY 2005 Net Value**
Land	$49,816	$0	$49,816	$49,767
Structures, Facilities, & Leasehold Improvements	$380,341	($150,764)	$229,577	$234,374
Construction in Progress	$17,058	$0	$17,058	$17,157
Equipment	$14,528	($8,653)	$5,875	$5,858
Total	**$461,743**	**($159,417)**	**$302,326**	**$307,156**

Depreciation and amortization of property and equipment is calculated on a straight-line basis. Leasehold improvements are amortized over the shorter of the assets' useful life or the lease term. The established ranges of depreciable and amortizable lives of the U.S. Section's assets are:

- Structures and Facilities ..... 20 to 100 Years
- Transportation Equipment ..... 10 Years
- Computer Hardware ..... 5 Years
- Computer Software ..... 5 Years
- Tools, Work, and Office Equipment..... 10 to 25 Years
- Stores and Shop Equipment ..... 25 Years

OTHER LIABILITIES AND ADVANCES

Other liabilities primarily consist of accrued salaries, employee benefits, and workers' compensation. It also includes other items such as contingent liabilities and advances received from other entities for work to be performed by the U.S. Section. Advances represent funds received from various Federal agencies, local, and state governments for projects being carried out by the U.S. Section that were not expended at the end of the fiscal year.

Other liabilities and undisbursed balances of advances at fiscal year end are as follows:

OTHER LIABILITIES AND ADVANCES (in thousands of dollars)		
	FY 2006	FY 2005
Other Liabilities Not Covered by Budgetary Resources:		
Intragovernmental (Federal)		
Accrued Workers Compensation	$1,166	$1,021
Workers Compensation Actuarial Liability	$2,871	$5,634
Governmental (Non-federal)		
Accrued Annual Leave	$1,181	$1,097
Contingent Liabilities	$329,300	$392,300
Total Liabilities	**$397,518**	**$400,052**
Advances:		
Intergovernmental (Federal)		
Tijuana Sanitation Grant	$79	$53
Facilities Planning EPA Project Region 6	$10	$10
Governmental (Non-federal)		
Clean Rivers Project	$88	$84
Texas Water Development Board	$107	$0
Total Advances	**$284**	**$147**

UNEXPENDED APPROPRIATIONS

Unexpended appropriations include the amount of unobligated appropriations and undelivered orders outstanding for Congressional appropriations provided to the U.S. Section's general fund account. As this account incurs obligations, the available balance of the appropriation is reduced. Unobligated balances are the amount of appropriations or other authority remaining after deducting cumulative obligations. Undelivered orders represent the amount of obligations incurred for goods or services ordered, but not yet received. Unexpended appropriations at year-end are summarized below.

Unexpended Appropriations		
Unexpended Appropriations:	FY 2006	FY 2005
Unobligated Available	$12,998	$12,723
Unobligated Unavailable	$759	$647
Undelivered Orders	$16,590	$16,591
Total	**$30,347**	**$29,961**

CONTINGENCIES

The Contingent Liabilities totaled **$392.3 million** in FY 2006 and FY 2005. The U.S. Section owns two wastewater treatment plants, a secondary treatment plant in Nogales, Arizona and an advanced primary treatment plant in San Diego, California. However, both plants have failed to meet the federal and state wastewater treatment standards. Construction of secondary facilities and/or upgrades is required to resolve this issue. As a result of the noncompliance, the U.S. Section is a party to various claims and environmental lawsuits.

The U.S. Section and the City of Nogales, Arizona, are co-owners of the NIWTP. Through the Border Environment Cooperation Commission (BECC) process, the City of Nogales obtained funding to upgrade the NIWTP and related infrastructure to meet the required effluent standards. The City of Nogales will issue a design-build contract for the necessary NIWTP upgrades in late 2006. The estimate cost of the project is $56.2 million.

The U.S. and Mexican Sections addressed the wastewater problem affecting San Diego in IBWC Minute No. 311, signed in February 2004. IBWC Minute No. 311 provides the framework for the design, construction, operation and maintenance of wastewater facilities for secondary treatment for sewage originating in Tijuana, Mexico, including sewage currently treated to the advanced primary level at the SBIWTP. The Minute was formally approved by both governments on March 4, 2004, thereby entering into force as a legally binding agreement between the two countries. The U.S. Section concluded a Supplemental Environmental Impact Statement (SEIS) in July 2005, which provided an estimated cost of $336.1 million for implementation of the preferred alternative over 20 years.

PROGRAM AND OPERATING EXPENSES

The following is a summary of the agency's program and operating expenses at the end of the fiscal year.

PROGRAM AND OPERATING EXPENSES (in thousands of dollars)		
Object Classification	**FY 2006**	**FY 2005**
Personnel Services and Benefits	$15,561	$15,918
Travel and Transportation	$884	$726
Rent, Communications, and Utilities	$3,062	$2,773
Printing and Reproduction	$10	$33
Contractual Services	$13,303	$8,692
Supplies and Materials	$1,427	$1,280
Equipment (Expenses)	$1,870	$966
Grants, Miscellaneous	$732	$534
Total	**$36,849**	**$30,922**

REQUIRED SUPPLEMENTARY INFORMATION

COMBINING SCHEDULE OF BUDGETARY RESOURCES

Below is a table that summarizes all budgetary and non-budgetary resources under the U.S. Section's Salaries & Expenses and Construction Appropriations at fiscal year-end.

COMBINING SCHEDULE OF BUDGETARY RESOURCES BY APPROPRIATION (in thousands of dollars)						
	Salaries & Expenses		Construction		Total	
BUDGETARY RESOURCES:	Budgetary	Non-Budgetary	Budgetary	Non-Budgetary	Budgetary	Non-Budgetary
1. Unobligated Balance:						
1A. Brought Forward, Oct. 1	$1,671	$0	$4,359	$0	$6,030	$0
2. Recoveries of prior year obligations, Actual:	$175	$0	$159	$0	$334	$0
3. Budget Authority:						
3A. Appropriations, Actual:	$28,000	$0	$5,300	$0	$33,300	$0
3B. Borrowing Authority	$0	$0	$0	$0	$0	$0
3C. Contract Authority	$0	$0	$0	$0	$0	$0
3D. Spending Auth. from Offsetting Collections:						
3D1. Earned, Collected						
a. Collected	$5,382	$0	$576	$0	$5,959	$0
b. Receivables from Federal Sources	$78	$0	$0	$0	$78	$0
3D2. Change in Unfilled Customer Orders						
a. Advance Received	$0	$0	$25	$0	$25	$0
b. Without Advance from Federal Sources	($775)	$0	$24	$0	($751)	$0
4. Non-expenditure transfers, net	$0	$0	$0	$0	$0	$0
5. Temporarily Not Avail. Pursuant to Public Law	$0	$0	$0	$0	$0	$0
6. Permanently Not Available						
6A. Cancel. of expired and no-year accounts	($298)	$0	$0	$0	($298)	$0
6B. Enacted reductions	($358)	$0	($68)	$0	($425)	$0
7.Total Budgetary Resources	**$33,876**	**$0**	**$10,376**	**$0**	**$44,252**	**$0**
8. Obligations Incurred:						
8A. Direct	$27,556	$0	$7,282	$0	$34,837	$0
8B. Reimbursable	$5,561	$0	$134	$0	$5,695	$0
9. Unobligated Balance, Apportioned:	$1	$0	$2,960	$0	$2,961	$0
10. Unobligated Balance Not Available	$759	$0	$0	$0	$759	$0
11. Total Status of Budgetary Resources	**$33,876**	**$0**	**$10,376**	**$0**	**$44,252**	**$0**
Relationship of Obligations to Outlays:						
12. Obligated Balance, Net:						
12A. Unppaid obligations brought forward, Oct 1	$9,439	$0	$8,015	$0	$17,454	$0
12B. Uncoll. pmts from fed. sources brought forward	($2,101)	$0	($2,116)	$0	($4,217)	$0
13. Obligations incurred	$33,202	$0	$7,416	$0	$40,618	$0
14. Gross outlays	($34,054)	$0	($6,938)	$0	($40,992)	$0
15. Obligated balance transfers, net:	$0	$0	$0	$0	$0	$0
16. Recoveries of prior year obligations	($261)	$0	($159)	$0	($420)	$0
17. Change in uncollected pmts from federal sources	$697	$0	($24)	$0	$673	$0
18. Obligated balance, net, end of the period:						
18A. Unpaid obligations	$8,326	$0	$8,334	$0	$16,660	$0
18B. Uncollected pmts from federal sources	($1,404)	$0	($2,140)	$0	($3,545)	$0
19. Net Outlays:						
19A. Gross outlays	**$34,054**	**$0**	**$6,938**	**$0**	**$40,992**	**$0**
19B. Offsetting collections	**($5,382)**	**$0**	**($602)**	**$0**	**($5,984)**	**$0**

DEFERRED MAINTENANCE

Deferred maintenance is maintenance that was not performed when it should have been or was scheduled to be performed, but delayed until a future period. Under Statement of Federal Financial Accounting Standards (SFFAS) No. 6, maintenance is defined as "the act of keeping fixed assets in acceptable condition. It includes preventive maintenance, normal repairs, replacement of parts and structural components, and other activities needed to preserve the asset so that it continues to provide acceptable services and achieves its expected life. Maintenance excludes activities aimed at expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, those originally intended."

The U.S. Section applies the condition assessment survey method to rate the condition of its assets. Condition assessment surveys are periodic inspections of property, plants, and equipment to determine the current condition and estimated cost to correct any deficiencies. These assets are rated using the following scale:

- Excellent.....1
- Good.....2
- Fair 3
- Poor.....4
- Very Poor.....5

The U.S. Section's Deferred Maintenance Schedule is as follows:

DEFERRED MAINTENANCE (in thousands of dollars)				
Project Type :	**Asset Condition Rating**	**Cost to Return to Acceptable Condition**	**Cost of Critical Maintenance**	**Cost of Non-Critical Maintenance**
1. Wastewater Treatment:				
A. Buildings	3.0	$40	$0	$40
B. Asphalt/Concrete Pavement Sealant	3.0	$15	$0	$15
C. Grit Chamber Coating	5.0	$50	$50	$0
D. Effluent Channel Repair	5.0	$60	$60	$0
E. Landscaping	4.0	$100	$0	$100
F. Field Office Fencing	4.0	$225	$0	$225
2. Flood Control:				
A. Buildings	3.7	$275	$100	$175
B. Flood control Structures	4.1	$1,400	$1,400	$0
C. Lateral Drain & Pilot Channel	2.5	$75	$50	$25
D. Boundary markers	3.5	$75	$50	$25
E. Property	3.5	$215	$200	$15
F. Levee/Floodplain Maintenance	4.0	$127,140	$125,525	$1,615
G. Limitrophe Section	5.0	$4,000	$0	$4,000
H. Structures	4.3	$1,310	$1,280	$30
I. Centennial Trailer	5.0	$5	$0	$5
Grand Total		**$134,985**	**$128,715**	**$6,270**

International Boundary and Water Commission
United States and Mexico
United States Section

Boundary Preservation

Water Quality Management

Water Quantity Operations

Resource Management