

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



**Performance and Accountability Report  
Fiscal Year 2007**

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

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## MISSION AND PHILOSOPHY

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### 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 and ensuing appointment to the position of U.S. Commissioner 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:



U.S. Commissioner  
Carlos Marin

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

Executive staff and I conducted a preliminary self-evaluation of the agency during late FY 2005 and early FY 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 our 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.”

In late FY 2007, my executive staff and I conducted a follow-up evaluation of the agency to identify pending weaknesses and deficiencies. The results of our findings suggested that further organizational adjustments were needed to improve agency performance and effectiveness in meeting mission goals and objectives. Therefore, I implemented the required organizational changes, which included the establishment of new functional areas.

I am pleased to share with you our *Annual Performance and Accountability Report for Fiscal Year 2007*. 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. On behalf of our dedicated employees, 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.

A handwritten signature in blue ink, appearing to read 'Carlos Marin', written in a cursive style.

Carlos Marin  
U.S. Commissioner

## ABOUT THIS REPORT

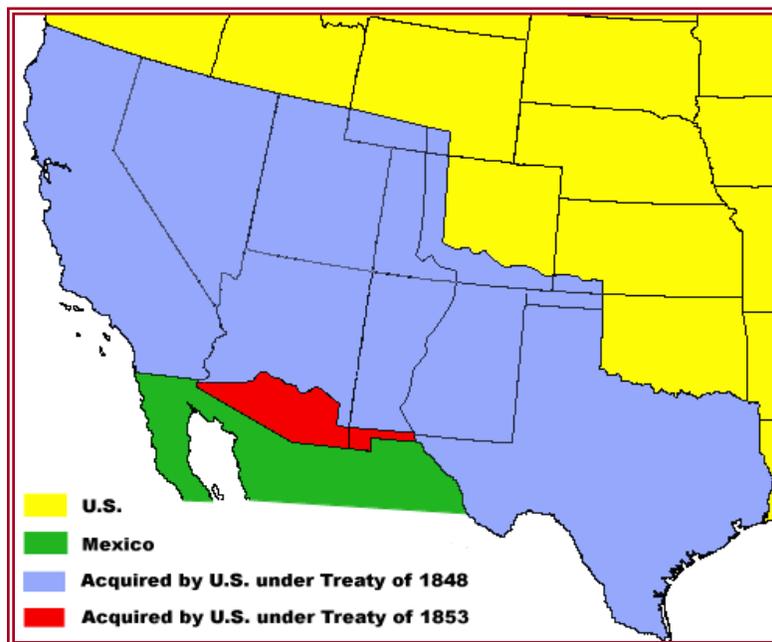
The Performance and Accountability Report provides important resource and performance information for the U.S. Section of the International Boundary and Water Commission during Fiscal Year (FY) 2006. It outlines the agency's:

- ▶ 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

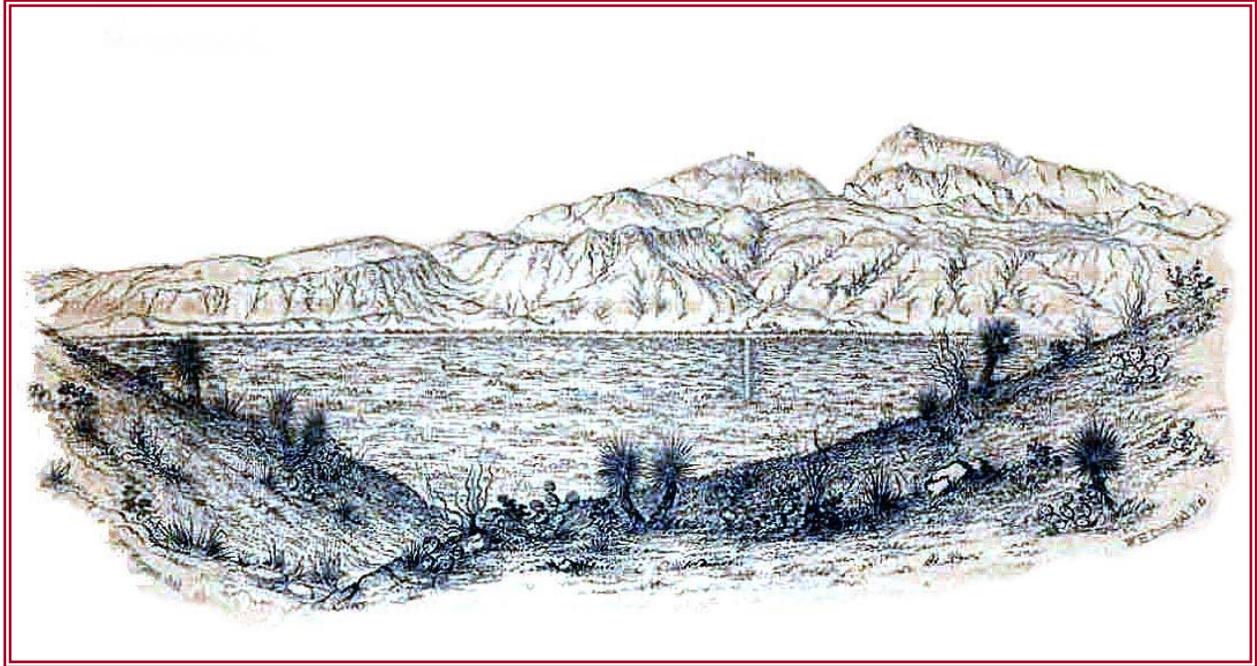
The International Boundary and Water Commission (IBWC) traces its roots to the Guadalupe Hidalgo Treaty of 1848 and the Gadsden Treaty of 1853. The *Guadalupe Hidalgo Treaty of February 2, 1848* ended the Mexican-American War and provided for a new international boundary. The resulting boundary extended 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.



### ***Historic U.S. – Mexico Boundaries***

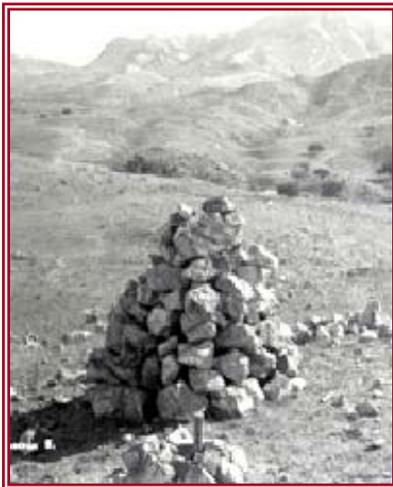
*This map illustrates the land that the U.S. acquired from Mexico as a result of the Guadalupe Hidalgo Treaty of 1848 (blue), and the Gadsden Treaty of 1853 (red).*

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 1848 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.



**Sketch of Territory acquired by the Treaty of 1853**

*View of the initial point on the Rio Grande, looking west along the boundary line on parallel 31° 47' N latitude. The flag on the mountain and the boundary monument, situated on the west bank of the Rio Grande, indicate the boundary line west of the Rio Grande.*



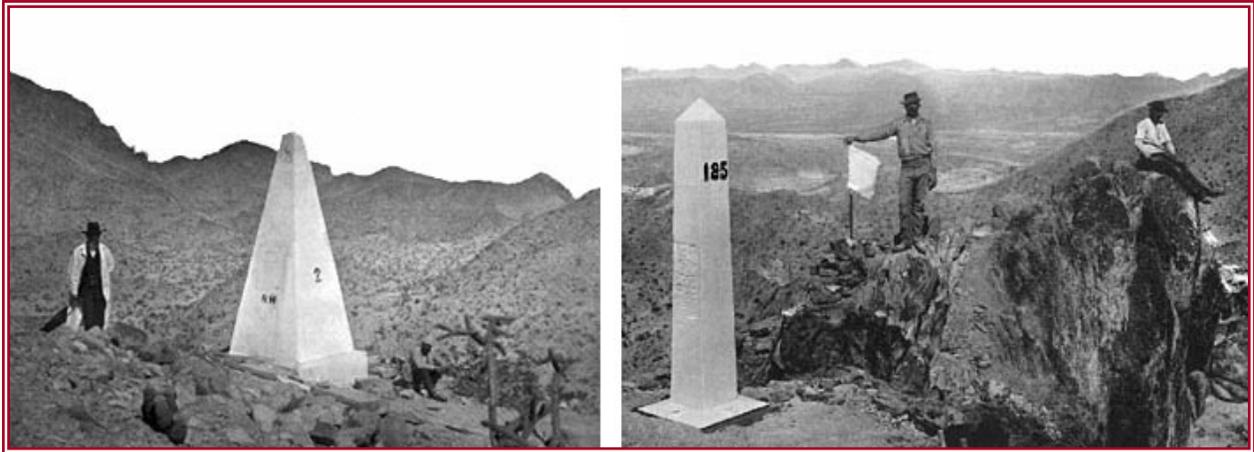
**Old Monument No. 16**

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

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 from 1976 to 1986.



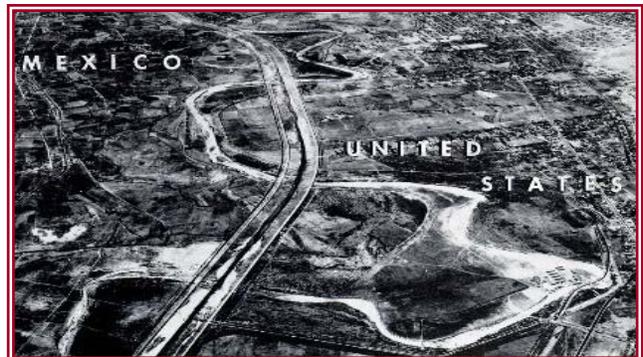
#### **Western Land Boundary Monuments**

*Stone and iron monuments were erected during the resurvey expedition in the early 1890's to demarcate the international boundary. Monument No. 2 (left), composed of stone, was set at the summit of the Mulero Mountains near El Paso, Texas. Monument No. 185, made of iron, was placed on a high, rough peak of the Tule Mountains.*

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.

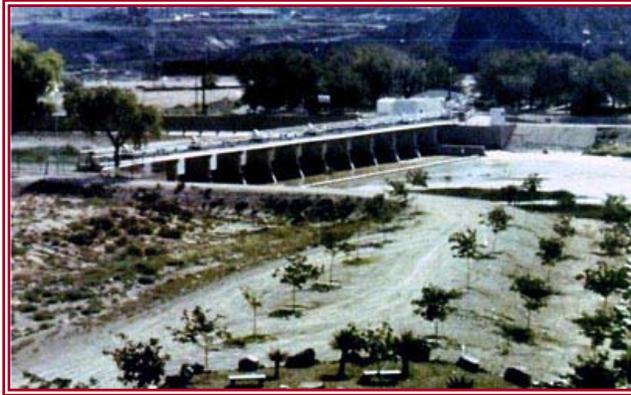
Historically, the Rio Grande was a meandering stream carrying heavy sediment loads through and below the El Paso – Juárez Valley. Channel aggrading occurred due to the flat gradient and low



#### **Rio Grande Rectification**

*Photo showing the rectification of the Rio Grande along the El Paso – Ciudad Juárez Valley in 1938 for the purpose of stabilizing the U.S. – Mexico boundary.*

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 Rectification Project, which rectified the channel with the necessary grade control works and within a leveed floodway from 1934 to 1938. The rectified channel extended 85.6 miles from Cordova Island, approximately four miles below International Diversion Dam, to Little Box Canyon.



**American Diversion Dam and Canal**

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

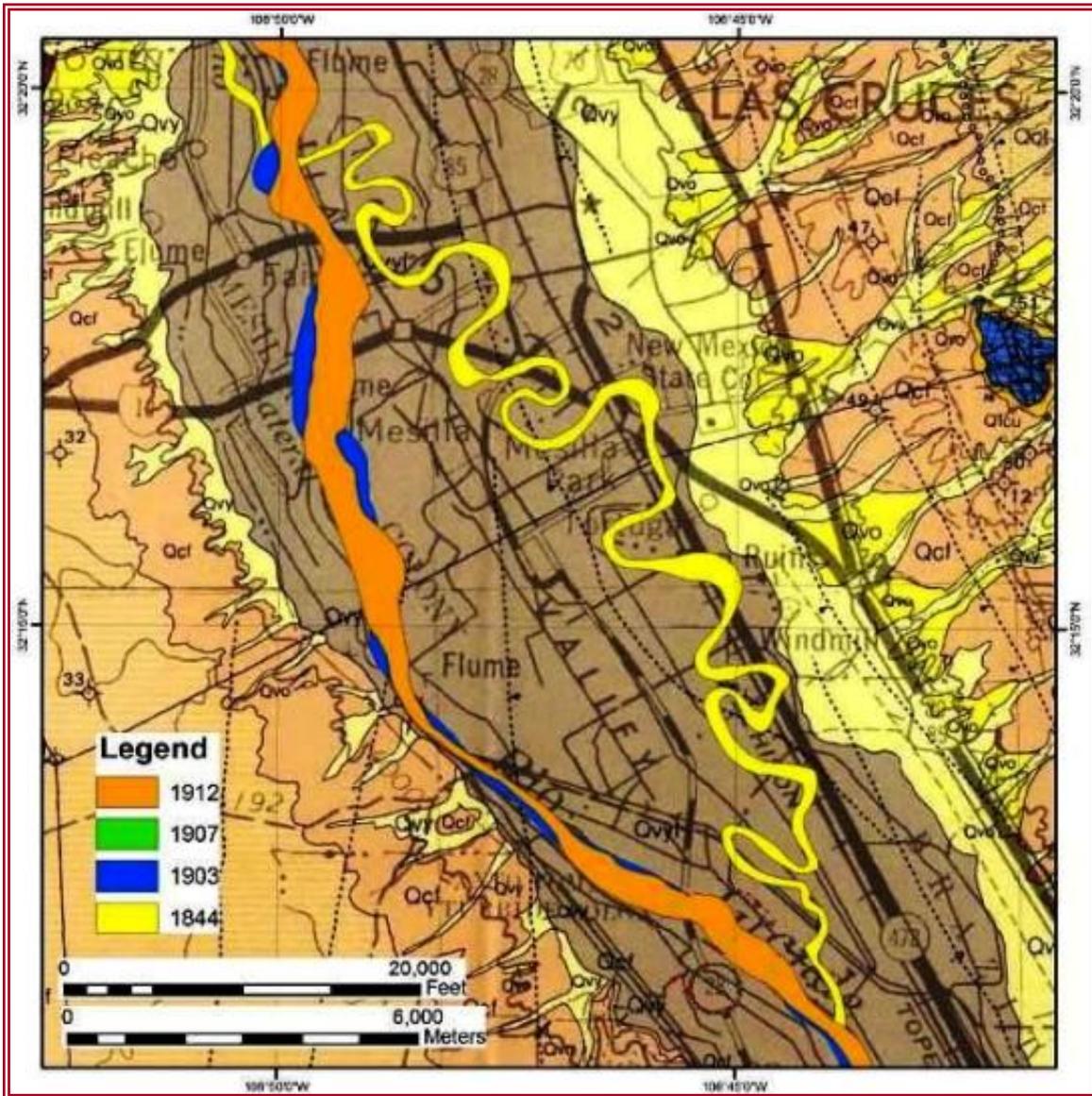
The U.S. Section of the IBC built the American Diversion Dam and Canal immediately upstream of the Rio Grande boundary in El Paso, Texas from 1937 to 1938. The purpose of this project was to separate Rio Grande waters allocated to the U.S. from those allocated to Mexico in the El Paso – Juárez Valley. To convey these waters more efficiently and protect U.S. lands from Rio Grande floods, the U.S. Section constructed the Rio Grande Canalization Project. This project provided for a normal-flow, rectified river channel within a leveed floodway from Percha Diversion Dam, located two miles downstream of Caballo Storage Dam, to American Diversion Dam during 1938 to 1943.

Two decades later, the IBWC relocated a section of the Rio Grande in El Paso, Texas – Ciudad Juárez, Chihuahua to resolve a century old boundary dispute with Mexico. This dispute, known as the Chamizal Dispute, arose when the Rio Grande moved southward, causing Mexico to lose territory in the 1860's. To resolve this issue, the IBWC constructed the Chamizal Project from 1966 to 1969 and returned 437 acres of territory to Mexico. Through this project, the agency relocated and stabilized 4.35 miles of the Rio Grande channel near Cordova Island. It also extended the flood control levees upstream from Cordova Island to immediately below American Dam to protect U.S. lands from river floods.



**Resolution of the Chamizal Boundary Dispute**

*Territory returned to Mexico, in accordance with the Convention of 1963, by relocation of the Rio Grande was relocated northward.*



**Historical courses of the Rio Grande in the Mesilla Valley**

The historical courses of the Rio Grande, prior to its “straightening” during the Canalization Project from 1938 to 1943, are shown on the geology map. Note the smaller size of river channel between the 1844 course and later channels.

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.

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.



#### **Hurricane Beulah Flooding**

*Aerial photograph of a flooded community in Harlingen, Texas after Hurricane Beulah hit the Lower Rio Grande Valley in 1967. Note that only the rooftops were visible.*



#### **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*



**Falcon International Storage Dam and Hydroelectric Power Plant**

*Falcon International Dam and the U.S. power plant during construction in 1952 (left), and in operation thirty-nine years later in 1993 (right). The storage dam and power plants provide water conservation, flood protection, power production, and recreational benefits to both the U.S. and Mexico. (Mexican power plant is not shown.)*

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, jointly with the City of Nogales, a larger secondary sewage treatment plant outside of the city limits in 1972, 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.



**Nuevo Laredo Int'l Wastewater Treatment Plant**

*This plant, with a capacity of 31 million gallons per day, treats Mexican sewage that would otherwise pollute the Rio Grande to U.S. secondary standards.*

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 unilateral or 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.

### Treaty 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. This Treaty, also referred to as the “Water Treaty”, 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.



#### **1944 Treaty Signing**

*U.S. Secretary of State Cordell Hull, seated at the center, and Mexican Foreign Relations Secretary F. Castillo Najera, seated to his right, sign the Water Treaty in Washington, DC on February 3, 1944.*

### Convention of August 29, 1963

The Convention of August 29, 1963, referred to as the “Chamizal Convention,” resolved a century-old boundary problem at El Paso, Texas – Ciudad Juárez, Chihuahua, known as the Chamizal Dispute, involving some 600 acres 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. It provided for the relocation by the IBWC of 4.35 miles of Rio Grande channel as to transfer a net amount of 437 acres 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.



#### **1963 Convention Signing**

*U.S. Ambassador Thomas C. Mann, left, and Mexican Foreign Relations Secretary Manuel Tello, right, sign the Chamizal Convention in Mexico City, Mexico on August 29, 1963.*

## 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 between the U.S. and Mexico. This Treaty, known as the "Boundary Treaty," superseded the Conventions of 1884 and 1905. The 1970 Treaty reestablished the Rio Grande as the boundary throughout its 1,254-mile limitrophe section and provided a different method for resolving changes in the boundary and transfers of territory due to changes in the course of the river. 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 incidental 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.



### 1970 Treaty Signing

*U.S. Ambassador Robert M. McBride, left, and Mexican Secretary of Foreign Affairs Antonio Carrillo Flores, right, sign the Boundary Treaty in Mexico City, Mexico on November 23, 1970. U.S. Commissioner of the IBWC, J. F. Friedkin is standing behind U.S. Ambassador McBride.*

## 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.

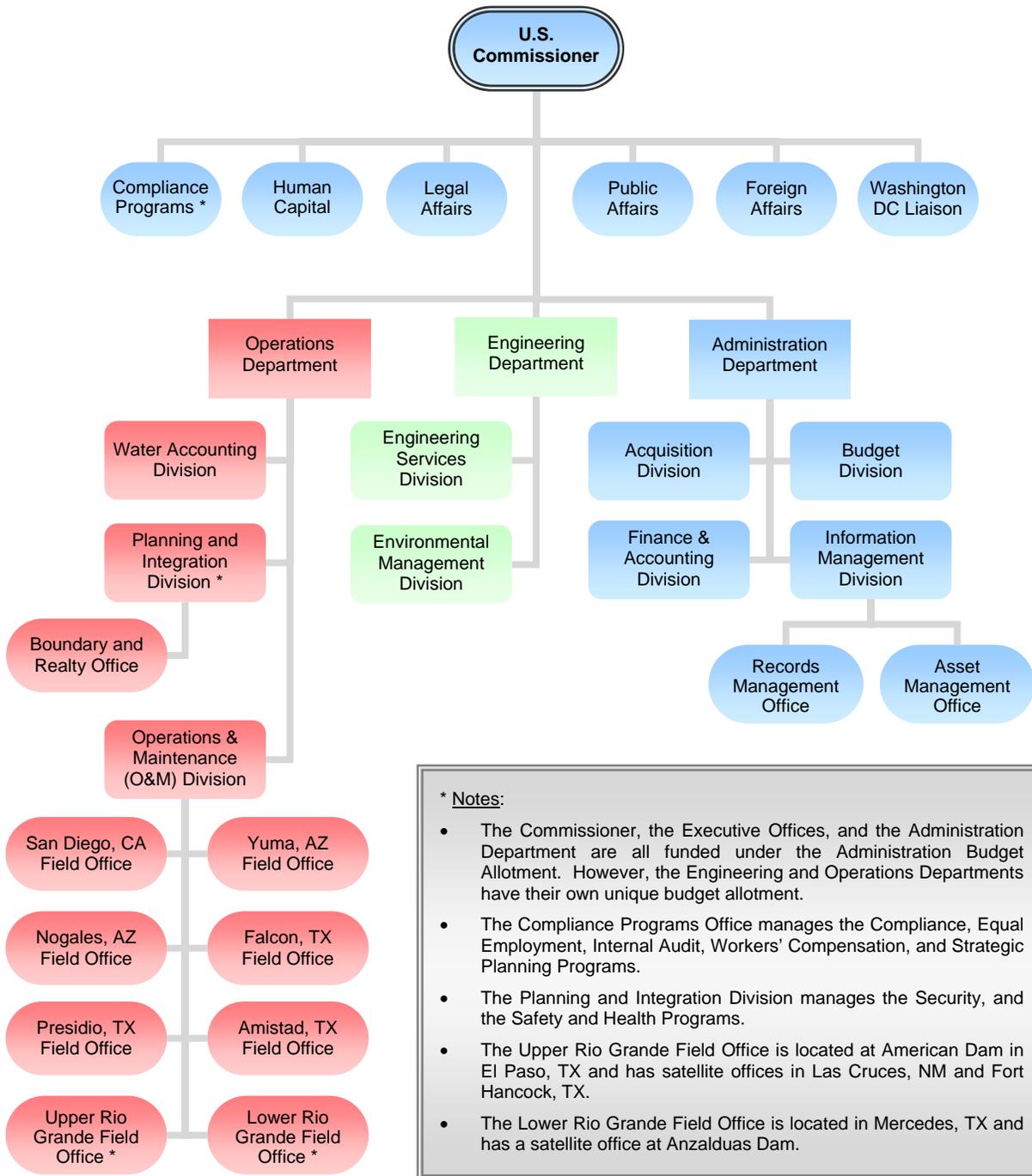
When a new or anticipated boundary or water problem is identified, the U.S. and Mexican Commissioners make recommendations to their respective Governments for its resolution. Early detection and evaluation of the problem and the development of measures for resolution are a part of the mission of the 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 Commissioner, the Executive Offices, and the Administration Department are all funded under the Administration Budget Allotment. However, the Engineering and Operations Departments have their own unique budget allotment.
- The Compliance Programs Office manages the Compliance, Equal Employment, Internal Audit, Workers' Compensation, and Strategic Planning Programs.
- The Planning and Integration Division manages the Security, and the Safety and Health Programs.
- 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.

## OVERVIEW OF ORGANIZATIONAL STRUCTURE

The International Boundary and Water Commission (IBWC) is a binational 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 the other, 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 the 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 U.S. Commissioner, Executive Offices, and three Departments: Operations, Engineering, and Administration. The Executive Offices are comprised of the Compliance, Human Capital, Legal Affairs, Foreign Affairs, Washington DC Liaison, and Public Affairs Offices. 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 Department performs the necessary support functions for the agency, whereas the Executive Offices provide executive, legal, and foreign policy guidance to the Commissioner. The Heads of the Executive Offices and the three Departments make up the U.S. Section's Executive Staff. The roles of the Executive Offices and Departments are summarized below.

### Executive Offices

The Executive Offices are comprised of the Compliance, Human Capital, Legal Affairs, Public Affairs, Foreign Affairs, and the Washington, DC Liaison Offices. The Compliance Office administers the Compliance, Equal Employment, Internal Audit, Workers' Compensation, and Strategic Planning Programs. Through its programs, the Compliance Office oversees agency policies and practices to ensure compliance with all respective laws, regulations, agency directives, and other requirements. In addition, the Compliance Office develops the Strategic Plan, formulates, documents, and measures performance goals, prepares annual plans and reports, and provides support during budget formulation and justification. The Human Capital 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. 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 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 consists of the following Division: Water Accounting, Planning and Integration, and Operations and Maintenance. The Operations and Maintenance Division, 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. The Water Accounting Division coordinates and performs the water accounting functions to determine the national ownership of Rio Grande and Colorado River waters jointly with the Mexican Section. The Planning and Integration Division administers the security, safety and health, boundary and realty, graphic information systems, and project planning programs.

### 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 in engineering and environmental management to meet agency requirements. 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, Finance and Accounting, and Information Management. 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.

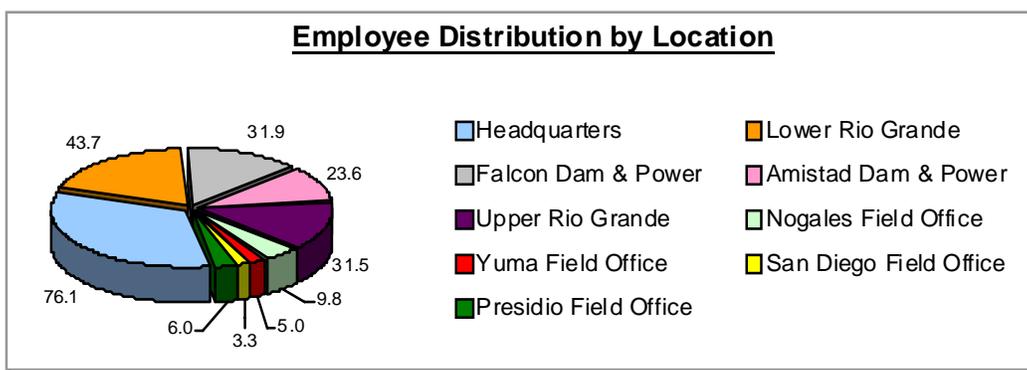
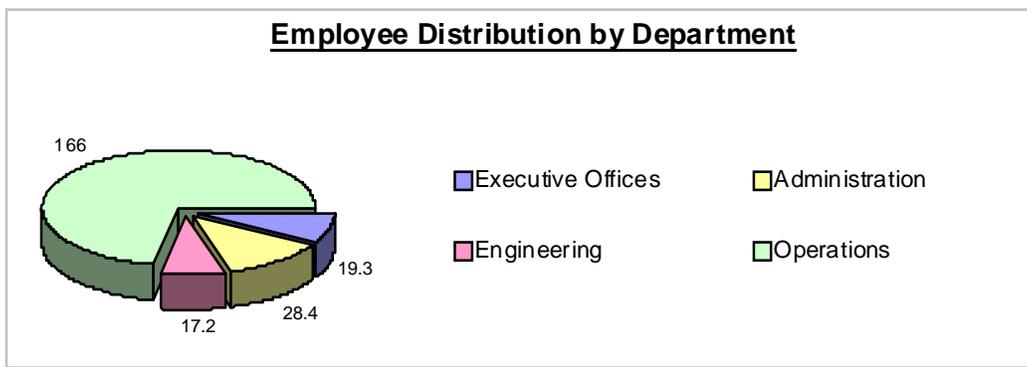
## OUR PEOPLE

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 a total of 230.9 full-time equivalent (FTE) employees in FY 2007. An FTE is a unit of measure that equates to one full-time employee working 40 hours per week for a complete fiscal year. FY 2007 consisted of 52 weeks; therefore, an FTE yields one employee working 2080 hours.

Shown below is the average annual FTE 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**



## LOCATIONS AND GENERAL RESPONSIBILITIES

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.

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.

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.

## 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 land monument in accordance with IBWC Minute No. 244. 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 in accordance with IBWC Minutes Nos. 202 and 235.

## 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 and sustain 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 develop and implement a solution, consistent with the Tijuana River Valley Estuary and Beach Sewage Cleanup Act and IBWC Minute No. 311, to provide 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 ISO14001: 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](http://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 Meet provisions stipulated in IBWC Minutes No. 244 and 249 by repairing or restoring the following 10 of 138 U.S.-maintained land boundary monuments along southeastern Arizona from Nogales to Naco: Nos. 104, 105, 107, 108, 109, 110, 112, 113, 114, and 115.

*Status: The U.S. Section did not restore the ten monuments as initially planned in southeastern Arizona (No. 104, 105, 107, 108, 109, 110, 112, 113, 114, and 115), because resources were reallocated to work on the Rio Grande levee-raising initiatives in El Paso, Texas. Nonetheless, the agency performed some monument restoration work by refurbishing the following eight monuments (20% below target) in the Yuma area: 195, 196, 197, 198, 199, 200, 201 and 202.*

- 1.1.2 Establish Global Positioning System (GPS) coordinates for thirty-nine boundary monuments in southeastern Arizona by performing a GPS survey.

*Status: The U.S. Section surveyed and established coordinates for the thirty-nine boundary monuments that it is responsible for under Minute No. 244. Thirty-three monuments were surveyed with GPS, but due to interference problems, six were surveyed using the conventional method. The monuments surveyed using GPS were: No. 80, 82, 83, 84, 84A, 87, 88, 89, 90, 91, 92, 92A, 92C, 93, 94, 94C, 95, 96, 97, 98, 99, 110, 111, 112, 117A, 118, 118A, 119, 123B, 124, 126, 127, 128, 131 and 132. Monuments surveyed by conventional means were: No. 120, 121, 122, 122A, 122C & 123. The final survey report was completed and shared with the Mexican Section in September 2007. INEGI, Mexico's geographical information agency, will survey and establish coordinates for remaining monuments.*

- 1.1.3 Meet provisions of IBWC Minute No. 302 by restoring demarcation markers and plaques at all U.S.-maintained border ports of entry.

*Status: The U.S. Section inspected and restored the demarcation plaques and pavement markers at 16 of the 21 U.S. Section-maintained ports of entry listed in Minute 302. (23.8% below target)*

- 1.1.4 Inspect and maintain the demarcation buoys and markers at Falcon and Amistad International Storage Dams in accordance with IBWC Minutes No. 202 and No. 235.

*Status: Falcon demarcation monuments could not be inspected nor maintained, because water levels remained too low for access to the top of the pillars. Amistad demarcation buoys were inspected 5 times, and Buoy No. 18 was reinstalled in June 2007.*

## Boundary Mapping

- 1.2.1 Meet the provisions of the 1970 Boundary Treaty by producing an official set of updated Rio Grande boundary and Colorado River boundary maps in cooperation with Mexico.

*Status: In cooperation with the U.S. Geological Survey and Mexico's mapping agency (INEGI), the IBWC used aerial imagery obtained in 2004 to develop a draft set of Rio Grande boundary photomaps in FY 2006. The IBWC expects to finalize both digital and hard copy photomaps of the Rio Grande boundary by December 2007. The IBWC acquired Digital Orthophoto Quadrangles (DOQ) of the Colorado River Boundary in December 2006 and plans to begin development of draft maps in FY 2008.*

## WATER QUANTITY OPERATIONS

### Flood Control

- 2.1.1 Conclude the planning phase for rehabilitation of the existing Lower Rio Grande Flood Control System by completing the programmatic environmental impact statement (PEIS), the environmental assessments, and the geotechnical investigations.

*Status: The Draft PEIS was issued in July 2007; however, issuance of the Final PEIS is expected in November 2007. The U.S. Section concluded 3 of the 4 Environmental Assessments (EA) it planned to complete in FY 2007. These include: (1) Mission and Common Levee EA, (2) Lateral A and Retamal Dike EA, and (3) Donna Pump to Brownsville EA. The Interior Floodways EA was delayed to allow Texas Parks and Wildlife, a cooperating agency, additional time to provide input on the preliminary draft EA. Completion of this Interior Floodways EA is expected in November 2007.*

*Excessive rains delayed the completion the geotechnical investigations in FY 2007. Three of the five geotechnical reports were finalized in August 2007. The remaining two reports are expected to be completed in October 2007.*

- 2.1.2 Unplanned: Conduct an Environmental Assessment (EA) and develop design plans for raising of the Rio Grande levee in El Paso, Texas between International Dam and Riverside Dam.

*Status: The final EA and design plans were concluded simultaneously in May 2007.*

- 2.1.3 Unplanned: Raise and resurface 11.15 miles of Rio Grande levee in El Paso, Texas between International Dam and Riverside Dam.

*Status: The U.S. Section completed the levee-raising improvements from May 2007 to September 2007.*

- 2.1.4 Prepare final design plans and specifications for structural and capacity improvement of the Hidalgo Levee (4.5 miles total; Phase 1 = 3.3 miles & Phase 2 = 1.2 miles) in the LRGV.

*Status: The U.S. Section completed the final design for Phase 1 of the Hidalgo Levee improvements (3.3 miles) in June 2007. A task order to develop the final design plans and specifications for the Phase 2 Hidalgo Levee improvements (1.2 miles) was issued in July 2007. The final design for Phase 2 is expected in April 2008.*

- 2.1.5 Preserve floodway capacities for conveyance of established flood flows by mowing approximately 17,900 acres of levee slopes and floodplain as follows:

- Upper Rio Grande – 2 mowing cycles, 9,500 acres/cycle, 19,000 total acres;

*Status: Mowed 9,379 acres in the first cycle and 3,056 acres in the second cycle for a total of 12,435 acres (35% below target).*

- Presidio – 3 mowing cycles, 400 acres/cycle, 1,200 total acres;

*Status: Performed 4 cycles of mowing for a total of 1,600 acres (25% above target).*

- Lower Rio Grande – 8,000 acres, 1 cycle, 8,000 total acres.

*Status: Completed the cycle of 8,000 acres and mowed an additional 450 acres in a supplemental cycle. (5.6% above target)*

- 2.1.6 Maintain Rio Grande flood control system levees by performing necessary spot repairs (resurfacing and slope reconditioning) and grading the levee roadway the following distances:

- Lower Rio Grande – 270 miles;

*Status: Graded 226 miles of levee roadway (16% below target), and reconditioned 38,194 feet of levee slope during various months of FY 2007.*

- Upper Rio Grande – 227 miles (includes spur levees);

*Status: Graded 81.2 miles of levee roadways during various months of FY 2007 (64% below target). Levee grading was not completed, because resources were reallocated to perform levee-raising activities along deficient segments of the Upper Rio Grande Flood Control System. The redirected efforts resulted in the raising and resurfacing of 11.15 miles of levee in El Paso, Texas.*

- Presidio – 15.2 miles.

*Status: Completed the 15.2 miles of levee roadway grading from May 2007 to August 2007 (on target).*

- 2.1.7 Initiate planning efforts for river enhancements and habitat restoration along the Rio Grande upstream of American Dam by conducting a hydraulic-hydrology study and identifying potential areas for improvement.

*Status: The hydraulic-hydrology study, which is being performed under contract by the USACE, is approximately 75% complete. This study is scheduled for completion in February 2008.*

- 2.1.8 Pursuant to the 1906 Convention, ensure the efficient conveyance of waters by removing approximately 100,000 cubic yards of sediment in the Upper Rio Grande channel at major arroyo deltas in the Upper Rio Grande Flood Control System, and upstream of International and American Dams.

*Status: The agency removed 47,643 cubic yards of sediment in FY 2007 (52% below target), since resources were redistributed to levee-raising efforts in El Paso, Texas.*

- 2.1.9 Initiate efforts to address binational issues concerning flood control system capacity design requirements on the Lower Colorado River by conducting a joint flood flow study with the U.S. Bureau of Reclamation (USBR). The findings of the study will be used by both the U.S. and Mexico to confirm or amend the current design capacity of the flood control system in FY 2008 (or later).

*Status: The joint flood flow study with the USBR was postponed, because the USBR did not have sufficient resources to undertake additional, unanticipated work needed to conclude the study. For valid results, the study requires a cross-sectional survey along the Colorado River between Laguna Dam and the Northerly International Boundary (NIB). The U.S. Section does not have funding authority along this segment of the river. However, the USBR is planning to resume work on the study and perform the cross-sectional survey in FY 2008.*

- 2.1.10 Initiate efforts to improve the flow capacity of the Colorado River immediately above and below Morelos Dam by conducting a habitat restoration study (required under the USFWS Biological Opinion) and acquiring the mandatory permits prior to silt removal.

*Status: The preliminary data gathering process to determine the design parameters and prepare the permit application has been initiated. The U.S. Section expects to complete the permit application in December 2007 and receive the approval in February 2008. In addition, the U.S. Section plans to begin the habitat restoration study in the 2<sup>nd</sup> quarter of FY 2008.*

#### Accounting of Rio Grande and Colorado River Waters

- 2.2.1 Comply with requirements of the 1906 Convention by cooperating with U.S. partners to ensure deliveries of Rio Grande waters to Mexico.

*Status: Due to drought and low reservoir levels in the Upper Rio Grande, the full allotment of Rio Grande waters, 60,000 acre-feet, was not available for the annual delivery cycle ending in December 2006. The U.S. Section applied the drought provisions provided in the 1906 Convention and made 33,895 acre-feet of water available to Mexico. Although this amount was 43.5% below the target of 60,000 acre-feet, the U.S. Section complied with the Convention of 1906.*

- 2.2.2 Comply with requirements of the 1944 Treaty by cooperating with U.S. partners to ensure deliveries of Colorado River waters to Mexico.

*Status: The full allotment of Colorado River waters, 1,500,000 acre-feet, was available to Mexico for the delivery cycle ending in December 2006.*

- 2.2.3 Comply with the provisions of the 1944 Treaty by working with Mexico to ensure deliveries of Rio Grande waters to the U.S.

*Status: In accordance with the 1944 Treaty, Mexico is to allocate a minimum of 1,750,000 acre-feet of water to the U.S. in the Lower Rio Grande over a five-year cycle. During the 2002 to 2007 five-year cycle, Mexico delivered 1,750,000 acre-feet, fulfilling its treaty requirements. Of this amount, 459,144 acre-feet of water was provided in the final year of the cycle (on target).*

- 2.2.4 Publish the 2004 and 2005 Rio Grande Water Bulletins, and the 2005 Colorado River and Western Boundary Streams Water Bulletin.

*Status: The 2004 Rio Grande Water Bulletin was sent to the Government Printing Office for publishing in August 2007. However, the 2005 Rio Grande and the 2005 Western Boundary Streams Water Bulletins are scheduled to be finalized and sent for publishing by December 2007.*

#### Safe Operation of Dams

- 2.3.1 Allow for proper expansion and contraction of the spillway structure by replacing the spillway expansion and contraction joints at Falcon International Dam.

*Status: The U.S. Section completed the rehabilitation of the expansion and contraction joints, including concrete repairs, in February 2007.*

- 2.3.2 Determine the reason for the gate dislodging problem at penstock #4 on Amistad Dam by completing a study to evaluate gate operations.

*Status: The study and the final report of findings and recommendations were completed in October 2006. Unfortunately, due to the high cost of the solution, the U.S. Section will not implement the preferred alternative at this time.*

- 2.3.3 Prepare plans and specifications to fabricate spare penstock bulk gate for Amistad International Dam, and award fabrication contract.

*Status: The U.S. Section completed the design plans and specifications for fabrication of the spare penstock bulk gate in April 2007.*

- 2.3.4 Improve the occupational safety conditions and ensure continued operations at Retamal Dam by developing design plans and specifications for a new maintenance/storage building and emergency backup power system upgrades.

*Status: The U.S. Section initiated the project in October 2006. However, in February 2007, the agency elected to suspend the project and reassign its resources to work on design plans and specifications for levee-raising efforts in El Paso, Texas. The project specifications have yet to be prepared, but the drawings are about 50% complete (75% below target).*

- 2.3.5 Enhance security at Falcon Dam by developing design plans and specifications to upgrade the roadway lights.

*Status: Design plans and specifications are approximately 90% complete (10% below target). The U.S. Section expects to complete the design by December 2007.*

- 2.3.6 Comply with the *Federal Guidelines for Dam Safety* by conducting the required 5-year safety inspections to identify deficiencies at Anzalduas, Retamal, Falcon, Amistad, and International Dams.

*Status: The 5-year safety inspections of Anzalduas, Retamal, Falcon, and Amistad Dams were conducted in April 2007. International Dam was not inspected; however, it is scheduled for inspection in November 2007. The U.S. Section and the U.S. Army Corps of Engineers participate at the inspections on behalf of U.S. Mexico is represented by the Comisión Nacional del Agua, the Comisión Federal de Electricidad, and the Mexican Section at these inspections.*

- 2.3.7 Develop design plans and specifications for the upgrade of the spillway gate and roadway crane control panels at Falcon Dam.

*Status: The U.S. Section began preparing a scope of work to initiate a task order for its design contractor. However, the agency suspended this work in March 2007 and redirected its resources to develop design plans for rehabilitation of the Upper Rio Grande Flood Control Levees. The project scope is about 70% complete (95% below target).*

- 2.3.8 Initiate safety improvement efforts at Falcon Dam by developing design plans and specifications to replace the guardrail along the roadway and the power plant access ramp.

*Status: Design plans and specifications for replacement of the guardrail were completed in May 2007.*

- 2.3.9 Improve working conditions at Anzalduas Dam by constructing a new maintenance shop building, including yard paving and fencing.

*Status: Construction work began in January 2007 and is approximately 90% complete. The building is scheduled to be completed in November 2007 (10% below target).*

- 2.3.10 Improve the operational controls of Anzalduas Dam by concluding the upgrade of the control panels.

*Status: This work, which carried over from FY 2006, was completed in July 2007.*

- 2.3.11 Reduce the risk of operational failure at American Dam by replacing gates #1 through #3 of 13, and installing cathodic protection.

*Status: The U.S. Section awarded a contract to replace these gates in August 2007. The work is scheduled for completion by May 2008.*

## WATER QUALITY MANAGEMENT

### Water Quality of Boundary and Transboundary Rivers

- 3.1.1 Collect and analyze 60 water quality samples at established sites on the Colorado River. Implement recommendations of the binational technical water workgroup to address the methods used to determine the salinity in the Colorado River in accordance with IBWC Minute No. 242. The workgroup consists of members from Mexico's Comisión Nacional del Agua, the U.S. Bureau of Reclamation, and the IBWC.

*Status: The U.S. Section met this goal by collecting and analyzing all 60 Colorado River water quality samples, and implementing the binational workgroup recommendations.*

- 3.1.2 Assist the City of Calexico, California in developing solutions to improve the water quality of the New River by collecting and analyzing 36 water quality samples at established sites on the New River and producing analysis reports.

*Status: The U.S. Section assessed all 36 water quality samples on the New River and produced the analysis reports.*

- 3.1.3 Assist resource agencies to address Rio Grande water quality concerns by collecting and analyzing 353 water quality samples at established sites, and producing analysis reports.

*Status: The agency conducted 311 routine samplings in FY 2007 and produced the required quarterly and annual water quality reports. Initially, the U.S. Section planned to collect and test 353 water quality samples at established sites on the Rio Grande and its tributaries. However, the U.S. Section, in consultation with its stakeholders, decided to eliminate monitoring at sites that have historically yielded positive results and that are now being monitored by other stakeholders.*

- 3.1.4 Comply with provisions of the Clean Water Act by reporting water quality information of the New River, Colorado River, and Rio Grande to state resource agencies.

*Status: The U.S. Section provided bi-monthly updates of water quality data to state resource agencies, thus complying with the Clean Water Act requirements.*

- 3.1.5 Meet the terms of the federal court consent decree entered against the U.S. Section by initiating the *Phase II Supplemental Ocean Monitoring Program*. Ocean monitoring will continue into FY 2008. A final report is expected in March 2008.

*Status: The U.S. Section is currently performing the required supplemental ocean monitoring, which began in February 2007. The monitoring will conclude in March 2008.*

- 3.1.6 Comply with New Mexico's Water Quality Act requirements and Water Quality Control Commission regulations by concluding the Hatch groundwater monitoring program, closing off the monitoring wells, and producing a report of findings.

*Status: The U.S. Section concluded the groundwater monitoring program and closed-off all groundwater monitoring and vapor recovery wells in accordance with the New Mexico Environment Department requirements in March 2007.*

### Wastewater Treatment

- 3.2.1 Determine viable solutions to maximize the effectiveness of the SBIWTP by testing the remaining six of fifteen O&M-based alternatives (Nos. 4, 5, 7, 9, 11, and 13) proposed in October 2005 by a panel of wastewater experts and preparing a report. In FY 2006, the U.S. Section completed the testing of Alternatives Nos. 1, 8, 14, and 15, and dismissed Alternatives Nos. 2, 3, 6, 10, and 12 due to their low benefit and/or high implementation costs.

*Status: The agency implemented Alternatives Nos. 4, 7, and 9, which involve the introduction of additional chemicals into the system. Testing and evaluation of these alternatives will continue from May 2007 to April 2008. The final test report is expected in June 2008. Implementation of Alternatives Nos. 5, 11, and 13 will be contingent upon the test results of Alternatives Nos. 4, 7, and 9.*

- 3.2.2 Initiate efforts to improve the effluent quality of the NIWTP in accordance with the State of Arizona discharge requirements by developing a final design with the City of Nogales (Co-owner) for upgrades, and beginning construction of the secondary clarifiers and aeration basins.

*Status: A design-build contract was issued by the City of Nogales in November 2006. The project design has been completed and construction is underway. The scheduled completion date for construction is August 2009.*

- 3.2.3 Reconvene the binational technical committee to administer a sustainable pretreatment program in Nogales, Sonora. Conduct 2 binational meetings to include the City of Nogales, Arizona Department of Environmental Quality, Mexico's Comisión Nacional de Aguas, the Mexican Utility, and IBWC.

*Status: The IBWC reconvened the binational technical committee in April and August 2007 to address binational pretreatment and issues and to provide technology exchanges with Mexico.*

- 3.2.4 Comply with provisions of IBWC Minute No. 296 by operating and maintaining the SBIWTP without interruption in service. IBWC Minute No. 296 requires the treatment of up to 25 million gallons per day (mgd) of sewage from the City of Tijuana, Baja California, Mexico.

*Status: The U.S. Section met this goal by providing uninterrupted sewage treatment at the SBIWTP in accordance with IBWC Minute No. 296.*

- 3.2.5 Comply with provisions of IBWC Minute No. 276 by operating and maintaining the NIWTP without interruption in service. IBWC Minute No. 276 requires the treatment of up to 9.9 mgd of sewage from the City of Nogales, Sonora, Mexico.

*Status: The U.S. Section met this goal by providing uninterrupted sewage treatment at the NIWTP in accordance with IBWC Minute No. 276.*

- 3.2.6 Meet the terms of IBWC Minute No. 297 by providing resources to ensure proper operation and maintenance of the NLIWTP.

*Status: The U.S. Section met its obligations under IBWC Minute No. 297 by providing financial support and technical oversight of wastewater treatment operations and maintenance activities at the NLIWTP in FY 2007.*

## RESOURCE MANAGEMENT

### President's Management Agenda

- 4.1.1 Support the President's Management Agenda and policy of the Office of Personnel Management by developing a Human Capital Strategic Management Plan.

*Status: Preliminary work for development of the Human Capital Strategic Management Plan began in September 2007. The U.S. Section is presently conducting an internal assessment and will develop strategies to meet its present and future requirements. A draft plan is expected by September 2008.*

- 4.1.2 Achieve full compliance with the core financial system requirements mandated by the Office of Federal Financial Management by migrating from our current, non-compliant system to the Department of State's Global Financial Management System.

*Status: Preliminary system configuration and historical data conversion started in July 2007. The first phase of the conversion, consisting of the travel, budget, and finance modules, was implemented in September 2007. This portion of the system is currently being customized, tested, and fine-tuned. The second phase of the conversion includes the procurement module and will be initiated in FY 2008. Full system migration and implementation is not anticipated until the end of September 2008.*

- 4.1.3 Meet FISMA and NIST requirements by implementing IT hardware and software improvements on the General Support System (Local Area and Wide Area Networks).

*Status: The agency implemented the required information systems upgrades for security certification and accreditation. Upgrades included an additional firewall and a domain name server. The agency also completed a draft Continuity of Operations Plan (COOP) and submitted quarterly reports in accordance with FISMA requirements.*

## Regulatory Compliance

- 4.2.1 Meet Executive Order No. 13148, dated April 21, 2000, "Greening the Government through Leadership in Environmental Management" by fully developing and implementing an agency-wide Environmental Management System (EMS).

*Status: The U.S. Section has only met about 27% of its goal. An EMS has been implemented at U.S. Section Headquarters, Nogales, and American Dam. Field offices, including satellite offices, which still require development and implementation of an EMS include: San Diego, Yuma, Las Cruces, Fort Hancock, Amistad Dam, Falcon Dam, Anzalduas Dam, and Mercedes. (73 % below target)*

- 4.2.2 Initiate efforts for compliance with current Safe Drinking Water Act (SDWA) standards by developing an upgrade plan to the Falcon Potable Water Treatment Plant.

*Status: The U.S. Section completed the upgrade plan in March 2007. Construction of the upgrades is scheduled to begin in FY 2008.*

- 4.2.3 Comply with the Notification and Federal Employee Antidiscrimination and Retaliation (No FEAR) Act by providing *Employee Rights Awareness Training* to all field office and headquarters personnel who did not receive it in FY 2006.

*Status: The U.S. Section provided training to 228 of 229 employees. One employee was unable to receive training, because he/she was on extended medical leave and did not return. Twenty-four employees, who were unable to attend a formal training session, were provided hard copies of the training materials and required to self train and certify.*

- 4.2.4 Improve employee accessibility to the Equal Employment Opportunity (EEO) pre-complaint process by designating EEO counselors at headquarters and all field offices of five (5) or more employees.

*Status: The agency trained and certified 8 EEO counselors in August 2007. Since the Yuma and San Diego field offices each house less than five employees, one counselor has been designated service both locations.*

- 4.2.5 In accordance with the Prompt Payment Act, reduce the amount of interest assessed against the agency by 20%. In FY 2006, the agency paid \$496 in interest penalties.

*Status: The U.S. Section did not meet this challenging goal. Interest penalties increased from \$496 in FY 2006 to \$928 in FY 2007.*

## Stakeholder Outreach and Response

- 4.3.1 Increase public awareness and involvement by conducting periodic Citizens' Forum meetings at each region (San Diego, Lower Colorado River/Yuma, 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 coordinated, conducted, and administered Citizens' Forum meetings at all five regions as follows: two at San Diego, four at Lower Colorado River, one at Southeastern Arizona, four at El Paso/Las Cruces, and three at the Lower Rio Grande in south Texas.*

- 4.3.2 Surface binational concerns, address issues, and resolve problems between the U.S. Section and Mexican Section by conducting Commission meetings on a recurring basis (usually every 4 to 8 weeks).

*Status: The U.S. Section conducted 16 Commission meetings with the Mexican Section in FY 2007. A broad range of issues were discussed in those meetings, but perhaps the most significant was deliveries of water from Mexico to the U.S. on the Rio Grande. Due to extensive communication between the two Sections to avoid a new deficit, Mexico made available the full allotment of water through deliveries and storage transfers.*

- 4.3.3 Achieve full compliance with Section 508 of the Rehabilitation Act by developing and launching a new U.S. Section website. Section 508 of the Rehabilitation Act requires Federal agencies to make their electronic and information technology accessible to people with disabilities.

*Status: The U.S. Section launched its new website, which is Section 508 compliant, in March 2007.*

## Geographic Information System

- 4.4.1 Improve access and utilization of data by establishing and maintaining an enterprise GIS that is fully accessible and operational through the existing U.S. Section computer network and the Internet.

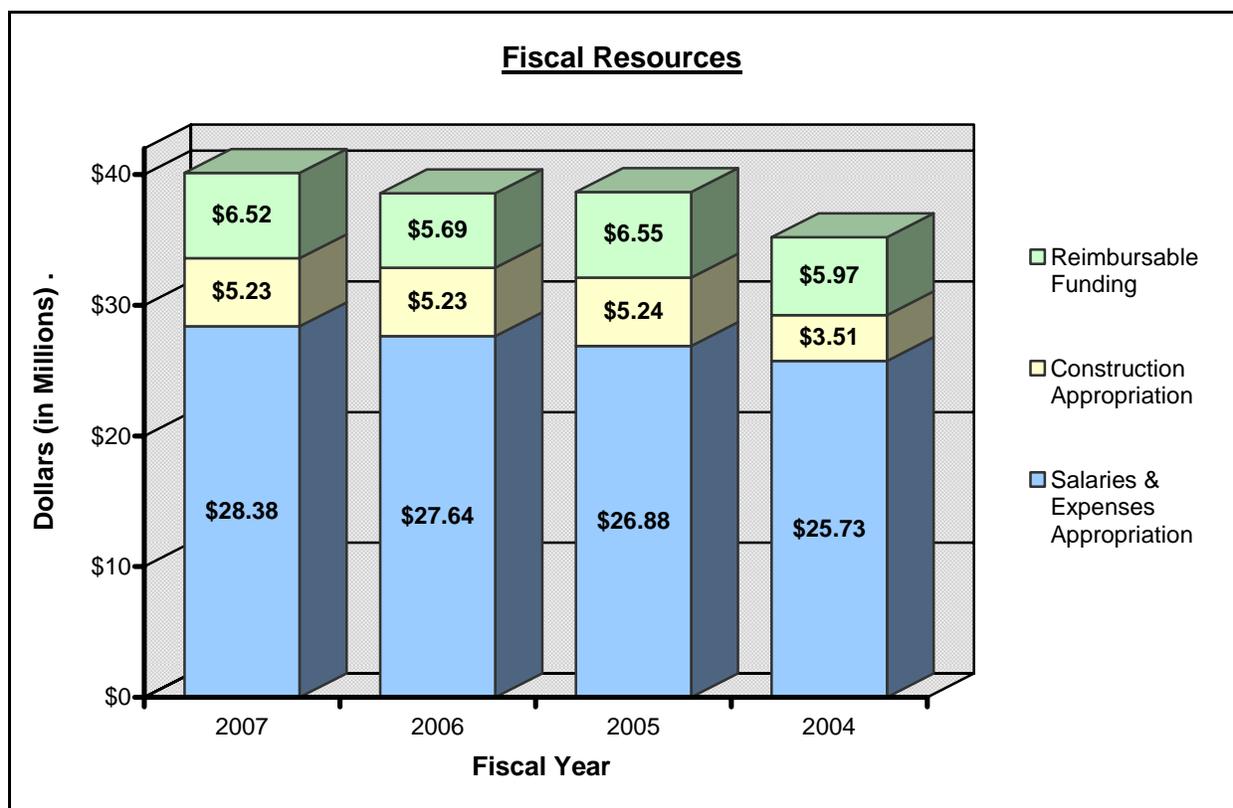
*Status: The U.S. Section completed the system configuration and applied an upgrade in September 2007. The agency is currently testing and troubleshooting the upgrade, but expects to launch the enterprise GIS in November 2007.*

## 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 four years, the total direct and indirect funding provided to the U.S. Section is as follows:

- ✚ FY 2007: \$40.13 Million
- ✚ FY 2006: \$38.57 Million
- ✚ FY 2005: \$38.67 Million
- ✚ FY 2004: \$35.21 Million

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



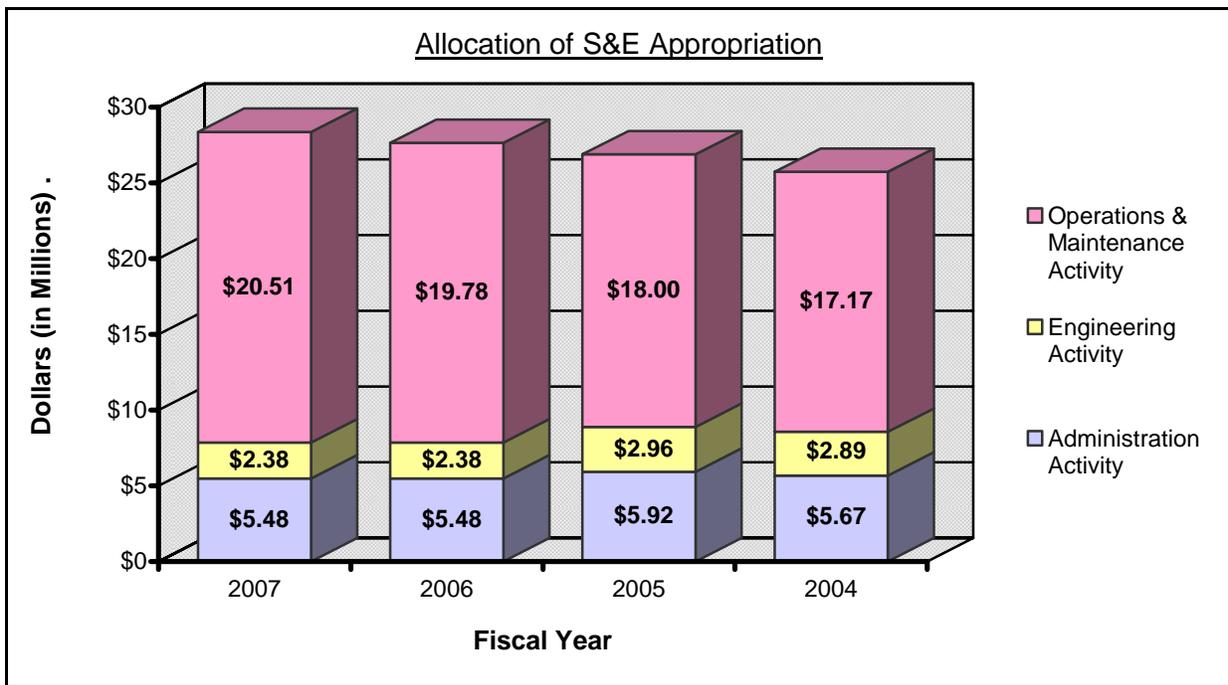
## SALARIES AND EXPENSES APPROPRIATION

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, 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.

### S&E Appropriation:

-  FY 2007: \$28.37 Million
-  FY 2006: \$27.64 Million
-  FY 2005: \$26.88 Million
-  FY 2004: \$25.73 Million



## 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 various construction or capital asset projects that support the agency's four strategic goals: Boundary Preservation, Water Quantity, Water Quality, and Resource Management. Some capital asset projects, such as the *Rio Grande Flood Control Rehabilitation Project* or the *Tijuana Sewage Project*, directly support only one strategic goal. However, other capital asset projects, like the *Facilities Renovations Project* or the *Heavy Equipment Replacement Project*, support multiple mission goals.

### Construction Appropriation:

- ✚ FY 2007: \$5.2 Million
- ✚ FY 2006: \$5.2 Million
- ✚ FY 2005: \$5.2 Million
- ✚ FY 2004: \$3.5 Million

## 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 generated 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.

### Reimbursable Funding:

- FY 2007: \$6.53 Million
- FY 2006: \$5.70 Million
- FY 2005: \$6.54 Million
- FY 2004: \$6.03 Million

## 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:

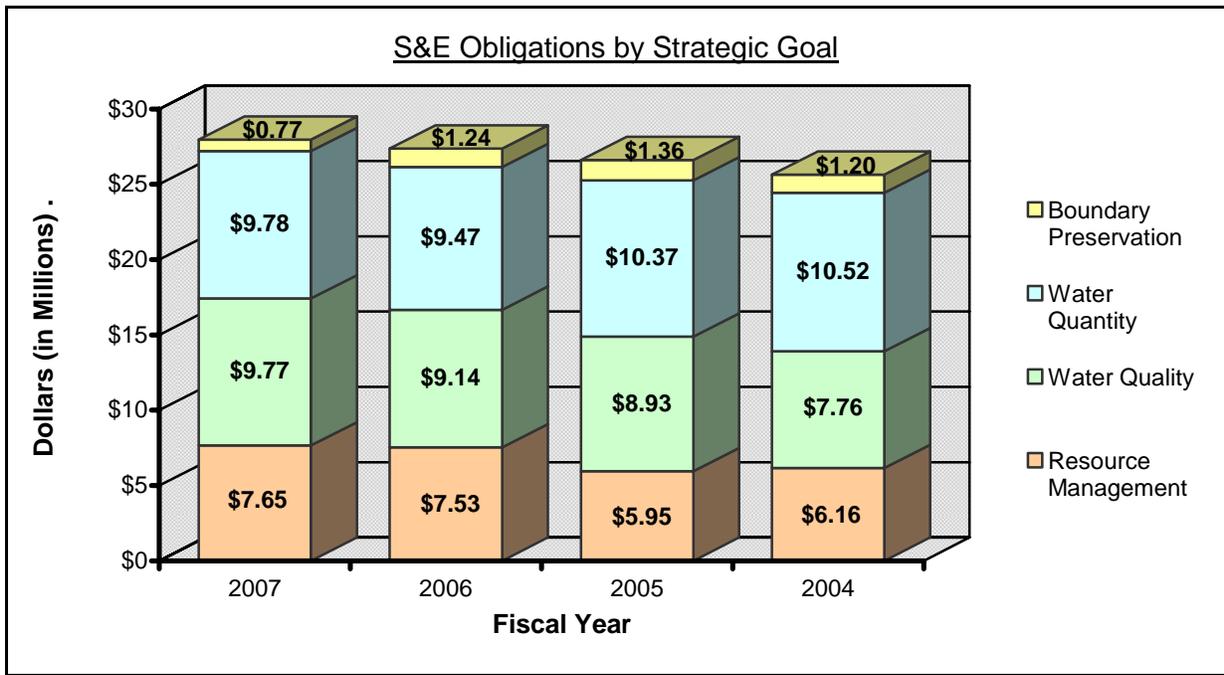
- Boundary Preservation – Includes activities associated with the preservation and demarcation of the U.S. – Mexico border.
  - Erection and restoration of monuments and markers to demarcate the boundary.
  - Demarcation of the boundary line at international ports of entry.
  - Mapping of the Rio Grande 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 and related water conveyance structures.
  - Operation and maintenance of the hydroelectric power plants to ensure uninterrupted power generation.
  - Construction, renovation, and maintenance of facilities that support water quantity operations.
  - Acquisition and maintenance of heavy mobile equipment and tractor-mowers used in support of water quantity operations.
- 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, renovation, and maintenance of facilities that support water quantity operations.
  - Acquisition and maintenance of heavy mobile equipment and shop equipment used in support of water quality operations.
- 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 four fiscal years.

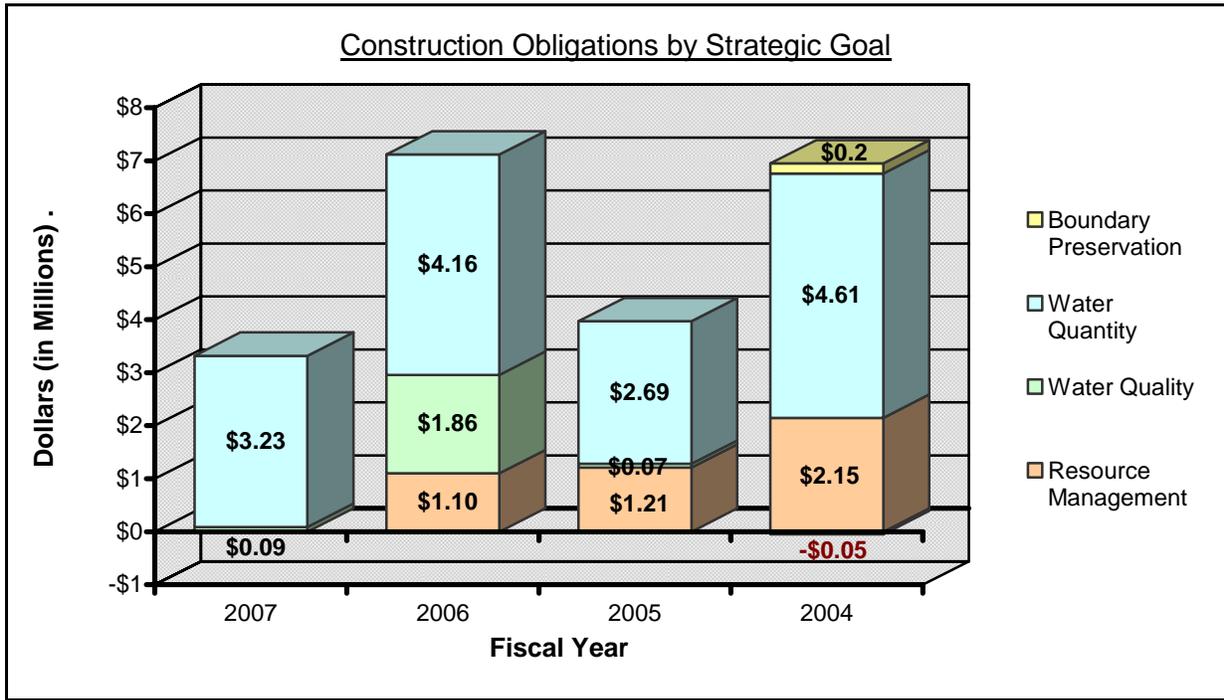
S&E Obligations:

- ✚ FY 2007: \$27.97 Million
- ✚ FY 2006: \$27.38 Million
- ✚ FY 2005: \$26.60 Million
- ✚ FY 2004: \$25.63 Million



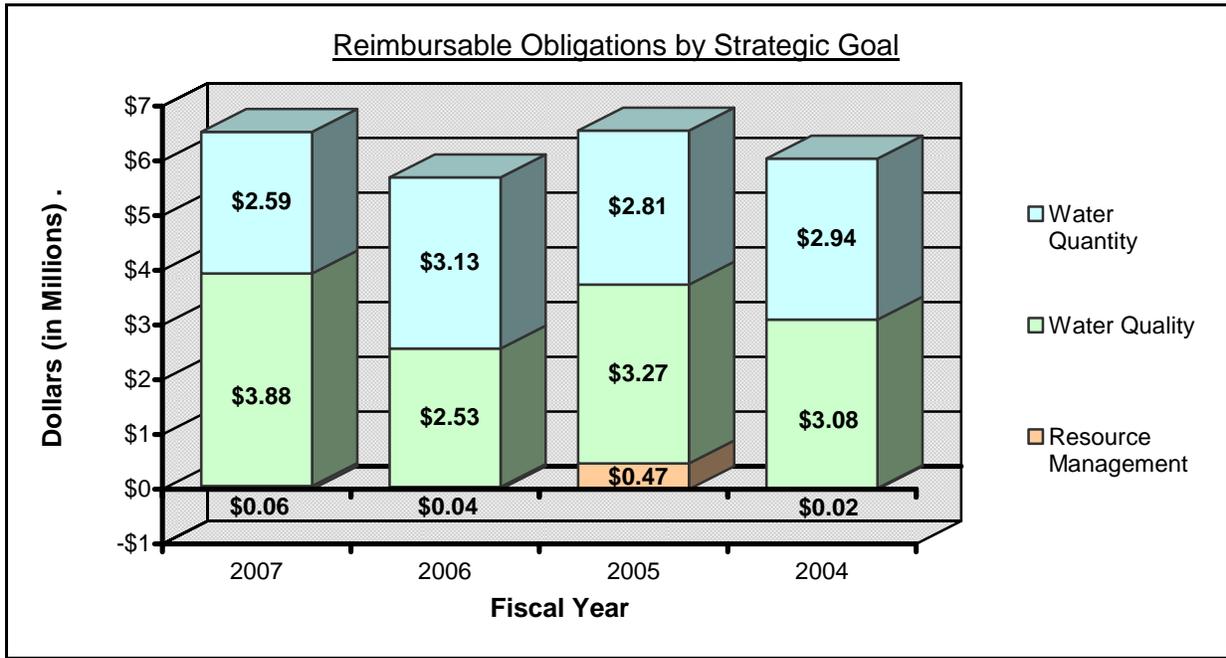
Construction Obligations:

- ✚ FY 2007: \$3.32 Million
- ✚ FY 2006: \$7.12 Million
- ✚ FY 2005: \$3.96 Million
- ✚ FY 2004: \$6.90 Million



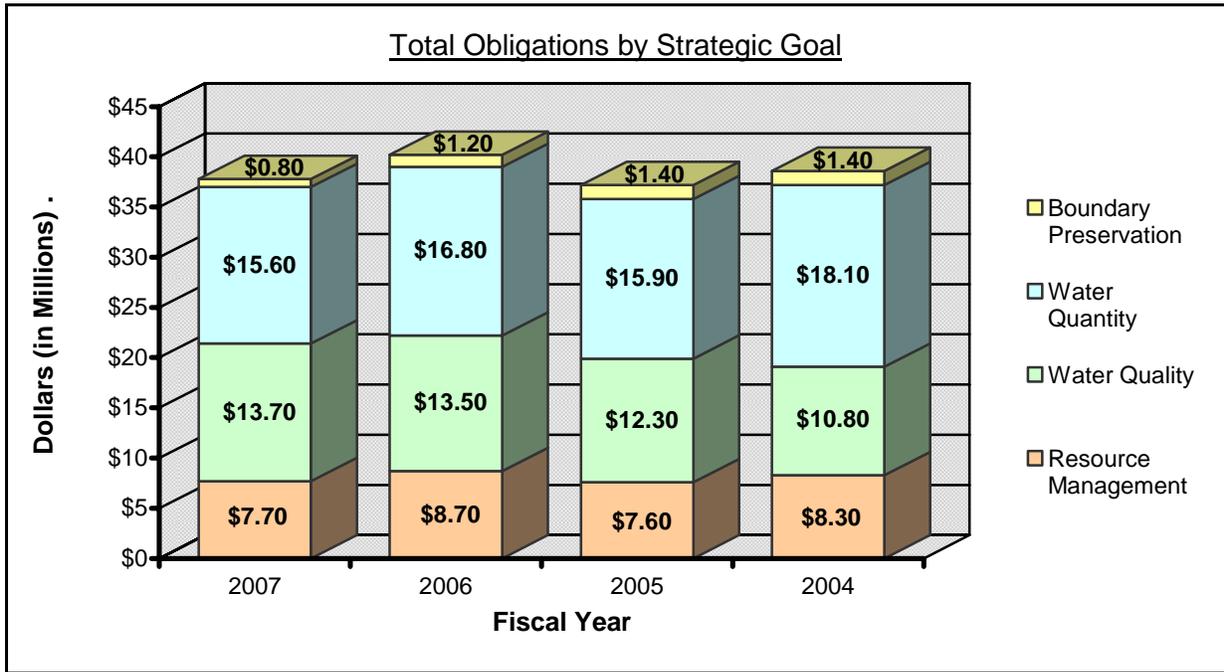
Reimbursable Obligations:

- ✚ FY 2007: \$6.53 Million
- ✚ FY 2006: \$5.70 Million
- ✚ FY 2005: \$6.54 Million
- ✚ FY 2004: \$6.03 Million



Total Direct and Reimbursable Obligations:

- ✚ FY 2007: \$38.80 Million
- ✚ FY 2006: \$40.20 Million
- ✚ FY 2005: \$37.20 Million
- ✚ FY 2004: \$38.60 Million



## 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			
Assets & Liabilities	FY 2007	FY 2006	Net Change
<b>Assets</b>			
Fund Balance with Treasury	13,996,088.92	16,897,986.91	- 2,901,897.99
Accounts Receivable	1,162,590.24	1,486,284.46	- 323,694.22
Land	50,000,979.51	49,816,343.30	184,636.21
Structures & Facilities	380,340,984.81	380,340,984.75	0.06
Equipment	18,361,541.77	14,528,343.33	3,833,198.44
Construction in Progress	15,182,826.97	17,057,597.32	- 1,874,770.35
Other Monetary Assets	499.70	25,454.09	- 24,954.39
Accumulated Depreciation	- 167,600,970.17	- 159,416,976.80	- 8,183,993.37
<b>Total Assets</b>	<b>\$311,444,541.75</b>	<b>\$320,736,017.36</b>	<b>- \$9,291,475.61</b>
<b>Liabilities</b>			
Accrued Payroll	622,386.11	966,005.39	- 343,619.28
Accrued Workers' Compensation	1,067,313.20	1,165,604.67	- 98,291.47
Workers' Compensation Actuarial	3,360,388.93	2,870,791.25	489,597.68
Accrued Annual Leave	1,220,448.93	1,181,614.87	38,834.06
Contingent Liabilities	392,300,000.00	392,300,000.00	0.00
Other Liabilities	550,889.05	650,299.90	- 99,410.85
<b>Total Liabilities</b>	<b>\$399,121,426.22</b>	<b>\$399,134,316.08</b>	<b>- \$12,889.86</b>

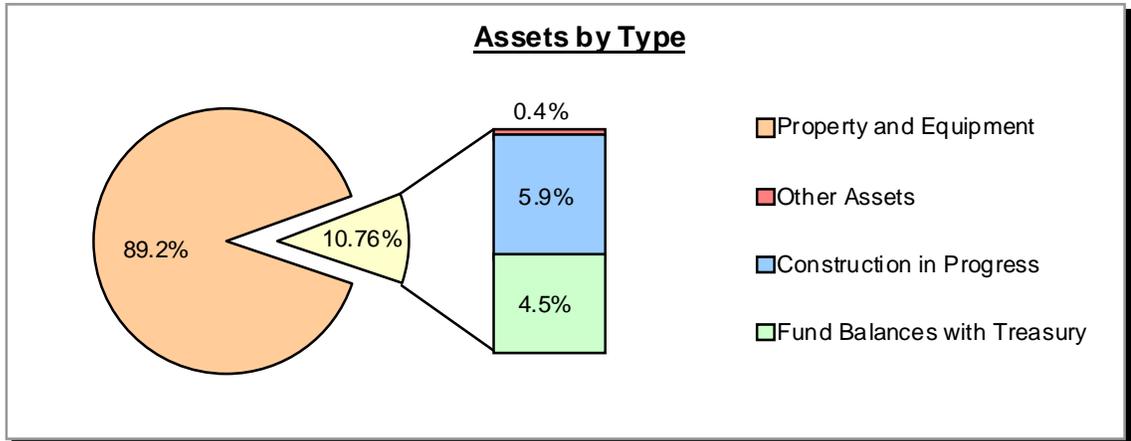
## OVERVIEW OF FINANCIAL POSITION

### ASSETS

The U.S. Section had total assets of \$311.4 million at year end in FY 2007, which is \$9.3 million less than in FY 2006. This reduction in total assets was due primarily to the posting of \$8.2 million in accumulated depreciation for the year. The Fund Balance with Treasury decreased by \$2.9 million due to the increase in disbursements during the period for the Environmental Assessment and Geotechnical testing for the Lower Rio Grande Levee system. The increased operation and maintenance costs of the South Bay International Wastewater Treatment Plant and the monitoring of the effluent discharges from the South Bay Ocean Outfall also had an impact on the decline in the Fund Balance with Treasury.

Capitalized Assets increased by \$2.1 million over FY 2006. This was due in part to the continuing work done on the Rio Grande Canalization Improvement Project (\$501,000) and the Facilities Renovation Project (\$750,000). The acquisition of \$182,000 in land easements along the Lower Rio Grande Flood Control Project also contributed to this increase in capital assets. Lastly, vehicles added to the agency's inventory of capitalized assets, increased the capitalized equipment balance by \$650,000 during this period.

ASSETS BY TYPE			
Description	FY2007 Net Value	FY2006 Net Value	Change in Net Value
Property and Equipment			
Land	50,000,979.51	49,816,343.30	184,636.21
Structures & Facilities	222,443,808.04	229,577,107.33	- 7,133,299.29
Equipment	5,479,033.57	5,875,243.95	- 396,210.38
Subtotal	277,923,821.12	285,268,694.58	- 7,344,873.46
Other Assets			
Other Monetary Assets	499.7	25,454.09	- 24,954.39
Accounts Receivable	1,162,590.24	1,486,284.46	- 323,694.22
Subtotal	1,163,089.94	1,511,738.55	- 348,648.61
Construction in Progress	18,361,541.77	17,057,597.32	1,303,944.45
Fund Balance with Treasury	13,996,088.92	16,897,986.91	- 2,901,897.99
<b>Total Assets</b>	<b>\$311,444,541.75</b>	<b>\$320,736,017.36</b>	<b>- \$9,291,475.61</b>

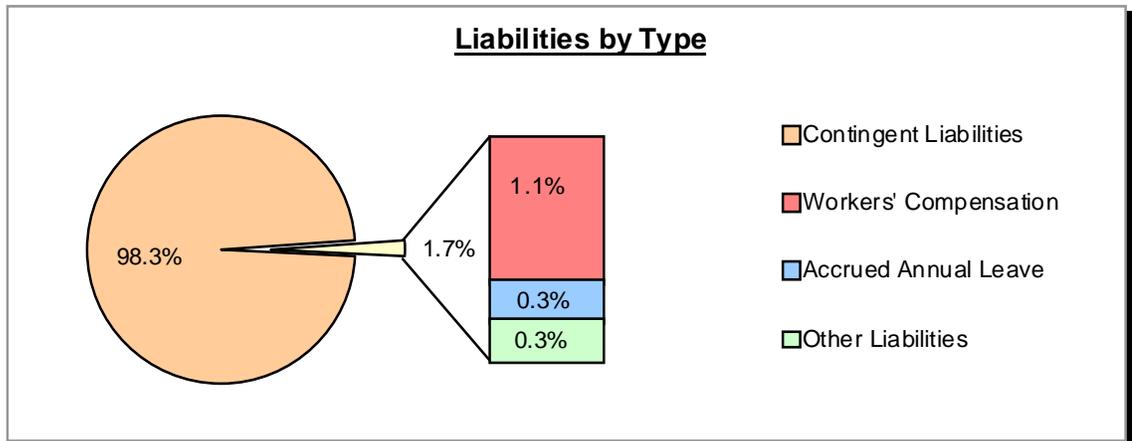


**LIABILITIES**

As reported on the Consolidated Balance Sheet, the U.S. Section had total liabilities of \$399 million at the end of FY 2007. 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 the effluent discharge standards by providing for secondary treatment of Mexican wastewater from Tijuana, Baja California and Nogales, Sonora.

The next largest liability for the agency at 30 September 2007 was the Estimated Actuarial Liability for Future Workers’ Compensation Benefits of \$3.4 million. The Actuarial Liability includes the expected liability for death, disability, medical, and miscellaneous costs of approved compensation cases. The Unfunded Annual Leave Liability balance was \$1.2 million, which is the value of all accrued, but not taken, annual leave at 30 September 2007.

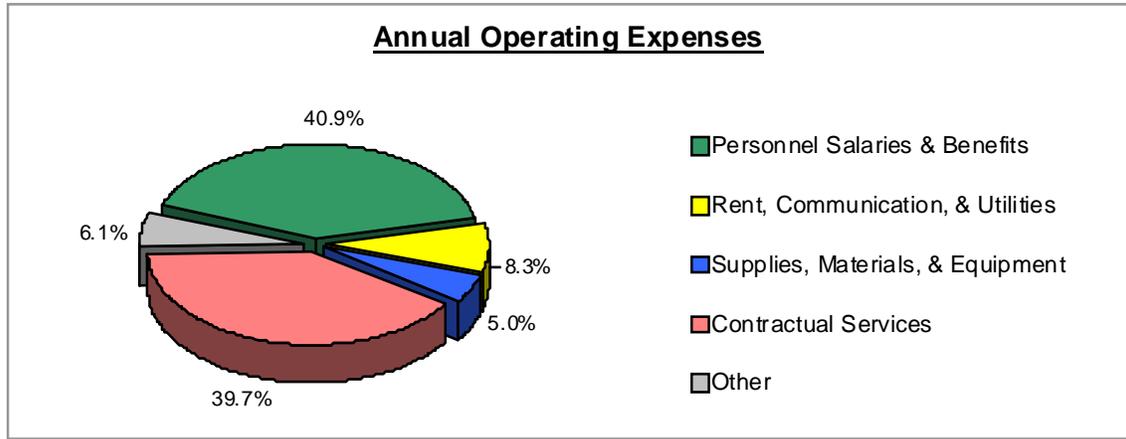
LIABILITIES BY TYPE			
Liabilities	FY 2007	FY 2006	Net Change
Contingent Liabilities	392,300,000.00	392,300,000.00	0.00
Workers' Compensation	4,427,702.13	4,036,395.92	391,306.21
Accrued Annual Leave	1,220,448.93	1,181,614.87	38,834.06
Other Liabilities	1,173,275.16	1,616,305.29	- 443,030.13
<b>Total Liabilities</b>	<b>\$399,121,426.22</b>	<b>\$399,134,316.08</b>	<b>- \$12,889.86</b>



**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 the operating expenses rose \$3.6 million, from \$36.8 million to \$40.5 million, in FY 2007. The increase in operating expenses was partially due to the operation and maintenance costs of the South Bay International Wastewater Treatment Plant, and the monitoring costs of effluent discharges through the South Bay Ocean Outfall into the Pacific Ocean. The cost of the Environmental Assessment and Geotechnical explorations for the Lower Rio Grande Levee system also contributed to the increase in operating expenses for the period. Expenses of \$900,000 for sludge removal at the Nogales International Wastewater Treatment Plant were also incurred in FY 2007.

<b>REVENUE &amp; FINANCING SOURCES</b>			
Operating Expenses	FY 2007	FY 2006	Net Change
Personnel Salaries & Benefits	16,563,217.35	15,560,938.00	1,002,279.35
Rent, Communication, & Utilities	3,366,102.03	3,061,518.11	304,583.92
Supplies, Materials, & Equipment	2,012,432.09	3,297,348.07	-1,284,915.98
Contractual Services	16,097,371.74	13,302,626.80	2,794,744.94
Other	2,481,294.97	1,626,312.89	854,982.08
<b>Total</b>	<b>40,520,418.18</b>	<b>36,848,743.87</b>	<b>3,671,674.31</b>

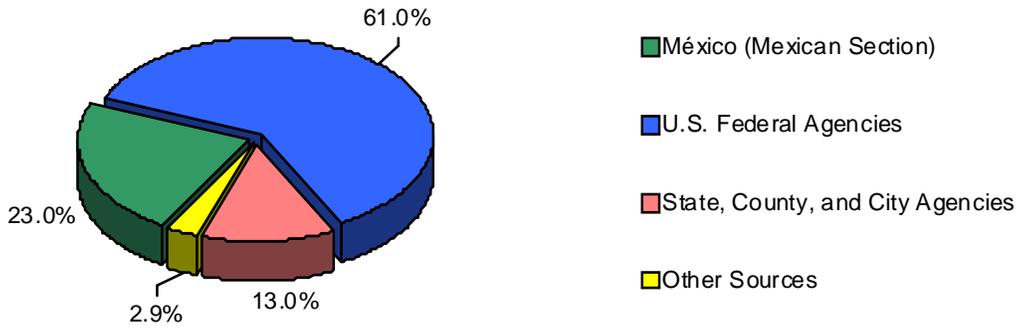


**REVENUES AND FINANCING SOURCES**

The U.S. Section's received \$6.66 million in revenues for FY 2007. This was a net increase of \$320 thousand over FY 2006 revenues of \$6.34 million. The Department of Energy and the U.S. Environmental Protection Agency provided the largest increases for improvements at the South Bay International Wastewater Treatment Plant, and for operation and maintenance of the Amistad and Falcon Hydroelectric Power Plants. Mexico, on the other hand, provided the largest reduction, most of which was applied to operation and maintenance of the Nogales International Wastewater Treatment Plant. All revenues received are summarized below.

<b>REVENUE &amp; FINANCING SOURCES</b>			
Financing Sources	FY 2007	FY 2006	Net Change
U.S. Federal Agencies	4,128,309.85	3,299,586.68	828,723.17
México (Mexican Section)	1,534,084.96	2,023,097.83	-489,012.87
State, County, and City Agencies	866,722.70	834,263.79	32,458.91
Other Sources	134,856.08	187,352.13	-52,496.05
<b>Total</b>	<b>6,663,973.59</b>	<b>6,344,300.43</b>	<b>319,673.16</b>

**Revenue and Financing Sources**



## 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 2007 and FY 2006 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.

<b>CONSOLIDATED BALANCE SHEET</b>		
<b>Assets &amp; Liabilities</b>	<b>FY 2007</b>	<b>FY 2006</b>
<b>Assets</b>		
Intragovernmental:		
Fund Balance with Treasury	13,996,088.92	16,897,986.91
Accounts Receivable, Net	256,088.89	306,077.05
<b>Total Intragovernmental</b>	<b>14,252,177.81</b>	<b>17,204,063.96</b>
Cash and other Monetary Assets	499.70	24,954.09
Accounts Receivable, Net	906,501.35	1,180,207.41
Advances	0.00	500.00
Property, Plant, and Equipment, Net	296,285,362.89	302,326,291.90
<b>Total Assets</b>	<b>\$311,444,541.75</b>	<b>\$320,736,017.36</b>
<b>Liabilities</b>		
Intragovernmental:		
Contract Accruals	0.00	0.00
Accrued Payroll	137,796.29	212,521.19
Accrued Workers Compensation	1,067,313.20	1,165,604.67
Advances	0.00	88,803.30
No Fear Liability	0.00	0.00
Workers Compensation Actuarial	3,360,388.93	2,870,791.25
<b>Total Intragovernmental</b>	<b>4,565,498.42</b>	<b>4,337,720.41</b>
Accounts Payable	0.00	76,709.31
Accrued Payroll	484,589.82	753,484.20
Contract Accruals	263,401.33	202,382.31
Advances	91,254.43	195,592.04
Accrued Annual Leave	1,220,448.93	1,181,614.87
Contingent Liabilities	392,300,000.00	392,300,000.00
Deposit Accounts	196,233.29	86,812.94
<b>Total Liabilities</b>	<b>\$399,121,426.22</b>	<b>\$399,134,316.08</b>
<b>Net Position</b>		
Unexpended Appropriations - Other Funds	29,883,901.71	30,347,057.47
Unexpended Appropriations - Earmarked Funds	0.00	0.00
Cumulative Results of Operations - Other Funds	-117,560,786.18	-108,745,356.19
Cumulative Results of Operations - Earmarked Funds	0.00	0.00
<b>Total Net Position</b>	<b>-87,676,884.47</b>	<b>-78,398,298.72</b>
<b>Total Liabilities &amp; Net Position</b>	<b>\$311,444,541.75</b>	<b>\$320,736,017.36</b>

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.

<b>STATEMENT OF NET COST</b>		
Revenues and Expenses	FY 2007	FY 2006
<b>Program Costs</b>		
Operating Expenses	33,951,161.66	29,923,645.95
Operating Expenses, Intragovernmental	2,566,492.06	3,154,360.23
Benefits Expenses	4,002,764.46	3,770,737.69
Depreciation	8,266,934.07	8,033,735.59
Accrued, Annual Leave	38,834.06	84,872.13
Contingent Liability	0.00	0.00
Workers Compensation	391,306.21	-2,619,107.58
Accrued Pension Costs	1,403,424.75	1,407,498.14
Interest Expense	928.34	525.75
Bad Debt Expense	0.00	207.50
Loss on Disposition of Assets	0.00	0.00
No Fear Claims	0.00	0.00
<b>Total Program Costs</b>	<b>\$50,621,845.61</b>	<b>\$43,756,475.40</b>
<b>Less Earned Revenue</b>		
SBIWTP Improvements and O&M (EPA & Mexico)	-2,192,759.99	-1,724,035.98
NIWTP O&M (City of Nogales & Mexico)	-863,323.62	-1,290,230.87
Amistad & Falcon Power Plants O&M (DoE)	-2,960,240.81	-2,608,285.37
Clean Rivers Program (State of Texas)	-338,105.04	-278,278.12
LIDAR modeling for LRGV (TX Water Devel. Board)	-32,145.96	-58,016.00
Quarters Rental (Customs, Teachers, U.S. Section )	-153,506.14	-122,319.80
Cordova Bridge Maintenance (Mexico)	-6,000.00	-12,000.00
Anzalduas Dam O&M (Mexico)	-3,747.40	-3,182.82
Morillo Drain O&M (LRGWC)	2,332.00	-54,381.90
Vehicle Maintenance (GSA)	-73,006.16	-86,157.02
Gaging Stations O&M (Hidalgo County)	17,315.11	-28,605.50
Leases and Licenses	-39,920.16	-36,719.87
Water Bulletins, FOIA, & Other	-4,643.48	-2,816.96
Other Services Rendered to Mexico	-16,221.94	-39,270.22
<b>Total Earned Revenue</b>	<b>- \$6,663,973.59</b>	<b>- \$6,344,300.43</b>
<b>Net Cost of Operations</b>	<b>\$43,957,872.02</b>	<b>\$37,412,174.97</b>

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				
Items	FY 2007 Earmarked Funds	FY 2007 All Other Funds	FY 2007 Eliminations	FY 2007 Consolidated Total
<b>Cumulative Results of Operations:</b>				
Beginning Balances	0.00	-108,745,356.19	0.00	-108,745,356.19
Adjustments	0.00	0.00	0.00	0.00
Beginning Balances, Adjusted	0.00	-108,745,356.19	0.00	-108,745,356.19
<b>Budgetary Financing Sources:</b>				
Other Adjustments	0.00	0.00	0.00	0.00
Appropriations Used	0.00	33,857,372.93	0.00	33,857,372.93
Transfers in/out	0.00	-118,355.65	0.00	-118,355.65
<b>Other Financing Sources:</b>				
Imputed Financing	0.00	1,403,424.75	0.00	1,403,424.75
Net Cost of Operations	0.00	-43,957,872.02	0.00	-43,957,872.02
Net Change	0.00	-8,815,429.99	0.00	-8,815,429.99
<b>Cumulative Results of Operations</b>	<b>\$0.00</b>	<b>-\$117,560,786.18</b>	<b>\$0.00</b>	<b>-\$117,560,786.18</b>
<b>Unexpended Appropriations:</b>				
Beginning Balance	0.00	30,347,057.47	0.00	30,347,057.47
Adjustments	0.00	0.00	0.00	0.00
Beginning Balance, Adjusted	0.00	30,347,057.47	0.00	30,347,057.47
<b>Budgetary Financing Sources:</b>				
Appropriations Received	0.00	33,600,509.00	0.00	33,600,509.00
Other Adjustments	0.00	-206,291.83	0.00	-206,291.83
Appropriations Used	0.00	-33,857,372.93	0.00	-33,857,372.93
Total Budgetary Financing Sources	0.00	-463,155.76	0.00	-463,155.76
<b>Total Unexpended Appropriations</b>	<b>\$0.00</b>	<b>\$29,883,901.71</b>	<b>\$0.00</b>	<b>\$29,883,901.71</b>
<b>Net Position</b>	<b>\$0.00</b>	<b>-\$87,676,884.47</b>	<b>\$0.00</b>	<b>-\$87,676,884.47</b>

**CONSOLIDATED STATEMENT OF BUDGETARY RESOURCES**

The *Combined Statement of Budgetary Resources* 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).

<b>STATEMENT OF BUDGETARY RESOURCES</b>				
	<b>FY 2007</b>	<b>FY 2007</b>	<b>FY 2006</b>	<b>FY 2006</b>
	<b>Budgetary</b>	<b>Non-Budgetary Credit Reform Fin. Accts</b>	<b>Budgetary</b>	<b>Non-Budgetary Credit Reform Fin. Accts</b>
<b>Budgetary Resources:</b>				
1. Unobligated Balance::				
1A. Brought Forward, October 01	3,720,028.46	0.00	6,030,037.13	0.00
2. Recoveries of prior year obligations:				
2A. Actual	482,829.50	0.00	334,154.94	0.00
2B. Anticipated				
3. Budget Authority:				
3A. Appropriations:				
3A1. Actual	33,600,509.00	0.00	33,300,000.00	0.00
3A2. Anticipated				
3B. Borrowing Authority				
3C. Contract Authority				
3D. Spending Authority from Offsetting Collections :				
3D1. Earned				
a. Collected	6,692,263.76	0.00	5,958,688.34	0.00
b. Receivables from Fed. Sources	186,698.45	0.00	78,318.59	0.00
3D2. Change in Unfilled Customer Orders				
a. Advance Received	-17,059.61	0.00	25,316.11	0.00
b. Without Advance from Federal Sources	1,360,821.04	0.00	-751,070.69	0.00
3D3. Anticipated for Rest of Year, Without Advances				
3D4. Without advance from government agencies				
4. Non-expenditure transfers, net	0.00	0.00	0.00	0.00
5. Temporarily Not Available Pursuant to Public Law				
6. Permanently Not Available	0.00	0.00	0.00	0.00
6A. Cancellation of expired & no-year accounts	-206,291.83	0.00	-298,030.34	0.00
6B. Enacted reductions	0.00	0.00	-425,308.00	0.00
7. Total Budgetary Resources	45,819,798.77	0.00	44,252,106.08	0.00
<b>Status of Budgetary Resources:</b>				

**STATEMENT OF BUDGETARY RESOURCES**

	FY 2007	FY 2007	FY 2006	FY 2006
	Budgetary	Non-Budgetary Credit Reform Fin. Accts	Budgetary	Non-Budgetary Credit Reform Fin. Accts
<b>8. Obligations Incurred:</b>				
8A. Direct	31,801,149.84	0.00	34,837,161.87	0.00
8B. Reimbursable	6,518,510.24	0.00	5,694,914.84	0.00
<b>9. Unobligated Balance:</b>				
9A. Apportioned	6,370,672.68	0.00	2,961,329.33	0.00
9B. Exempt from Apportionment				
10. Unobligated Balance Not Available	1,129,466.01	0.00	758,700.04	0.00
11. Total Status of Budgetary Resources	45,819,798.77	0.00	44,252,106.08	0.00
<b>Change in Obligated Balance :</b>				
<b>12. Obligated Balance, Net:</b>				
12A. Unpaid obligations brought forward, Oct 1	16,660,307.90	0.00	17,454,037.13	0.00
12B. Uncollected customer pmts from federal sources brought forward	-3,544,509.21	0.00	-4,217,261.31	0.00
13. Obligations incurred	38,319,660.08	0.00	40,617,985.74	0.00
14. Gross outlays	-43,105,093.45	0.00	-40,991,651.00	0.00
<b>15. Obligated balance transfers, net:</b>				
15A. Actual transfers, unpaid obligations	0.00	0.00	0.00	0.00
15B. Actual transfers, uncollected payments from federal sources	0.00	0.00	0.00	0.00
16. Recoveries of prior year obligations	-482,829.50	0.00	-420,063.97	0.00
17. Change in uncollected customer payments from federal sources	-1,547,519.49	0.00	672,752.10	0.00
<b>18. Obligated balance, net, end of the period:</b>				
18A. Unpaid obligations	11,392,044.43	0.00	16,660,307.90	0.00
18B. Uncollected customer payments from federal sources	-5,092,028.70	0.00	-3,544,509.21	0.00
<b>19. Net Outlays:</b>				
19A. Gross outlays	43,105,094.05	0.00	40,991,651.00	0.00
19B. Offsetting collections	-6,675,204.15	0.00	-5,984,004.45	0.00

## 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		
Financing Items	FY 2007	FY 2006
<b>Resources Used to Finance Activities:</b>		
Budgetary Resources Obligated		
1. Obligations Incurred	\$38,319,660.08	\$40,532,076.71
2. Less spending authority from offsetting collections & recoveries	(\$6,784,396.02)	(\$5,645,407.29)
3. Obligations Net of offsetting collections & recoveries	\$31,535,264.06	\$34,886,669.42
4. Less : Offsetting Receipts	\$0.00	\$0.00
5. Net Obligations	\$31,535,264.06	\$34,886,669.42
Other Resources		
6. Donations and Forfeitures of Property	\$0.00	\$0.00
7. Transfers In/Out without Reimbursement	\$0.00	\$0.00
8. Imputed Financing from Costs Absorbed by Others	\$1,403,424.75	\$1,407,498.14
9. Other Resources Used to Finance Activities	\$0.00	\$0.00
10. Net Other Resources Used to Finance Activities	\$1,403,424.75	\$1,407,498.14
11. Total Resources Used to Finance Activities	\$32,938,688.81	\$36,294,167.56
Resources Used to Finance Items not part of Net Cost of Operations		
12. Change in bud. res. oblig. for goods, svcs & bene. ordered but not yet provided	\$5,193,821.51	\$590,822.71
13. Resources that Fund Expenses Recognized in Prior Periods	\$0.00	\$0.00
14. Budgetary offsetting Collections & Receipts that don't affect net cost of oper.		
14a. Net Change Unfilled Orders	\$0.00	(\$725,754.58)
14b. Other	(\$88,803.30)	\$78,318.59
15. Resources that finance the acquisition of assets	(\$2,226,005.00)	(\$3,204,160.47)
16. Other res. or adj. to net oblig. res. that don't affect net cost of oper.	\$0.00	\$85,883.07
17. Total res. used to finance items not part of the net cost of operations	\$2,879,013.21	(\$3,174,890.68)
18. Total Resources Used to Finance the Net Cost of Operations	\$35,817,702.02	\$33,119,276.88
<b>Components of net cost of oper. that won't req. or gen. res. in the current pd:</b>		
Components requiring or generating resources in future periods:		
19. Increase in annual leave liability	\$38,834.06	\$84,872.13
20. Increase in workmen's compensation liability	\$391,306.21	(\$2,619,107.58)
21. Labor Estimates	(\$343,619.28)	\$374,993.64
22. Contract Accruals	\$61,019.02	(\$1,191,831.93)

<b>STATEMENT OF FINANCING</b>		
<b>Financing Items</b>	<b>FY 2007</b>	<b>FY 2006</b>
23.No Fear Liability	\$0.00	\$0.00
25.Net Change in Revenue Estimates	(\$273,603.77)	(\$406,466.03)
24. Total components of net cost of oper. that won't req. or gen. res. in future	(\$126,063.76)	(\$3,757,539.77)
Components not requiring or generating resources:		
26. Depreciation and Amortization	\$8,266,934.07	\$8,033,735.59
27. Revaluation of Assets or Liabilities	\$0.00	\$0.00
28. Other	(\$700.31)	\$16,702.27
29. Total components of net cost of oper. that won't req. or gen. res.	\$8,266,233.76	\$8,050,437.86
30. Total components of net cost of oper. that won't req. or gen. res. in current pd	\$8,140,170.00	\$4,292,898.09
<b>31.Net Cost of Operations</b>	<b>\$43,957,872.02</b>	<b>\$37,412,174.97</b>

## NOTES TO PRINCIPAL FINANCIAL STATEMENTS

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

The accompanying principal financial statements present the financial activity of the International Boundary and Water Commission, 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 establishes the central reference point for all Federal financial reporting guidance for Executive Branch departments that are required to submit audited financial statements and Performance and Accountability Reports under the Chief Financial Officers Act of 1990. The financial statements presented herein are in addition to the financial reports prepared by USIBWC in accordance with OMB and U.S. Department of Treasury directives to monitor and control the status and use of budgetary resources.

The financial statements have been prepared from U.S. Section's books and records, and in accordance with its accounting policies, of which the significant policies are summarized in this Note. The agency'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.

#### Reporting Entity

As previously noted, the International Boundary and Water Commission consists of two sections, a U.S. Section and a Mexican Section. Each Section, administered independent of the other, reports to its respective government's foreign affairs entity. The Commission is charged with applying a series of boundary and water treaties between the United States and Mexico, and exercise the rights and obligations that the two governments have jointly assumed for the solution of boundary and water problems. 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 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 unfunded, 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

Expenses or obligations incurred for personnel compensation, services, supplies, and materials that have not been paid during 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, 2007, and September 30, 2006, are provided below.

FUND BALANCES WITH TREASURY		
At September 30:	FY 2007	FY 2006
Salaries & Expenses Appropriation	4,712,161.48	7,486,199.32
Construction Appropriation	8,996,739.42	9,065,233.40
Advances from Federal and State Agencies	91,254.43	284,395.34
Budget Clearing Account	195,933.59	62,158.85
<b>Total</b>	<b>\$13,996,088.92</b>	<b>\$16,897,986.91</b>

<b>ACCOUNTS RECEIVABLE</b>
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Accounts receivables consist primarily of amounts due from state, local, and foreign governments and are comprised of the following as of September 30, 2007 and 2006:

<b>ACCOUNTS RECEIVABLE</b>		
<b>At September 30:</b>	<b>FY 2007</b>	<b>FY 2006</b>
<b>Intra-Governmental Receivables</b>		
Current		
Accounts Receivable-Unbilled	256,088.89	306,077.05
<b>Governmental Receivables</b>		
Current		
Accounts Receivable-Billed	293.40	51,617.81
Accounts Receivable-Unbilled	906,207.95	1,128,797.10
Long Term		
Accounts Receivable-Unbilled	0.00	0.00
<b>Total</b>	<b>\$1,162,590.24</b>	<b>\$1,486,491.96</b>
<b>Amounts owed by the Mexican Section:</b>		
Costs for O&M of SBIWTP	290,000.00	285,000.00
Costs for O&M of the NIWTP	540,000.00	742,077.00
Costs for O&M of Anzalduas Dam (Stop-logs)	3,747.40	3,182.82
Costs for O&M of Cordova International Bridge	6,000.00	6,000.00
<b>Total</b>	<b>\$839,747.40</b>	<b>\$1,036,259.82</b>

Mexico's budget is currently operating on a calendar year basis, therefore payment for the above receivables will be received during the 1st QTR of our fiscal year.

**GENERAL PROPERTY, PLANT AND EQUIPMENT, NET**

Property and equipment as of 30 September 2007 and 2006 consisted of the following:

<b>PROPERTY AND EQUIPMENT</b>				
<b>Classes of Fixed Assets</b>	<b>FY2007 Acquisition Value</b>	<b>FY2007 Accumulated Depreciation</b>	<b>FY2007 Net Value</b>	<b>FY 2006 Net Value</b>
Land	50,000,979.51	0.00	50,000,979.51	49,816,343.30
Structures, Facilities and Leasehold Improvements	380,340,984.81	- 157,897,176.77	222,443,808.04	229,577,107.33
Equipment	15,182,826.97	- 9,703,793.40	5,479,033.57	5,875,243.95
Construction in Progress	18,361,541.77	0.00	18,361,541.77	17,057,597.32
<b>Total</b>	<b>\$463,886,333.06</b>	<b>- \$167,600,970.17</b>	<b>\$296,285,362.89</b>	<b>\$302,326,291.90</b>

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
- Heavy Mobile / Transportation Equipment ..... 10 to 20 Years
- Computer Software ..... 2 to 5 Years
- Computer Hardware and Peripherals ..... 5 to 8 Years
- Office Equipment (Desks, Copiers, etc.) ..... 10 to 25 Years
- Tools and Shop Equipment ..... 10 to 25 Years

## OTHER LIABILITIES

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. Other liabilities at fiscal year end are as follows:

OTHER LIABILITIES NOT COVERED BY BUDGETARY RESOURCES		
	FY 2007	FY 2006
<b>Intragovernmental (Federal)</b>		
Accrued Workers Compensation	1,067,313.20	1,021,650.17
Workers Compensation Actuarial Liability	3,360,388.93	5,633,853.33
<b>Subtotal</b>	<b>4,427,702.13</b>	<b>6,655,503.50</b>
<b>Governmental (Non-federal)</b>		
Accrued Annual Leave	1,220,448.93	1,096,742.74
Contingent Liabilities	392,300,000.00	392,300,000.00
<b>Subtotal</b>	<b>393,520,448.93</b>	<b>393,396,742.74</b>
<b>Total Liabilities</b>	<b>\$397,948,151.06</b>	<b>\$400,052,246.24</b>

## ADVANCES

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. Undisbursed balances of advances at fiscal year end are as follows:

ADVANCES		
	FY 2007	FY 2006
<b>Intragovernmental (Federal)</b>		
Tijuana Sanitation Grant	0.00	53,305.98
Facilities Planning EPA Region 6	0.00	10,181.21
<b>Subtotal</b>	<b>0.00</b>	<b>63,487.19</b>
<b>Governmental (Non-federal)</b>		
Clean Rivers Project	16,416.39	83,913.16
Texas Water Development Board	74,838.04	0.00
<b>Subtotal</b>	<b>91,254.43</b>	<b>83,913.16</b>
<b>Total Advances</b>	<b>\$91,254.43</b>	<b>\$147,400.35</b>

## 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		
Description:	FY2007	FY2006
Unobligated Available	17,365,948.35	12,998,098.59
Unobligated Unavailable	1,129,466.01	758,700.04
Undelivered Orders	11,388,487.35	16,590,258.84
<b>Total</b>	<b>29,883,901.71</b>	<b>30,347,057.47</b>

## CONTINGENCIES

The Contingent Liabilities totaled **\$392.3 million** in both FY 2007 and FY 2006.

The U.S. Section owns and operates several wastewater treatment plants. Two of these plants, the Nogales International Wastewater Treatment Plant (NIWTP) in Nogales, Arizona and the South Bay International Wastewater Treatment Plant (SBIWTP) in San Ysidro, CA, have failed to meet federal and state wastewater treatment standards. Resolution requires the upgrade of the NIWTP and construction of secondary treatment facilities for the SBIWTP. In FY03 the upgrade of Nogales was estimated to be \$50 to \$81 million. A revision of the estimate was made in FY 2004 and the new estimate is \$56.2 million for the upgrade. The United States' and Mexican Section's of the International Boundary and Water Commission (IBWC) agreement to address secondary Treatment at San Diego is addressed in Minute 311.

The United States and Mexican Sections of the International Boundary and Water Commission signed IBWC Minute No. 311 on February 20, 2004. Minute No. 311 provides a framework for the design, construction, operation and maintenance of wastewater facilities to provide 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 the Government of the United States on February 23, 2004 and by the Government of Mexico on March 4, 2004, thereby entering into force as a legally binding agreement between the two countries. Under the agreement, the U.S. would provide, subject to availability of appropriations, up to \$156 million over the next 20 years to fund the design, construction, and O&M for a wastewater treatment plant in Mexico. In FY 2004, a revision of the \$156 million was made which increased the total estimated costs to \$336.1 million.

Presently, as a result of the above noncompliance, the IBWC is a party to the claims and environmental lawsuits below.

- Surf rider et al – The SBIWTP is the subject of Surf rider et al., two consolidated actions under the Clean Water Act filed in the United States Court for the Southern District of California. The Plaintiffs in Surf rider claim the advanced primary treated wastewater discharge from the SBIWTP is causing bacterial contamination of the water and beaches along the southern California coastline, and is in violation of NPDES permits.
- Sierra Club et al – The USIBWC and the City of Nogales are co-owners the NIWTP in Rio Rico, Arizona. The NIWTP is the subject of Sierra Club et al., a lawsuit filed under the Clean Water Act in the United States District Court for the District of Arizona and settled by Consent Decree in 2000. The consent decree provides the City of Nogales, Arizona (City) will construct the NIWTP upgrade and the USIBWC will operate the plant during and after the upgrade. The City has failed to meet decree timelines for plant upgrade design and construction. The USIBWC is pursuing a stakeholder mediated/facilitated process in the hopes of identifying and appropriate treatment process, the necessary funds, and a schedule for compliance for presentation to the court.

PROGRAM AND OPERATING EXPENSES

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

ANNUAL OPERATING EXPENSES			
Operating Expenses	FY 2007	FY 2006	Net Change
Personnel Salaries & Benefits	16,563,217.35	15,560,938.00	1,002,279.35
Travel & Transportation Cost	850,149.60	884,479.29	-34,329.69
Rent, Communication, & Utilities	3,366,102.03	3,061,518.11	304,583.92
Printing & Reproduction	43,453.61	9,957.12	33,496.49
Contractual Services	16,097,371.74	13,302,626.80	2,794,744.94
Supplies & Materials	1,655,526.99	1,427,405.25	228,121.74
Equipment (Expensed)	356,905.10	1,869,942.82	-1,513,037.72
Grants & Miscellaneous	1,587,691.76	731,876.48	855,815.28
<b>Total by Object Classification</b>	<b>\$40,520,418.18</b>	<b>\$36,848,743.87</b>	<b>\$3,671,674.31</b>

REVENUE AND FINANCING SOURCES

For the years ended 30 September 2007 and 2006, revenues from services provided and other revenues and financial sources consisted of the following:

<b>REVENUE &amp; FINANCING SOURCES</b>			
<b>Financing Sources</b>	<b>FY 2007</b>	<b>FY 2006</b>	<b>Net Change</b>
DoE (WAPA - O&M of Power Plants)	2,960,240.81	2,608,285.37	351,955.44
EPA (San Diego – Tijuana Sanitation)	1,034,181.18	576,257.89	457,923.29
GSA (Vehicle Maintenance)	73,006.16	86,157.02	-13,150.86
DHS (CBP - Quarters Rentals)	60,881.70	28,886.40	31,995.30
Mexico (O&M at Anzalduas Int'l Dam)	3,747.40	3,182.82	564.58
Mexico (O&M of Cordova Int'l Bridge)	6,000.00	12,000.00	-6,000.00
Mexico (O&M of NIWTP)	349,536.81	820,866.70	-471,329.89
México (O&M of SBIWTP)	1,158,578.81	1,147,778.09	10,800.72
Mexico (Other Goods and Services)	16,221.94	39,270.22	-23,048.28
City of Nogales (O&M of NIWTP)	513,786.81	469,364.17	44,422.64
Hidalgo County (O&M of Gaging Stations)	-17,315.11	28,605.50	-45,920.61
Texas Comm on Env Quality (Clean Rivers Prog)	338,105.04	278,278.12	59,826.92
Texas Water Development Board	32,145.96	58,016.00	-25,870.04
Leases, Licenses, FOIA	44,563.64	39,536.83	5,026.81
LRG Water Committee (O&M of Morillo Drain)	-2,332.00	54,381.90	-56,713.90
Employees and Teachers (Quarters Rental)	92,624.44	93,433.40	-808.96
<b>Total</b>	<b>\$6,663,973.59</b>	<b>\$6,344,300.43</b>	<b>\$319,673.16</b>

## 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						
BUDGETARY RESOURCES:	Salaries & Expenses		Construction		Total	
	Budgetary	Non-Budgetary	Budgetary	Non-Budgetary	Budgetary	Non-Budgetary
1. Unobligated Balance:						
1A. Brought Forward, October 01	\$759,570.46	\$0.00	\$2,960,458.00	\$0.00	\$3,720,028.46	\$0.00
2. Recoveries of prior year obligations:						
2A. Actual	\$403,043.68	\$0.00	\$79,785.82	\$0.00	\$482,829.50	\$0.00
2B. Anticipated						
3. Budget Authority:						
3A. Appropriations:						
3A1. Actual	\$28,368,201.00	\$0.00	\$5,232,308.00	\$0.00	\$33,600,509.00	\$0.00
3A2. Anticipated						
3B. Borrowing Authority						
3C. Contract Authority						
3D. Spending Authority from Offsetting Collections:						
3D1. Earned						
a. Collected	\$5,815,370.62	\$0.00	\$876,893.14	\$0.00	\$6,692,263.76	\$0.00
b. Receivables from Federal Sources	\$118,213.71	\$0.00	\$68,484.74	\$0.00	\$186,698.45	\$0.00
3D2. Change in Unfilled Customer Orders						
a. Advance Received	-\$17,059.61	\$0.00	\$0.00	\$0.00	-\$17,059.61	\$0.00
b. Without Advance from Federal Sources	-\$560,336.08	\$0.00	\$1,921,157.12	\$0.00	\$1,360,821.04	\$0.00
3D3. Anticipated for Rest of Year, Without Advances						
3D4. Without advance from govt. agencies						
4. Nonexpenditure transfers, net	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5. Temporarily Not Available Pursuant to Public Law						
6. Permanently Not Available	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
6A. Cancellation of expired and no-year accounts	-\$206,291.83	\$0.00	\$0.00	\$0.00	-\$206,291.83	\$0.00
6B. Enacted reductions	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
7. Total Budgetary Resources	\$34,680,711.95	\$0.00	\$11,139,086.82	\$0.00	\$45,819,798.77	\$0.00
8. Obligations Incurred:						
8A. Direct	\$28,365,257.76	\$0.00	\$3,435,892.08	\$0.00	\$31,801,149.84	\$0.00
8B. Reimbursable	\$5,183,044.94	\$0.00	\$1,335,465.30	\$0.00	\$6,518,510.24	\$0.00
9. Unobligated Balance:						
9A. Apportioned	\$2,943.24	\$0.00	\$6,367,729.44	\$0.00	\$6,370,672.68	\$0.00
9B. Exempt from Apportionment						
10. Unobligated Balance Not Available	\$1,129,466.01	\$0.00	\$0.00	\$0.00	\$1,129,466.01	\$0.00
11. Total Status of Budgetary Resources	\$34,680,711.95	\$0.00	\$11,139,086.82	\$0.00	\$45,819,798.77	\$0.00
Relationship of Obligations to Outlays:						
12. Obligated Balance, Net:						
12A. Unpaid obligations brought forward, Oct 1	\$8,326,409.49	\$0.00	\$8,333,898.41	\$0.00	\$16,660,307.90	\$0.00
12B. Uncollected pmts from fed. sources brought forward	-\$1,404,188.59	\$0.00	-\$2,140,320.62	\$0.00	-\$3,544,509.21	\$0.00
13. Obligations incurred	\$33,548,302.70	\$0.00	\$4,771,357.38	\$0.00	\$38,319,660.08	\$0.00
14. Gross outlays	-\$36,838,595.03	\$0.00	-\$6,266,498.42	\$0.00	-\$43,105,093.45	\$0.00
15. Obligated balance transfers, net:						
15A. Actual transfers, unpaid obligations	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
15B. Actual transfers, Uncollected pmts from fed. sources	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
16. Recoveries of prior year obligations	-\$403,043.68	\$0.00	-\$79,785.82	\$0.00	-\$482,829.50	\$0.00
17. Change in Uncollected pmts from fed. sources	\$442,122.37	\$0.00	-\$1,989,641.86	\$0.00	-\$1,547,519.49	\$0.00
18. Obligated balance, net, end of the period:						
18A. Unpaid obligations	\$4,633,072.88	\$0.00	\$6,758,971.55	\$0.00	\$11,392,044.43	\$0.00
18B. Uncollected customer pmts from fed. sources	-\$962,066.22	\$0.00	-\$4,129,962.48	\$0.00	-\$5,092,028.70	\$0.00
19. Net Outlays:						
19A. Gross outlays	\$36,838,595.63	\$0.00	\$6,266,498.42	\$0.00	\$43,105,094.05	\$0.00
19B. Offsetting collections	-\$5,798,311.01	\$0.00	-\$876,893.14	\$0.00	-\$6,675,204.15	\$0.00

## HERITAGE ASSETS AND STEWARDSHIP LAND

*Heritage assets* are plant, property, and equipment that possess one or more of the following characteristics: historical or natural significance; cultural, educational or aesthetic value; or significant architectural characteristics. Heritage assets consist of (1) collection type heritage assets, such as objects gathered and maintained for exhibition, for example, museum collections, art collections, and library collections; and (2) non-collection-type heritage assets, such as parks, memorials, monuments, and buildings. Heritage assets are generally expected to be preserved indefinitely. One example of evidence that a particular asset is heritage in nature is that it is listed on the National Register of Historic Places.

Heritage assets may in some cases be used to serve two purposes – a heritage function and general government operations. In cases where a heritage asset serves two purposes, the heritage asset should be considered a multi-use heritage asset if the predominant use of the asset is in general government operations (i.e. the main Treasury building used as an office building). Heritage assets having an incidental use in government operations are not multi-use heritage assets; they are simply heritage assets.

The cost of heritage assets is not often relevant or determinable. In addition, the useful life of heritage assets is generally not reasonably estimable for depreciation purposes. The most relevant information about heritage assets is their existence and condition. Therefore, heritage assets are reported in terms of physical units.

*Stewardship land* is land and land rights owned by the Federal Government, but not acquired for or in connection with items of general plant, property, and equipment. Examples of stewardship land include land used as forests and parks, and land used for wildlife and grazing. “Land” is defined as the solid part of the surface of the earth. Excluded from the definition are the natural resources (that is, depletable resources, such as mineral deposits and petroleum; renewable resources, such as timber; and the outer-continental shelf resources) related to land. Land and land rights owned by the Federal Government and acquired for or in connection with items of general plant, property, and equipment should be accounted for and reported as general plant, property, and equipment. Land and land rights owned by the Federal Government and not acquired for or in connection with items of general plant, property, and equipment should be reported as stewardship land.

The U.S. Section does not own nor maintain stewardship land. Nevertheless, the agency owns, operates, and maintains both heritage assets and multi-use heritage assets along the U.S. – Mexico border. Some of these heritage assets are jointly owned, operated, and maintained with Mexico.

A summary of the types of heritage/multi-use heritage assets is provided in the following table. Deferred maintenance of heritage assets and multi-use heritage assets is addressed in the next section. The physical condition of heritage assets is rated using the following scale:

- A = Excellent
- B = Good
- C = Fair
- D = Poor
- F = Very Poor

HERITAGE ASSETS			
Description	Physical Units		Condition of Assets
	FY 2007	FY 2006	
<b>Heritage Assets</b>			
International Land Boundary Monuments	276	276	Varies A to F
International Reservoir Boundary Monuments	15	15	B
Archaeological Sites	66	66	Varies A to F
<b>Multi-use Heritage Assets</b>			
International Bridges	3	3	B
International Storage Dams and Reservoirs	1	1	C
Hydroelectric Power Plants	1	1	B
Diversion Dams	1	1	D
Canals	1	1	F
<b>Total Heritage Assets in Physical Units</b>	<b>364</b>	<b>364</b>	<b>Varies A to F</b>

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.”

Deferred maintenance costs were calculated and compiled for all agency assets. Common assets and heritage assets incurring deferred maintenance were grouped into mission-related categories. Care was employed to ensure that these amounts are strictly deferred maintenance and are neither asset values nor costs associated with the replacement, expansion, or upgrade of an asset. Deferred maintenance costs, which are separated into “critical maintenance” and “non-critical maintenance,” are summarized in the table at the end of this section.

The U.S. Section defines *critical maintenance* as the maintenance that must be done by the agency to fulfill its core mission objectives and avoid the adverse risks to the public, the environment, and employees. Critical maintenance, if not performed, may result in significant safety, economic, and environmental impacts. Critical maintenance involve: necessary maintenance of flood control levees, diversion and storage dams, wastewater treatment plants, hydroelectric power plants, etc. to sustain mission requirements.

The agency defines *non-critical maintenance* as the maintenance that is performed by the agency, which has minimal impact on its core mission objectives and does not place

significant risks on the public and the environment. Non-critical Maintenance includes: grounds maintenance at field offices, painting and re-carpeting offices, and other non-mission-essential maintenance.

Deferred maintenance can have significant future effects on the structural integrity of agency structures and facilities, which can considerably impact our ability to protect human life, property, and the environment. Therefore, 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. As in the previous section, these assets were rated using the following scale:

- A = Excellent
- B = Good
- C = Fair
- D = Poor
- F = Very Poor

DEFERRED MAINTENANCE				
Asset Category:	Condition of Assets	Critical Maint. Cost	Non-critical Maint. Cost.	Total Cost
<b>Common Assets:</b>				
Wastewater Treatment				
Treatment System Components	C to F	840,000	755,000	1,595,000
Facilities (Buildings) & Structures	C to F	350,000	302,500	652,500
Roads and Grounds	C	25,000	145,000	170,000
Water Storage and Conveyance				
Floodways, Levees, and Grade Control	C to F	3,995,000	3,132,000	7,127,000
Diversion and Storage Dams	B to C	55,000	10,000	65,000
Gaging, Irrigation, & Drainage Structures	B to C	85,000	25,000	110,000
Facilities (Buildings) & Structures	C to F	230,000	145,000	375,000
<b>Heritage Assets:</b>				
Boundary Demarcation				
Land Boundary (CA, AZ, NM) Monuments	C to D	0	78,000	78,000
Land Boundary Grounds (ROW)	D	200,000	0	200,000
<b>Total Deferred Maintenance</b>	<b>B to F</b>	<b>\$5,780,000</b>	<b>\$4,592,500</b>	<b>\$10,372,500</b>







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