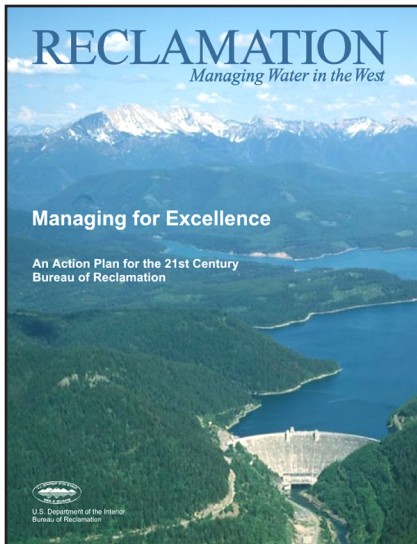


Goals, Accomplishments, and Future Challenges



Reclamation has outlined four overarching goals that emphasize our mission to deliver water and generate hydropower while addressing other water use requirements and planning for future water needs to avoid crisis and conflict:

- Ensure the reliable delivery of water and generation of hydropower under Reclamation contracts.
- Optimize hydropower generation consistent with project purposes.
- Incorporate other considerations, such as recreation, fish and wildlife, environment, and Native American trust responsibilities, into our water and power operations.
- Identify and plan for future consumptive and nonconsumptive water supply needs by identifying unmet needs in the next 25 years.

To meet these goals and priorities in FY 2007, Reclamation:

- Delivered 30.1 million acre-feet of water (1 acre-foot supplies enough water for a family of four for 1 year).
- Generated approximately 44 million megawatthours (MWh) of hydroelectric energy, enough to meet the annual needs of 9 million people.
- Met Endangered Species Act (ESA) requirements to augment riverflows and restore riparian habitat to benefit the Rio Grande silvery minnow, using the Middle Rio Grande Endangered Species Act Collaborative Program activities.
- Awarded more than \$9.2 million in *Water 2025* Challenge Grants to fund 44 water conservation or development projects in the West.

Reclamation's priorities are to:

- Ensure reliable and efficient delivery of water and hydropower, consistent with other project purposes and with Reclamation's core mission.

- Continue with efforts to ensure long-term security of Reclamation facilities.
- Continue the *Water 2025* efforts in reducing crises and conflict over water by increasing flexibility in water supplies and managing scarce water resources.
- Continue to encourage water conservation and efficient use of water supplies through the Water Conservation Field Services Program.
- Complete Safety of Dams priorities.
- Continue Reclamation's scientific coordination with other agencies and partners.

Managing for Excellence

Reclamation is preparing for the challenges of the 21st century by thoroughly examining our core capabilities in a number of key areas and our ability to respond in an innovative and timely manner to future needs. The *Managing for Excellence Action Plan*, published in February 2006, outlines a process and timeframe for identifying and addressing the specific actions that can be taken to increase transparency, efficiency, and accountability within Reclamation.

Through *Managing for Excellence*, Reclamation is preparing for the challenges of the 21st century by thoroughly examining our core capabilities in a number of key areas and our ability to respond in an innovative and timely manner to future needs. The three overarching purposes of *Managing for Excellence* are to (1) improve and strengthen working relationships with our water and power users; (2) improve the efficiency with which we perform our work; increase the transparency of our work processes, sources of costs, and decisionmaking processes; and hold ourselves accountable to our customers and the American public; and (3) ensure, now and in the future, that we have an appropriately sized and efficiently organized workforce, composed of the necessary disciplines and skills to sustain the core engineering and technical services required to ensure the delivery of water and power in an environmentally and economically sound manner.

Managing for Excellence Action Plan

An important catalyst for this evaluation effort was the National Research Council (NRC) report, "Managing Construction and Infrastructure in the 21st Century Bureau of Reclamation," which

examines several facets of our organization, practices, and culture. The NRC report was available to the public in 2005 and published in 2006.

The Managing for Excellence Action Plan incorporated suggestions and recommendations from the NRC and turned them into 41 action items, which were assigned to teams of Reclamation employees and divided among 8 functional areas, each with an executive sponsor. All action items are scheduled to be completed by December 2007. The eight functional areas are: Relationships with Customers and Other Stakeholders, Policies and Organization, Engineering and Design Services, Major Repair Challenges, Project Management, Asset Sustainment, Research and Laboratory Services, and Human Resources/Workforce.

The work of those teams has resulted in the following initiatives for implementation:

- Policies, Directives and Standards on Web site www.usbr.gov/excellence
- Design estimates and construction oversight
- Prioritized engineering standards updates
- Loan guarantee framework
- Major repair decision process
- Project management recommendations
- Standardized reports for billing and project repayment status
- Collaborative competencies required for all employees

Reclamation has made a concerted effort to keep the effort transparent to all interested parties through the use of public meetings, and stakeholder and employee outreach through the use of the *Managing for Excellence* Web site and listserv.

While completing action items, Reclamation identified areas for improvement that will further improve transparency, efficiency, and accountability and will be used to improve the way Reclamation functions.

Functional Areas
<u>Relationships with Customers and Other Stakeholders</u> <ul style="list-style-type: none"> • Strengthen stakeholder relationships • Improve communication • Create transparent decisionmaking processes
<u>Policies and Organization</u> <ul style="list-style-type: none"> • Refine the balance between centralized policy and oversight with current, effective, decentralized operational organization • Implement the most effective, efficient organizational structure
<u>Engineering and Design Services</u> <ul style="list-style-type: none"> • Define core capabilities to fulfill Reclamation's mission • Foster a Center of Excellence for our engineering and technical capabilities • Provide engineering standards and design services that meet Federal customer needs
<u>Major Repair Challenges</u> <ul style="list-style-type: none"> • Devise methods to help customers finance their allocated share of major repair projects • Develop processes or measuring tools to determine whether a major repair project is warranted • Use innovation to add value to major repair projects
<u>Project Management</u> <ul style="list-style-type: none"> • Develop policies and practices to provide an appropriate degree of continuity and project management oversight from project inception through the planning process to construction and into operations
<u>Asset Sustainment</u> <ul style="list-style-type: none"> • Better understand construction and operation and maintenance (O&M) costs • Increase value of construction and O&M activities • Increase opportunities for: <ul style="list-style-type: none"> ○ O&M outsourcing ○ O&M transfer ○ Title transfer
<u>Research and Laboratory Services</u> <ul style="list-style-type: none"> • Increase partnerships and technology transfers in research and development
<u>Human Resources/Workforce</u> <ul style="list-style-type: none"> • Enhance employee competencies in key skills such as project management, collaboration, decisionmaking, and leadership

FY 2007 Accomplishments

Reclamation made great progress in 2007 toward completing the original 41 action items. Twenty-nine action items have now been completed, in addition to the three items completed in FY 2006, and all action items are scheduled to be completed by December 2007. Reclamation anticipates many positive changes as *Managing for Excellence* wraps up and the recommendations of the individual teams are implemented.

Reclamation sought feedback from interests outside Reclamation. In November 2006, Reclamation was a participant at the National Water Resources Association and at the Family Farm Alliance meeting in February 2007. In addition, Reclamation held public meetings, structured so that the public could participate and learn more about specific action items, as well as openly comment on approaches and proposals. Reclamation held its third public meeting in November 2006 in Sacramento, California, followed by meetings in February in Albuquerque, New Mexico; May in Denver, Colorado; and September in Portland, Oregon.

Reclamation is dedicated to ensuring effective communication with our employees, the Congress, customers, and stakeholders about the *Managing for Excellence* effort. Reclamation employees strive to reflect a personal attitude, and a Reclamation culture, that is receptive to questions about our work and costs from our customers and the American taxpayer. Reclamation is using training, informal meetings, conferences, and all-employee memoranda to keep employees and managers apprised of news and events. In addition, a Web site is available for the general public to view information and provide comments at www.usbr.gov/excellence. The Efficiency, Transparency, and Accountability (ETA) Web site is another way for the public and Reclamation staff to receive current information on Reclamation's efforts to implement the recommendations of the *Managing for Excellence* initiative, as well as other activities related to ETA at Reclamation. This Web site can be found at www.usbr.gov/eta and will be used along with other media avenues, such as the newsletter, press releases, reports, and email to keep stakeholders and employees updated with the latest ETA information.

Delivering Water

One of Reclamation's primary missions is delivering and storing water throughout the 17 Western States. In an average year, Reclamation projects deliver approximately 30.8 million acre-feet of water. Reclamation uses funding to implement projects that stretch existing water resources and partners with State, local, and other entities to expand existing water supplies. Ongoing droughts and burgeoning Western populations continue to make this job ever more challenging. We continuously evaluate our management strategies and incorporate new technologies to develop new water supplies and use water more efficiently.



Operating, Maintaining, and Upgrading Facilities to Store and Deliver Water

Reclamation built facilities throughout the 20th century, and the older systems and facilities were constructed before current design and construction practices, which present special challenges. As Reclamation's infrastructure ages, costs for operation, maintenance, and rehabilitation continue to increase. We operate, maintain, and rehabilitate our facilities to minimize these costs and service disruptions. Reclamation is continuing to explore upgrading facilities to extend their useful life and help address these issues.

The piping on the East Fork Irrigation District in Oregon is typical of work with many *Water 2025* challenge grants, which assist districts in piping their systems to improve efficiency.

Water 2025 Challenge Grant Program: Preventing Crises and Conflict in the West

Water is the lifeblood and the foundation of the American West's economy. It is also the scarcest resource in some of the fastest growing areas of the country. *Water 2025* focuses attention on the realities of major conflicts among competing uses of water,

If we are wise, future generations will benefit. If we are unwise, future generations will suffer. It is incumbent upon us to be wise. (Department of the Interior Secretary Dirk Kempthorne, Colorado River Water Users Association 61st Annual Conference, December 15, 2006)

including the explosive population growth in Western urban areas, the emerging need for water for environmental and recreational uses, and the national importance of the domestic production of food and fiber from Western farms and ranches.

In some areas of the West, existing water supplies are, or will be, inadequate to meet competing demands for water even under normal water supply conditions. The *Water 2025* Challenge Grant Program recognizes that States, tribes, and local governments should have a leading role in meeting these challenges and that the U.S. Department of the Interior (Interior) should focus its attention and resources on areas where scarce Federal dollars can provide the greatest benefits to the West and the rest of the Nation.

The *Water 2025* Challenge Grant Program provides a basis for public discussion of the realities that face the West so that decisions can be made at the appropriate level in advance of water supply crises. It also sets forth a framework to identify the problems, solutions, and a plan of action as Interior works with States, tribes, local governments, and the private sector to meet water supply challenges.

The Challenge Grant Program is an important aspect of *Water 2025*. Challenge Grant funding is provided on a minimum 50-percent, non-Federal, cost-share basis to irrigation and water districts, Western States, and other entities with water delivery authority. These entities use the funding to implement projects that stretch existing water resources. Challenge Grant projects focus on modernizing aging water delivery infrastructure, improving water use efficiency and conservation, and marketing water. Projects are selected through a competitive process that emphasizes projects that will achieve demonstrated results within 24 months from the date of award.

Since its inception in 2004, the *Water 2025* Challenge Grant Program has funded 122 projects that represent approximately \$96 million in water system and water management improvement across the West, including non-Federal cost-share contributions of approximately \$70.4 million and a Federal investment of approximately \$25.6 million.

FY 2007 Highlights of Water 2025 Challenge Grants

Reclamation evaluated the remaining proposals from the 2006 Challenge Grant process. In July 2007, 44 projects, totaling



\$9.2 million in *Water 2025* Challenge Grants for projects across the West, were selected for funding. Including the matching contributions of non-Federal partners, the selected projects represent a combined investment of more than \$32 million in water management improvements.

The projects are projected to result in 5.2 miles of canals lined, 48 miles of canal piped, 22 projects that include water marketing, and 26 projects to install water measurement, Supervisory Control and Data Acquisition systems, or automatic water delivery systems.

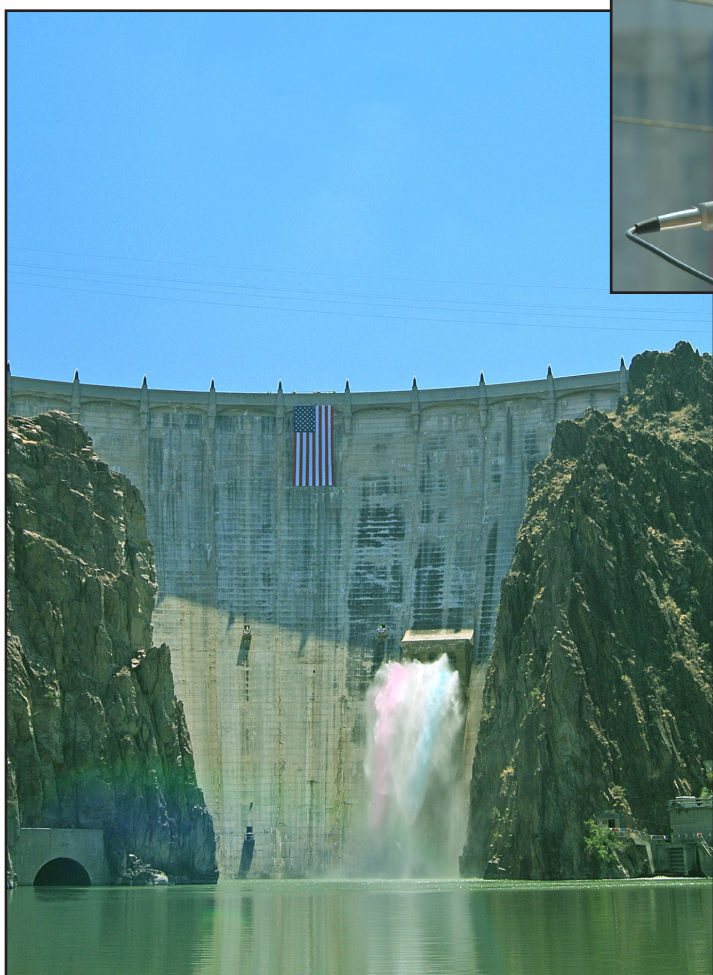
FY 2007 Highlights for Other Water 2025 Activities

Funding from the *Water 2025* Challenge Grant Program was used to support the final construction and commissioning of the National Research Center for Groundwater Desalination located in Tularosa, New Mexico. The facility will be used to advance research on desalination, which is a viable alternative for many communities to diversify their water supply.

Reclamation also released the first ever Funding Opportunity Announcement for System Optimization Reviews. System Optimization Reviews are a subset of the *Water 2025* Program to examine ways to improve delivery efficiency or improve operations of water systems from a regional or water basin perspective. The requirements to receive funding are similar to the *Water 2025* Challenge Grant Program. The application must include an irrigation and/or water district, tribal water authority, or State

Truckee Carson Irrigation District, Nevada. Gilpin Spill gate controls before automation (left).

Truckee Carson Irrigation District, Nevada. Newly installed gate motors and gear boxes for the Gilpin Spill radial gates (right).



Commissioner Robert Johnson addressed nearly 400 people who attended the 75th anniversary celebration at the Owyhee Dam, near Nyssa, Oregon.

The Owyhee Dam is a feature of Reclamation's multipurpose Owyhee Project, which provides irrigation benefits to more than 118,000 acres in eastern Oregon and western Idaho.

governmental entity with water management authority, or entities created under State law with water delivery authority within the 17 Western States. Applications must include a minimum 50-percent cost share. The Federal share is capped at \$300,000, and the overall project must be completed within 24 months.

Expanding Water Supplies

“The Owyhee Dam is a magnificent structure. It stands as a great reminder of the ingenuity of its engineers and builders, but what we really celebrate now is the vision of those who created more than a dam: they made possible the thriving communities that we have here today. Flood control and water supply enabled settlement and the production of a variety of crops, crops that are important to the national economy.”
Remarks by Commissioner Johnson

In addition to work done with Water 2025, Reclamation continues efforts in reducing crises and conflict over water by increasing flexibility in water supplies and managing scarce water resources.

Reclamation continues to work closely with irrigation districts to make water available to Nebraska residents and to assist Nebraska in complying with the Republican River Compact of 1942 (Compact). A settlement, approved by the Supreme Court, was negotiated after Kansas filed a lawsuit against Nebraska and Colorado contending that their use of the Republican River exceeded their allocated share under the Compact. Reclamation's assistance also protects the integrity of Reclamation irrigation projects.

A supplemental draft environmental impact statement (EIS) was completed January 31, 2007, for the Red River Valley Water Supply Project in North Dakota by Reclamation and the State of North Dakota. The project would provide a bulk water supply to meet the

long-term water needs of people and industries in the Red River Valley in North Dakota and Minnesota.

On March 23, 2007, Reclamation released a final environmental assessment and finding of no significant impact for a long-term contract to facilitate storage and exchange of water for the city of Aurora, Colorado, in facilities of Reclamation's Fryingpan-Arkansas Project. The city requested the contract to facilitate exchange for its Arkansas River water rights to help it more efficiently manage its water.

Through the Tucson Aqueduct System Reliability Investigation, Reclamation is investigating methods to make Central Arizona Project (CAP) water deliveries in the Tucson area as reliable as water deliveries to Phoenix area users. Through a pilot recharge test begun in November 2004, more than 3,700 acre-feet of CAP water was recharged at the test site at the end of June 2007. If the pilot recharge test is successful, a permanent recharge facility will be built at this site with additional recharge capacity at a second site.

Reclamation is partnering with several State, local, and regional entities in Arizona to improve management of water resources by evaluating existing water supplies, identifying possible future water supplies, and identifying and analyzing other resource issues through the Mogollon Rim Water Resources Management Study and the North Central Arizona Water Supply Study.

Reclamation implemented a demonstration program in 2007 in the Lower Colorado River Basin to create Intentionally Created Surplus (ICS) water. This allows Colorado River water entitlement holders



Red River, looking south at Grand Forks, with Minnesota on the left and North Dakota on the right.



A Record of Decision was signed for the San Luis Drainage Feature Re-Evaluation EIS to improve agricultural drainage.

In March 2007, Reclamation signed the Record of Decision (ROD) for the San Luis Drainage Feature Re-Evaluation EIS. Implementation of the selected alternative will fulfill the requirements of a District Court order and a Ninth Circuit Court of Appeals ruling that determines Reclamation's statutory duty to provide drainage service to the Central Valley Project San Luis Unit in California. A total of 194,000 acres of land will be retired from irrigated agriculture in the San Luis Unit, and drainage reduction measures, collector systems, drainage water reuse facilities, treatment systems, evaporation ponds, and mitigation measures will be developed.

to undertake extraordinary conservation activities to reduce their approved annual consumptive use of river water and store it in Lake Mead. Reclamation entered into agreements with the Metropolitan Water District of Southern California, the State of California, and the Imperial Irrigation District to create ICS water in 2007.

The Washington Department of Ecology was directed by the Washington Legislature to aggressively pursue development of water supplies to meet future needs of communities and rural economies along the mainstem of the Columbia River while improving instream conditions for fish. Reclamation is partnering with the State of Washington on several water supply studies in support of these goals.

During 2007, work continued on seven water reclamation projects in southern California. In addition, feasibility studies continued on water reuse projects in north Las Vegas, Nevada; Phoenix and Tucson, Arizona; and in southern California. In FY 2007, Reclamation's water reuse projects in southern California generated more than 122,000 acre-feet (approximately 40 billion gallons) of reclaimed water for use.

Using Alternative Sources of Usable Water: Desalination

Desalting sea water and inland brackish waters offers new drought-proof water supplies that can help Reclamation manage water more effectively. Desalination projects and research helped Native Americans, rural areas, and municipal and industrial water use. Reclamation's investments in desalination come through various budget line items and programs: the Desalination and Water Purification Research and Development Program, the Science and Technology Program, the Water Reuse Program – Title XVI, *Water 2025*, and the Yuma Desalting Plant – Title I provide funding for these projects.

FY 2007 Accomplishments

Reclamation's Research and Development (R&D) Office funded 112 Science and Technology Program R&D proposals. The National Academy of Sciences study on Advancing Desalination Research, cosponsored by the R&D Office and the Environmental Protection Agency, is scheduled to be completed by the end of FY 2007. Construction was completed and operations testing of the Brackish Groundwater National Desalination Research Facility at Tularosa, New Mexico, began in FY 2007. The R&D Office also began implementing the new Science and Technology Program Steering Committee Charter revised under Reclamation's *Managing for Excellence* initiative.

In March 2007, the Yuma Desalting Plant (YDP) finished a test run to produce drinkable water. During a 90-day demonstration run, the plant functioned at 10-percent capacity to test its operational capabilities and study its effects on wetlands in Mexico. The YDP desalted about 4,200 acre-feet (more than 1.3 billion gallons)

**Tularosa Brackish Groundwater
National Desalination Research**



of highly saline irrigation return flow water, which was discharged into the Colorado River and delivered to Mexico under its 1944 Colorado River Water Treaty entitlement.

In June 2007, the Final Phase II Report for the Central Arizona Salinity Study (CASS) was distributed, recommending additional research on a regional strategy to manage brine concentrate, methods of restricting salinity disposal into the sewer system, and continued funding of the Colorado River Basin Salinity Control Program. CASS is a coalition of water and wastewater agencies from several central Arizona cities evaluating salinity issues to develop a Central Arizona Salinity Master Plan.

Future Goals

The R&D Office plans to continue implementing the new Science and Technology Steering Team Charter and the Water and Power Solution database in accordance with findings stemming from Reclamation's *Managing for Excellence*.

The R&D Office also plans to continue solution-oriented research and development and plans to emphasize accomplishments in the following areas:

- Forge new and more effective ways of transferring solutions to the water users and water managers.
- Improve institutional approaches to solve water problems.
- Increase scientific coordination and collaboration with other Federal agencies, universities, and other organizations that offer Reclamation complementary scientific and R&D capabilities.
- Collaborate with National Oceanic and Atmospheric Administration (NOAA), U.S. Geological Survey, universities, and Western States to evaluate climate change sciences and the potential effects on Western water resources, and to develop adaptation strategies as necessary to minimize impacts and maximize opportunities.

Science and Technology: Controlling Invasive Species

Reclamation maintains an active research program to develop innovative ways to manage our water delivery program and address



A quagga mussel, an invasive species, is found in Parker Dam at the 9-foot depth.



increased water demands in the West. Invasive species are a major challenge to our ability to provide efficient water delivery because they clog rivers and canals and damage facilities. We are currently focusing a large portion of our research efforts on controlling invasive species.

In January 2007, quagga mussels were discovered for the first time west of the Mississippi River in Lake Mead on the lower Colorado River, as well as at several other locations along the lower Colorado River. In mid-August, the quagga mussel was also found at Lake Powell. Reclamation immediately began investigations into the mussel's potential impact on hydropower and other facilities along the river. Additional analysis processes are underway to develop

a means of determining the presence and relative abundance of the mussel in a particular body of water. As FY 2007 ended, Reclamation and other entities were developing programs to address and manage this new threat to Western water supplies and infrastructure.

Drought Response

Reclamation addresses drought conditions by storing water for times of shortage and contingency planning with States and water users. During the recent prolonged drought, our reservoirs performed well, meeting water requirements in most areas of the West despite precipitation shortages.

Reclamation actively engages in drought planning, working with States, water users, and other entities to prepare in advance so that when drought occurs, we have agreement on steps to manage it.

Part of this advance planning involves interagency efforts such as the Drought Action Teams developed in collaboration with the U.S. Department of Agriculture. Grants are made available under the *Water 2025* Program and under our Water Conservation Field Services Program to help water users make more efficient use of water, particularly during times of drought.

Through the regular appropriations process, Public Law 110-28, U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act 2007, signed on May 25, 2007, contained \$18 million for drought relief assistance. The law's language reads in part ". . . drought assistance may be provided under the Reclamation States Drought Emergency Act or other applicable Reclamation authorities to assist drought plagued areas of the west." Final allocations have been made, with \$6 million going to Garrison Project authorities for needed construction work resulting from drought conditions, but of a permanent nature. The remaining \$12 million is available for Reclamation's response to emergencies through its authority under Title I of the Reclamation States Emergency Drought Relief Act of 1991, as amended. Potential projects are being evaluated and prioritized for consideration for funding.

Work initiated in FY 2006 for the drilling of municipal wells and the design/monitoring/testing activities associated with wells, as well as for temporary supplies of water purchased in New Mexico to

provide flows for endangered fish in the Pecos River and the Rio Grande, will essentially be complete in FY 2007. Over \$9.3 million in emergency drought relief was made available to four communities and one Indian tribe.

Resource Management

At the direction of the Secretary of the Interior, Reclamation began to develop lower Colorado River basin shortage guidelines and coordinated management strategies for Lake Powell and Lake Mead under low-reservoir conditions in FY 2005. In FY 2006, Reclamation prepared a draft alternatives report and a draft EIS to address the proposed guidelines and strategies. The draft was available in February 2007, and the final EIS will be completed in December 2007. An EIS is a detailed public document required by the National Environmental Policy Act (NEPA) for proposed major Federal actions having a significant effect upon the human environment. It focuses on a description of the affected environment and a detailed analysis of the environmental consequences of the proposed action and its alternatives.

Reclamation is preparing a long-term experimental plan environmental impact statement (LTEP EIS) for future operation of Glen Canyon Dam and other associated management activities. A Record of Decision is scheduled for December 2008. A Record of Decision is a written document which states the decision made and describes the environmental factors considered, the preferred plan, and the alternatives considered in an EIS. After receiving public input, Reclamation released the LTEP EIS Scoping Report in March 2007 and continues to work with cooperating agencies on the development and refinement of alternatives to be evaluated as part of the EIS process. The proposed plan would increase scientific understanding of the downstream ecosystem through implementation of a structured, long-term program of experimentation in the Colorado River below Glen Canyon

Aerial view of Yellowtail Dam on the Bighorn River.



Dam. Areas to be evaluated include dam operations, potential modifications to Glen Canyon Dam intake structures for releasing warmer water to benefit endangered fish, and other potential management actions, such as removal of non-native fish species.

In June, Reclamation announced its preferred alternative for the *Colorado River Interim Guidelines for Lower Basin Shortages and Coordinated Operations of Lake Powell and Lake Mead*. The final EIS for the guidelines was published in October 2007, and the Secretary of the Interior is expected to sign a Record of Decision implementing the guidelines in December 2007.

In early 2007, Reclamation's Montana Area Office formed the Bighorn River System Long Term Issues Group to identify, explore, and recommend alternative courses of action to the Federal and State agencies responsible for managing Bighorn River and Bighorn Reservoir (impounded by Yellowtail Dam) as part of long-term management strategies. The group is focusing on such issues as sedimentation, forecasting, modeling, flood-pool elevation, water rights, and fish habitat and reproduction.

Generating Hydropower

One of Reclamation's top priorities is reliably and efficiently generating hydropower. Reclamation's hydropower facilities serve as some of the West's most important electrical resources, with 58 hydropower plants with a capacity of 14,800 megawatts (MW). Our powerplants provide flexible and reliable hydropower throughout the Western United States, while also providing the backup blackstart capacity for the West's largest nuclear generating units.

Each year, Reclamation's powerplants generate approximately 44 million MWh of hydropower, enough to meet the annual needs of about 9 million people. Revenue from power sales has aided in the repayment of the West's water and power infrastructure. Western Area Power Administration (Western) and Bonneville Power Administration (BPA) market the surplus power generated at Reclamation facilities.

For the last 2 years, Reclamation has had a partnership agreement with the U.S. Army Corps of Engineers (USACE) to promote a long-term working relationship and collaborate on efforts to manage water and related land resources. In particular, the agreement

encourages the two agencies to share needed technical expertise, improve resource management, and leverage each agency's limited resources to improve public services and make more efficient use of limited public funds.

Operating, Maintaining, and Upgrading Facilities to Generate Power

Although hydropower facilities have high initial investment costs, these facilities can have life expectancies approaching 100 years with proper maintenance practices and replacement of generating components. Reclamation works diligently to reduce the cost of generating hydropower, while ensuring the long-term viability of our facilities. In FY 2007, Reclamation continued responsible maintenance practices, including:

- Conducting standardized facility reviews (power reviews of O&M) to identify and implement timely maintenance, replacements, upgrades, necessary modification, and modernizations.

The effects of the prolonged drought are visible at Glen Canyon Dam.



- Using a condition rating system to identify areas of greatest concern for maintaining reliability, including penstocks, transformers, turbines, and generators.
- Obtaining baseline data on facility condition for all Reclamation powerplants.
- Developing a risk assessment tool, which will prioritize limited maintenance and replacement dollars to maximize benefits and minimize risk.

Evaluating Drought Impacts on Hydropower Generation

The ongoing drought in the Western United States had a significant impact on Reclamation's hydropower production and raised some of the Federal power rates. For example, the Glen Canyon Powerplant can provide electric power for about 1.8 million people across the Upper and Lower Colorado River marketing areas (Arizona, Utah, Colorado, Wyoming, New Mexico, and Nevada). In addition, it accounts for approximately 70 percent of the power generation for the total Colorado River Storage Project. Nevertheless, drought conditions, combined with other operating restrictions, have significantly reduced Glen Canyon's contribution to the Western power grid.

The effects of multiple years of drought and low inflow remain visible at Lake Powell. Lake Powell storage is currently 53 percent of capacity, and the water surface elevation will likely decrease between now and March 2008. The low water level at Lake Powell continues to reduce Glen Canyon Powerplant's generation capacity by approximately 25 percent, from an average generation capacity of 1,312 MW to about 990 MW. Last year, Western increased its composite firm power rate from 20.28 mills per kilowatthour (kWh) to 25.28 mills per kWh to accommodate increased purchase power expenses necessary to meet firm power contracts.

FY 2007 Highlights

Reclamation leads the hydropower industry in low costs and high reliability. Reclamation strives to keep generators at their peak by rehabilitating or replacing older models. In fact, we have had an active rehabilitation program since 1978. We continue to improve operating equipment; for example, installing more efficient turbine

runners at Grand Coulee Dam (FY 2000 through FY 2012), Flaming Gorge Dam (FY 2005 through FY 2007), and Glen Canyon Dam (FY 2004 through FY 2014). Reclamation keeps costs in check by maintaining reliable facilities and efficiently using financial resources to extend the life of our facilities.

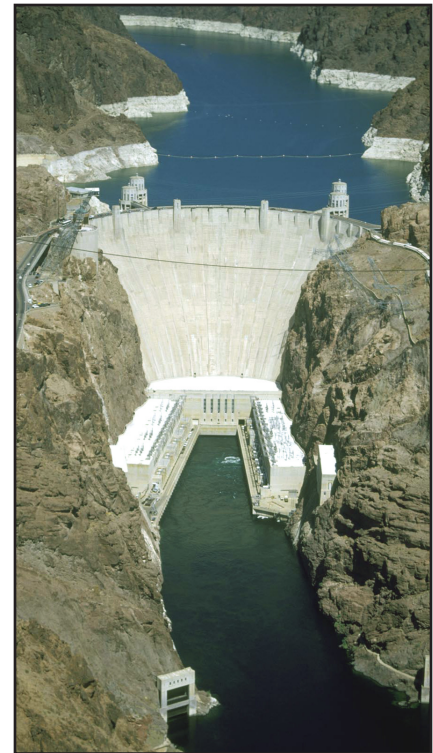
Reclamation's Power Resources Office coordinated the efforts of nine Federal agencies to complete a report for Section 1834 of the Energy Policy Act of 2005. This report examined the opportunities for additional hydropower development across the U.S. Departments of Army, Energy, and Interior.

The Power Resources Office is also leading Reclamation's effort to comply with new mandatory reliability standards resulting from the Energy Policy Act of 2005. These 83 standards were determined to be mandatory and enforceable by the Federal Energy Regulatory Commission (FERC). Failure to comply with these standards carries the potential for significant monetary fines.

Reclamation's power program scored a 92 percent on the Office of Management and Budget's Program Assessment Rating Tool (PART) review and was rated "effective." PART is a standardized and systematic process for rating program performance that will then be used to help make budget decisions. PART can also help establish performance criteria for good government management and will be used in annual performance plans and reports required by the Government Performance and Results Act (GPRA). Producing significant achievements in FY 2007, Reclamation's programs:

- Implemented hydropower asset management planning risk-based condition assessment tool (developed with the largest hydropower producers in North America and BPA).
- Completed FY 2006 Comprehensive Facility Reviews (CFR) on all scheduled power facilities (Power Resources Office published all Reclamation CFR reports for 2006 by December 2006).
- Through the Federal Columbia River Power System Capital Workgroup, initiated several capital improvements, including replacing transformers, excitation systems, and protective relays at Grand Coulee Dam; circuit breakers at Hungry Horse Dam; and excitation systems at Roza and Chandler Dams. By the end of FY 2007, 10 generating

Lake Mead, the reservoir impounded by Hoover Dam, with the effects of the drought visible on reservoir water levels.



units at Grand Coulee Dam were upgraded as part of a \$125 million program to replace existing turbine runners on 18 hydropower generators.

- The cast-steel wicket gates of several of the generators at Hoover Dam are being replaced with stainless steel wicket gates that provide additional megawatt capacity for each overhauled unit that otherwise would have been lost as an impact of the recent drought.

Future Challenges and Goals

While our forced outage rate is lower than the current industry average, our hydropower program continues to improve performance and optimize generation, consistent with project purposes. Reclamation conducts frequent assessments of O&M effectiveness at all of our powerplants and major pumping plants by tracking recommendations to correct deficiencies.

New, industry-wide, mandatory reliability standards will challenge Reclamation to undergo regular compliance activities. In addition, Reclamation will be subject to audits by the FERC-appointed electric reliability organization. Reclamation has developed a Reliability Compliance Workgroup, staffed by members of the Power Resources Office and members from each regional office, to ensure we maintain proper reliability documentation.

Providing Other Programs and Benefits

In addition to water delivery and power generation, Reclamation is also responsible for maintaining and safeguarding its facilities, as well as other projects authorized by the Congress, which provide benefits for recreation, fish and wildlife, and the environment.

Safety, Security, and Law Enforcement Programs

Reclamation's Security and Law Enforcement Programs provide integrated protection of Reclamation's facilities, critical information, and, more importantly, the employees, contractors, visitors, and public located at or near Reclamation facilities. The program reduces security-related risks through a combination of preparedness, prevention, protection, and response.

FY 2007 Highlights

In FY 2007, Reclamation implemented security improvements at several critical infrastructure facilities. We implemented designs and installations of integrated security upgrades at four National Critical Infrastructure dams: Folsom, Shasta, Hoover, and Glen Canyon, and at several other mission-critical facilities. Security enhancements included barriers, video surveillance, intrusion detection, access control, communication systems, and guard forces.

Reclamation completed development of a long-term Security Risk Assessment Program and implemented a 2-year pilot of the new program. The program will consist of recurring Comprehensive Security Reviews and Periodic Security Reviews at Reclamation's most critical facilities.

Reclamation worked with other Federal agencies and laboratories to enhance understanding of the effects of terrorist activities on dams and related resources. Reclamation worked closely with the U.S. Department of Homeland Security and other dam-sector agencies to develop sector-specific plans for national infrastructure protection, research and development, and information sharing. We also shared best practices for critical infrastructure and key asset protection and vulnerability assessment methodologies.

Reclamation implemented Homeland Security Presidential Directive 12, which established a Government-wide policy for a common identification standard for Federal employees and contractors, and worked closely with other Interior bureaus to develop the policies and procedures for issuance and management of Personal Identity Verification cards. We also issued new directives and standards on police officer and security guard uniforms and updated the directives and standards for identifying and safeguarding for "official use only" information.

Reclamation collected, recorded, and investigated information on security and law enforcement-related incidents, including suspicious activities. This information is directly shared with dam and power transmission members and with appropriate intelligence agencies. Reclamation special agents and intelligence analysts also completed threat assessments and produced intelligence products to protect Reclamation and associated water and power transmission infrastructure.

A National Academy of Sciences committee conducted an assessment of Reclamation's Security Program to determine Reclamation's level of preparedness to deter, respond to, and recover from threats to its physical infrastructure and to the people who use and manage it. An assessment report will be available in FY 2008.

Future Challenges and Goals

In FY 2007, Reclamation increased reimbursement for security costs for guards and patrols, which are considered project O&M costs, from \$10.0 million in FY 2006 to \$14.5 million in continuation of the transition to full reimbursement of those costs in FY 2008. Reclamation will continue to work closely with our managing partners, the U.S. Department of Homeland Security, other dam-sector agencies, national laboratories, the Federal Bureau of Investigation, and other Federal, State, and local agencies in implementing effective security measures and securing the key resources and critical infrastructure for which Reclamation is responsible.

Safety and Occupational Health Program

Reclamation's Safety and Occupational Health Program is the organizational framework that uses a variety of tools to provide a safe working environment and facilitate a safety culture. The overarching goal of the safety and health program is to prevent accidents to people, operations, property, and the environment by using a model of management commitment and employee involvement; hazard analysis and system and management controls; and continuous improvement. In recent years, Reclamation has demonstrated a downward trend in the lost time injury rates, below the Federal Government and Interior averages.

Dam Safety

Dam safety activities are directly related to Reclamation's priority to ensure reliable and efficient delivery of water and hydropower. The objectives of our Dam Safety Program are to ensure that Reclamation facilities do not cause unreasonable risks to people, property, or the environment and to take appropriate action to reduce and manage risks in an efficient and cost-effective manner. Reclamation is responsible for 479 dams and dikes that form a significant part of the water resources infrastructure for the 17 Western States. As these structures age, concern increases about



Issuing the ROD on dam safety, security, and flood damage reduction actions at Folsom Dam and Reservoir was a key step toward solving dam safety problems.

their continued satisfactory performance. The 375 structures that could cause loss of human life or other significant losses through failure or misoperation are included in the Dam Safety Program.

FY 2007 Highlights

A few highlights of Reclamation's Dam Safety Program accomplishments are listed below.

Two RODs were signed and executed in May 2007 for dam safety, security, and flood damage reduction actions at Folsom Dam and Reservoir northeast of Sacramento, California. Both RODs are based on the Folsom Dam Safety and Flood Damage Reduction Final EIS released on March 30, 2007. In addition to the RODs, Reclamation's final Dam Safety Modification Report and USACE's final Post Authorization Change Report were completed and signed. These are key steps toward solving dam safety problems at Folsom Dam in addition to providing 200-year flood control protection for the Sacramento area and downstream flood plains.

This year, 44 CFRs were completed; risk reduction (prioritizing structural and nonstructural measures for reducing dam safety risks) activities at Gibson Dam in Montana, Lauro Dam in California, Norton Dam in Kansas, and Keechelus Dam in Washington were completed; ongoing risk reduction actions at Deer Creek Dam in Utah, Deer Flat Dam in Idaho, and Stony Gorge Dam in California continued; and risk reduction actions at Folsom Dam in California and Scofield Dam in Utah began.



An aerial view of Watkins Dam.

A 2004 inspection of the Deer Flat Dams in Nampa, Idaho, revealed cracks in an outlet conduit, which allowed seepage and sediment to enter. Reclamation studies determined that it would be necessary to completely remove and replace the outlet works to correct the problem. In FY 2007, a design for the fix was completed and the modification report and environmental assessment were transmitted to Office of Management and Budget (OMB). Pending the Congressional approval, construction will begin with a target for completion in spring 2009.

Reclamation completed a modification report to perform Safety of Dams modifications on Scofield Dam spillway. Dam safety investigations identified design deficiencies that could cause a failure in the more than 60-year-old structure, located 22 miles northwest of Price, Utah. The modification report was submitted to the Congress in May 2007, and the contract for work was awarded in June 2007.

Seepage was discovered at A.V. Watkins Dam, located north of Ogden, Utah, in mid-November 2006. Immediate emergency remedial actions were taken to avert an uncontrolled release of the reservoir and potential failure of the dam. The Commissioner authorized construction of an upstream berm and replacement of the toe drain in March 2007, and construction was completed in April 2007. Under the Safety of Dams process, a corrective action study and modification report are scheduled for completion in December 2007.

Progress continues on Safety of Dams modifications at Deer Creek Dam, located in Provo Canyon, near Provo, Utah. The second half of Phase I work being done under contract by the Utah Department of Transportation, as part of its highway improvement project, will be complete in December 2007. Phase II of the three-phase project to modify the dam and spillway structure to withstand a large seismic event began in January 2007, when the contract was awarded, and was completed October 12, 2007. The Phase III construction contract was awarded August 28, 2007. All modifications are scheduled to be completed by November 2009.

Future Challenges and Goals

Reclamation has many multiyear contracts in place for the Dam Safety Program. The dam safety construction contracts are a major part of our continuing efforts to ensure that our structures do not present a safety risk to the public.

The Safety of Dams corrective action at Folsom Dam in California is, and will continue to be, the Dam Safety Program's highest priority because of the large population at risk downstream from the dam. Reclamation will continue to work with the USACE to find a joint resolution to complex and significant dam safety and flood control issues.

Reclamation continues to improve its emergency management capability by planning and conducting exercises in conjunction with Emergency Action Plans, Continuity of Operation Plans, Occupant Emergency Plans, the Emergency Notification System, and the Emergency Operations Center.

Construction

Most of Reclamation's construction supports the Dam Safety Program or is performed as part of specific projects the Congress authorized. Portions of this and other authorized projects have been contracted to Indian tribes pursuant to the Indian Self-Determination and Education Assistance Act, Public Law 93-638. (See also Dam Safety.)

An aerial view of Ridges Basin Dam construction.



Animas-La Plata Project

In FY 2007, Reclamation's major construction efforts were on the Animas-La Plata Project in southwestern Colorado/northern New Mexico. Since 2002, construction contracts totaling approximately \$234 million have been awarded for the Animas-La Plata Project. Reclamation is constructing this water delivery project under the Colorado Ute Indian Water Rights Settlement Act of 1988, as amended in 2000. The project will provide water for the Ute Mountain Ute and Southern Ute Indian Tribes and the Navajo Nation, as well as benefit four other entities: the Animas-La Plata Water Conservancy District, Colorado; the State of Colorado; the San Juan Water Commission, New Mexico; and the La Plata Water Conservancy District, New Mexico.

Reclamation construction on Ridges Basin Dam and Durango Pumping Plant, two key components of the Animas-La Plata Project, continued in FY 2007. Reclamation also awarded the contract for construction of the Ridges Basin Inlet Conduit to Weeminuche Construction Authority, a wholly owned subsidiary of the Ute

Mountain Ute Tribe. This contract provides for the construction of the pipeline that will convey the water from the Durango Pumping Plant to Lake Nighthorse. The dam will create Lake Nighthorse, which will provide the Four Corners area (meeting point of Utah, Colorado, New Mexico, and Arizona) with 120,000 acre-feet of long-term water storage. When the entire project is completed, municipal and industrial users within Colorado and New Mexico will also use this water.

At the end of FY 2007, Reclamation had completed more than 55 percent of the entire Animas-La Plata Project and had:

- Placed embankment materials for Ridges Basin Dam and built the dam to a height of more than 250 feet from the foundation to the top.
- Worked on the outlet tunnel through the left abutment of the dam. The installation of the electrical and mechanical equipment within the outlet works has started.
- Completed placing concrete for the Durango Pumping Plant. The installation of the electrical and mechanical equipment within the pumping plant has started.
- Installed over 1 mile of 72-inch-diameter steel pipeline for the Ridges Basin Inlet Conduit.

The schedule for the Animas-La Plata Project is driven by the availability of funds. The project is currently scheduled to be completed in 2012, including filling of the reservoir. The estimated total cost is \$500 million, plus indexing for inflation.

In addition to construction on the Animas-La Plata Project, a construction contract was awarded in March 2007 by the Northern Colorado Water Conservancy District to build a new backup outlet at Carter Lake to accommodate lower, year-round releases for increased municipal and industrial needs. Carter Lake, the southern terminal storage facility for the Colorado-Big Thompson Project, is operated and maintained by the district under contract with Reclamation. Construction of the new outlet is expected to be complete in July 2008.

Information Technology Security Program

One of Reclamation's priorities is ensuring long-term security of Reclamation's facilities, and Reclamation maintains a highly integrated, reliable, and appropriately protected electronic information infrastructure through its Information Technology (IT) Security Program.

This program helps to ensure that critical engineering, water management, financial, personnel, and other mission-related information and cyber resources are accessible to those who need them, while remaining secure from unauthorized individuals and those with criminal intent. Reclamation's IT Security Program is governed by the Federal Information Security Management Act (FISMA), actively complies with Federal IT standards and guidance, and is aligned with Interior's IT security efforts.

FY 2007 Highlights

Reclamation's IT Security Program continues to make strong contributions towards improving Interior's FISMA scorecard performance, particularly in the areas of protection of critical cyber infrastructure, certification and accreditation of systems, and role-based security training and awareness.

The program, in partnership with Reclamation's Safety, Security and Law Enforcement Office, continues to develop key requirements for position designations, information protection, and incident reporting. Among other partnership successes, this has resulted in the effective and proper screening of personnel responsible for Reclamation's IT systems and IT security.

Reclamation successfully adopted several recently established National Institute of Standards and Technology (NIST) benchmarks for IT security planning, security testing, and security certification. This effort required the adjustment of specific components of Reclamation's certification and accreditation procedures to better align with NIST's standard and results in more thorough security evaluations. Reclamation also completed annual management level IT security reviews (internal control reviews) of its program and of 32 cyber systems. In addition, Reclamation successfully completed a program-level review led by Interior. These reviews found no significant weaknesses in our management-level

IT security controls, but Reclamation will implement a number of smaller improvements identified during the reviews and subsequent collaborative discussions.

To support the continued operations of its IT systems, Reclamation followed an aggressive IT system certification and accreditation schedule for FY 2007. A total of 22 systems were security tested and accredited in FY 2007. One of the most significant accomplishments was the certification and accreditation of the Reclamation Mission Support System, which encompasses over one-third of all of Reclamation's IT assets.

Reclamation established and successfully used an internal IT security assessment process to identify and remedy system and programmatic weaknesses throughout its IT security program and a selected subset of Reclamation IT systems. Initial assessments have been very well received and have proven effective in identifying areas in which security improvements can be made. Through the incorporation of assessment results, Reclamation continues to actively maintain and improve its existing and foundational program components, including those for risk identification, management, and mitigation; contingency planning; incident reporting and response capabilities; procurement practices; and a proactive IT security training effort.

Future Challenges and Goals

Reclamation continues to proactively support, refine, fund, and implement common, Interior-wide IT solutions and to develop effective strategies for implementing mandated IT requirements that do not always align with Reclamation's mission goals and objectives. Areas of particular emphasis include implementation of recent personal identification information protection requirements via encryption and business process improvement strategies, proactive execution of new strategies to counter both external and insider threats to IT systems and resources, and continuous enhancement of existing IT security practices and procedures.

The program's greatest challenge is balancing the technology needs of its organizational components with legislative mandates and the need to address a continuously changing IT resource threat environment. The program's goals include the continuous improvement of IT security through improved focus on implementing cost-effective solutions that support and enhance

Reclamation's infrastructure, communications, information management, operational capabilities, and mission accomplishment.

Flood Damage Reduction

Yakima River basin in eastern Washington had two very high fall and winter natural flow events in FY 2007 that were controlled by the storage reservoirs. Storing the water runoff for these two peaks prevented local flood damages that would likely have exceeded \$40 million.

Several Great Plains Region water storage facilities experienced flood events in FY 2007. In Montana, Lake Sherburne received localized heavy rainfall and the Bighorn River Basin received sustained rainfall. In North Dakota, Jamestown Reservoir stored water in the flood storage pool for most of the early summer. In Nebraska and Kansas, facilities in the Republican River Basin received substantial rainfall. Two reservoirs in the area stored water in the flood pool for extended periods.

All seven of Reclamation's reservoirs in the State of Oklahoma, plus Cheney Reservoir in south-central Kansas, began storing water in the flood storage pools as early as June 2007 to minimize damage downstream from flooding. Two of these projects, McGee Creek and Mountain Park, were operated in the lower levels of the surcharge pool in the first part of July. There were also surcharge releases from the Nueces River Project in south Texas in July.

Serving Native American Communities

The mission of Reclamation's Native American Affairs Program (NAAP) is to help make the benefits of Reclamation programs available to Indian tribes and to assist in fulfilling Interior's Indian trust responsibilities, one of Reclamation's priorities. The Native American and International Affairs Office provides central coordination and policy leadership for all Native American Affairs issues throughout Reclamation.

The NAAP provides technical and financial assistance to Indian tribes, institutions of higher education, national Indian organizations, and tribal organizations to increase opportunities for Indian tribes to develop, manage, and protect their water-related resources. Program activities include support for Indian self-determination and tribal self-governance (Title I and Title IV

of Public Law 93-638, Indian Self-Determination and Education Assistance Act) and protection of Indian sacred sites on Federal lands. Program activities also provide policy and technical support for Indian water right settlements, making Reclamation resources available to Indian Country to assist tribal governments to protect, manage, and develop water and related resources; and execution of a technical assistance program to tribes. In addition, the NAAP provides training to Reclamation employees and members of federally recognized tribes in water resources related areas.

FY 2007 Highlights

For FY 2007, the NAAP provided approximately \$6.3 million to enable Reclamation to assist in Indian Country with outreach and technical assistance. Reclamation continued to support the Secretary of the Interior's Indian Water Rights Settlement Office activities, providing approximately \$1.0 million for 17 Indian water rights negotiation teams and 9 water rights settlement implementation teams. The NAAP technical assistance activities entailed a wide array of projects, more than 100 in all, involving over 50 tribes; activities included water needs assessments and improved water management, water quality activities, and water measurement studies. Tribes performed some of this work under Public Law 93-638. There remain a significant number of unmet water-related technical assistance needs that have been identified by Tribes.

The Navajo Nation requested emergency drought assistance from Reclamation, and a project was completed at the Toadlena Fish Hatchery. The project consisted of drilling a 452-foot-deep well and constructing a storage tank at the Toadlena Fish Hatchery, located on the Navajo Nation Reservation. The well produces 8 to 20 gallons per minute of nonpotable water, which is then pumped to the water storage tank, which has a capacity of 16,000 gallons. This allows a gravity flow system to deliver water to the hatchery.

Reclamation is working with the Goshute Tribe to make the most efficient use of the limited water supply available on the Goshute Reservation, located in the western desert of Utah. Reclamation, in conjunction with Natural Resources Conservation Service and Utah State University, have assisted the tribe in designing and installing a low-flow sprinkler irrigation system, upgrading and improving small canals and ditches, and creating small storage facilities.



This 452-foot-deep well produces 8 to 20 gallons per minute of nonpotable water for Toadlena Fish Hatchery.



The Pueblo of San Felipe repaired and rehabilitated windmills, using NAAP funding.

The Southern Arizona Water Rights Settlement Act of 1982, which secures the water rights of the Tohono O'odham Nation, requires the city of Tucson to make 28,200 acre-feet per year of treated effluent available to the Secretary of the Interior to assist in implementing provisions of the act. Reclamation is storing effluent, a significant renewable regional resource, and accruing ground water credits at two managed recharge facilities.

The Southern Arizona Water Rights Settlement Act of 1982 also directed Reclamation to deliver 27,000 acre-feet of agricultural water annually to the San Xavier District of the Tohono O'odham Nation. Construction on the San Xavier Farm Rehabilitation, south of Tucson, was completed in March 2007, providing an underground water delivery system to 900 acres of farmland, flood control features, roads, land leveling, and turnouts on the piping system for future development.

Reclamation implemented all its obligations under the Nez Perce Water Rights Settlement (Snake River Water Rights Act of 2004). Specifically, in FY 2006, Reclamation secured 60,000 acre-feet of natural flows in a 30-year lease with the Idaho Water Resources Board to protect ESA-listed salmon and steelhead in the lower Snake and Columbia Rivers. In FY 2007, Reclamation paid two Idaho counties \$2 million, as specified in the settlement and the approving Federal legislation. Reclamation's remaining obligation under the settlement is the yearly obligation to provide up to 478,000 acre-feet for flow augmentation from the upper Snake River.

Future Challenges and Goals

Indian tribes continue to experience a tremendous need for adequate water supply infrastructure to ensure the health and safety of reservation populations and to provide a base for economic development. While Reclamation cannot solve the problem of inadequate tribal water supply infrastructure alone, we will continue to assist federally recognized tribes located within the 17 Western States.

In FY 2007, the Pueblo of San Felipe (pueblos are traditional communities of Native Americans) received funding from the NAAP for agricultural water resource related infrastructure improvements. The Pueblo repaired and rehabilitated its windmills, which had fallen into disrepair, using NAAP funding. If future funding is available for technical assistance projects, the Pueblo of

San Felipe plans to install a Langemann gate on the Pueblo ditch waterway, clean out a drainage ditch, terrace and laser level lands, and install irrigation pipe systems.

Recreation

As the population of the Western United States continues to accelerate, so does the demand for the use of Reclamation's water projects for recreation. As a result, recreation and tourism continue to be primary factors in helping both local and regional economies sustain themselves. Therefore, the availability of public land and water for recreation purposes is a critical economic factor.

Reclamation water projects provide for a diversity of recreation opportunities that range from high use urban reservoirs to primitive wilderness settings. Most of Reclamation's reservoirs are managed by other Federal agencies and 67 local and State partners. Including Reclamation managed sites, there are over 300 developed recreation sites located on Reclamation water projects. These sites include over 350 campgrounds, 1,000 boat ramps, and many other attractions. In addition to water-related activities, Reclamation's managing partner hosts the world's most attended golf tournament on project land associated with the Central Arizona Canal in Phoenix, Arizona.

This Flaming Gorge boat ramp is one of 1,000 boat ramps located at Reclamation water projects (above).

More than 300 developed recreational sites are located on Reclamation water projects (right).





Using Title 28 partnership funds, more than 12 sites in the Pacific Northwest have been improved to make them more accessible for the visiting public.



Reclamation and our Federal and non-Federal partners also rely on over 200 concessionaires to provide services; in particular, marinas and adjacent land-based recreation.

FY 2007 Highlights

Reclamation continues to assess the needs of our non-Federal partners in order to ensure the long-term success of these relationships. In FY 2007, Reclamation, in cooperation with Utah State Parks, developed a Business Plan Guidebook. This

guidebook provides detailed instructions for local parks and recreation managers to assess their business practices with the purpose of helping them reach the goal of greater self-reliance.

Reclamation issued a new prospectus at Lake Berryessa in California that allows entrepreneurs

to bid on as many as seven concession contracts. This prospectus was the result of a comprehensive, 6-year planning process that assessed the future public recreation needs of Lake Berryessa and the millions of potential visitors from the San Francisco Bay area.

At Hoover Dam, Reclamation has nearly completed updating all of the visitor center's interpretative facilities. These new interpretative displays are being viewed by nearly 1.5 million people each year. Just below Hoover Dam, Reclamation also completed a new road and accessible walkway for people who launch canoes and rafts for travel down the Colorado River.

In support of Reclamation's ongoing effort to ensure facilities are accessible and that they comply with the Architectural Barriers Act of 1968, Section 504 of the Rehabilitation Act of 1973, and the 1990 Americans with Disabilities Act, the Great Plains Region leveraged \$3.4 million with partner-matching agreements for an estimated \$6.8 million impact towards program accomplishment in FY 2007.

Funds were used for recreation facility improvements in all nine Great Plains Region States.

Reclamation's Dakotas Area Office and Wyoming's State Parks and Historic Sites worked together to plan and develop a new campground at Keyhole Reservoir to accommodate increased interest and use of the reservoir and adjacent lands. Construction of new campground amenities, which meet current and projected recreation trends, are jointly funded through the Title 28 program of Public Law 102-575. The two-phase construction effort began in FY 2006, and completion is expected in FY 2008.

Future Challenges

In order to ensure that Reclamation and our partners keep current with the latest trends, planning, and business practices, Reclamation has developed a training catalog. The catalog lists training opportunities that are available for staff from both Reclamation and our partners. The focus of the training is concessions management, water recreation opportunity spectrum, estimating demand, and interpretation.

C.A.S.T. for Kids

Catch A Special Thrill (C.A.S.T.) is a nonprofit foundation officially established in 1993 in support of an extraordinary outdoor event that teams the sponsors with area youth for a day of fishing. In FY 2007, approximately 1,000 children participated in the 22 C.A.S.T. fishing events that Reclamation sponsored throughout the 5 Reclamation regions.

Fish and Wildlife

Reclamation has responsibilities for fish and wildlife resources at its projects, based upon individual project authorizations and the mandates of other Federal statutes, such as the ESA. While delivering water and generating power is our primary mission, we also work to minimize impacts on fish and wildlife in cooperation with the U.S. Fish and Wildlife Service (Service), National Oceanic and Atmospheric Administration – National Marine Fisheries Service (NOAA-Fisheries), State fish and wildlife agencies, and others. Habitat provided or supported by Reclamation's projects can make a significant contribution to fish and wildlife resources.



In FY 2007, 22 Reclamation sponsored C.A.S.T. fishing events were held throughout the five Reclamation regions.



The Platte River in Nebraska near Grand Island.

FY 2007 Highlights

In October 2006, the Platte River Recovery Implementation Program Agreement was signed by the governors of Wyoming, Colorado, and Nebraska, as well as the Secretary of the Interior, allowing for program implementation to commence January 1, 2007. The program includes measures to help recover four endangered or threatened species, and thereby enable existing and new water projects in the basin to continue operations in compliance with ESA.



Millionth minnow released into the Rio Grande by Congresswoman Heather Wilson, Senator Pete Domenici, and Congressman Tom Udall.

The Upper Colorado River Recovery Implementation Program identified restoration of fish passage to allow upstream migration of fish as an important component in the recovery of four listed fish species. The Price-Stubb Diversion Dam, located on the Colorado River near Palisade, Colorado, is the last remaining obstacle to restoring fish passage from Lake Powell to the Colorado River headwaters. All required permits, easements, and contracts were obtained in early

2007 after nearly 15 years of work, and a construction contract was awarded in March 2007 with a scheduled completion date of May 2008.

Middle Rio Grande Endangered Species Act Collaborative Program activities assisted Reclamation in meeting ESA requirements for the

project. Riverflows were augmented, riverine and riparian habitat was restored to benefit Rio Grande silvery minnow and southwestern willow flycatcher, and the millionth captive-bred Rio Grande silvery minnow was released.

Reclamation plays a lead role in the Trinity River Restoration Program, established in 1984, to restore and maintain the fish and wildlife stocks of the Trinity River Basin to levels that existed before construction of the Trinity and Lewiston Dams in 1963. Work continues on channel rehabilitation and restoration of higher flows as part of the December 2000 ROD designed to restore salmon and steelhead fisheries impacted by four decades of water diversions for water supply and power generation needs in California's Central Valley. A major construction contract was awarded for three channel rehabilitation sites that were constructed during summer 2007. Planning, design, and environmental compliance actions are underway for the next 16 sites.

The National Academy of Sciences was asked to review the Hardy and Addley 2006 report titled "Evaluation of Instream Flow Needs in the Lower Klamath River, Phase II" and the Bureau of Reclamation's 2005 Natural Flow Study. The purpose of

Construction of a pumping plant and subsequent removal of a major portion of Savage Rapids Dam will resolve fish passage and protective issues at the dam (top).

Trinity River Bridge construction, part of the Trinity River Restoration Program.

Lower Yellowstone Diversion Dam 100 years ago, shortly after completion.

Current view of Lower Yellowstone Diversion Dam (bottom).



these reviews was to verify that the methods and approach used are appropriate for the Klamath River Basin. The review is currently in its final stage, and the report was released in October 2007.

Reclamation's Great Plains Region signed a memorandum of understanding (MOU) in 2005 with USACE, the Montana Department of Natural Resources and Conservation, and The Nature Conservancy to protect and enhance endangered pallid sturgeon populations in the Lower Yellowstone River at Intake Diversion Dam near Glendive, Montana. Under the MOU, these entities are working together to evaluate, design, and build modifications at the 100-year-old dam to allow pallid sturgeon to pass upstream and to reduce fish entrainment into the main canal.

In FY 2007, implementation of the Lower Colorado River Multi-Species Conservation Program (MSCP) continued. The program is a coordinated, comprehensive, long-term, multi-agency effort to work towards the conservation and recovery of endangered and threatened species and to protect and maintain wildlife habitat on the Lower Colorado River. Habitat was enhanced to benefit the southwestern willow flycatcher and the yellow-billed cuckoo, and larvae of two endangered fish were captured to maintain brood stock.

As part of the Lower Colorado River MSCP, Reclamation's Yuma Area Office initiated the Imperial Ponds Project, which was designed to expand, enhance, and improve habitat conditions for endangered fish. These endangered fish are in several ponds originally created by Reclamation, the Imperial National Wildlife Refuge, and Ducks Unlimited to benefit migratory waterfowl traveling along the lower Colorado River. The improved and enlarged native fish habitats were completed in FY 2007; fields and soil improvements will be finished in FY 2008 in preparation for establishing native habitat.

A Stipulation of Settlement on an 18-year lawsuit to provide sufficient fish habitat in the San Joaquin River below the Central Valley Project's Friant Dam near Fresno, California, was reached in September 2006 by Interior and Department of Commerce, the Natural Resources Defense Council, and the Friant Water Users Authority. Settlement goals include restoration and maintenance of self-sustaining, naturally reproducing fish populations in the mainstem of the San Joaquin River and the reduction of adverse water supply impacts from settlement-directed flows.

Two NOAA-Fisheries biological opinions were remanded to NOAA by a U.S. District Court judge for correction of deficiencies. The first deals with operation of the Federal Columbia River Power System, in which the judge directed NOAA-Fisheries to work with the sovereign parties (four Federal agencies, including Reclamation; seven tribes; and four States) to develop a new biological opinion. NOAA expects to have a new draft biological opinion by late October 2007 as part of a broader overall salmon recovery effort. The second remanded biological opinion deals with the O&M of 12 Federal Upper Snake River projects. The remands are being coordinated by the agencies to provide a comprehensive analysis as expected by the court.

In addition to these accomplishments, Reclamation will conduct the following activities to improve conditions for endangered fish and wildlife:

- In California, the Mid-Pacific Region is implementing the Central Valley Project Improvement Act's required actions

Restored habitat below Friant Dam.



by making all reasonable efforts to double the natural production of anadromous fish. In addition, Reclamation is supplying water to Federal and State wildlife refuges and other migratory waterfowl habitats in the Central Valley and mitigating impacts of the Central Valley Project for other fish and wildlife.

- The Pacific Northwest Region continues to augment flows in the Snake River and Columbia River to improve habitat conditions for salmon and steelhead species listed under the ESA. Flows are augmented through a combination of water releases from Reclamation reservoirs and water acquisitions from willing sellers.
- The Lower Colorado Region is seeking partnerships and cooperation between Federal and State agencies to help educate the public about invasive species in Lake Mead and the lower Colorado River. A new project this year is a relocation study of desert tortoise in the River Mountains of Nevada near Lake Mead.
- In the Upper Colorado Region, Reclamation participates in the June Sucker Recovery Implementation Program, a multi-agency effort to recover the endangered June Sucker, found only in Utah Lake and its tributaries. Efforts included continuing research on the potential for non-native fish removal in Utah Lake, developing and implementing beneficial flows in the Provo River, and planning and research on activities that would improve recruitment.
- In the Great Plains Region, the Montana Area Office is working with Federal, State, and local partners in a 5-year effort to determine biological and hydrologic requirements of endangered pallid sturgeon in the Missouri River upstream of Fort Peck Reservoir. The study is being conducted to collect information considered necessary for ESA Section 7 consultation on the continued operation of Reclamation projects in the upper basin.

Future Challenges and Goals

Recent court decisions in the Pacific Northwest and Mid-Pacific Regions regarding adequacy of biological opinions issued by the Service and NOAA-Fisheries continue to create challenges

for compliance with the ESA. Our goal is to comply with the requirements of Section 7 of the ESA while seeking to protect local economies and preserve natural resources and ecosystems through the effective use of water.

Management Accountability

Managing to Perform Our Mission More Effectively

At Reclamation, management accountability is an ongoing commitment to improve business processes and customer satisfaction. Reclamation is dedicated to achieving management excellence through increased accountability and is improving program management, performance reporting, and financial accountability through increased leadership, expanded technical expertise, efficient operations, and improved customer service.

For FY 2007, all senior executive service (SES) member performance agreements are tied to Interior's strategic goals, Reclamation's Government Performance and Results Act (GPRA) goals, the President's Management Agenda (PMA), and building collaboration and partnerships. SES members are evaluated on accomplishing specific performance targets to clearly measure their contribution to organizational goals and mission accomplishment.

Getting to Green: President's Management Agenda Scorecards

The Office of Management and Budget established an Executive Branch Management Scorecard, updated annually, to monitor Interior's status and progress in attaining PMA goals. The objective of the scorecard is to strengthen agency accountability. Interior adapted this concept and developed their "Getting to Green" scorecard to monitor the PMA progress of each bureau and office. Reclamation continued to work toward supporting PMA and mission goals, including improving internal control processes by implementing revised OMB Circular A-123, *Management's*



NOAA Fisheries recently listed the Southern Distinct Population Segment (the Sacramento River and Delta in California) as threatened.

Responsibility for Internal Control. Reclamation ratings for the key areas are presented in the following table.

Reclamation's Getting to Green Scorecard Ratings, as of September 1, 2006	
Strategic Management of Human Capital	Green
Expanding E-Government	Green
Competitive Sourcing	Yellow
Budget and Performance Integration	Yellow
Improving Financial Performance	Green
Real Property	Green
Transportation Management	Yellow
Energy Management	Yellow
Environmental Stewardship	Yellow

Reclamation's Getting to Green Scorecard Ratings, as of September 1, 2007	
Strategic Management of Human Capital	Green
Expanding E-Government	Green
Competitive Sourcing	Yellow
Budget and Performance Integration	Yellow
Improving Financial Performance	Yellow
Real Property	Yellow
Transportation Management	Yellow
Energy Management	Red
Environmental Stewardship	Red

In general, if a rating drops, specific recommendations for improvement are identified by Interior in order to assist Reclamation in making progress. A number of factors may influence the ratings for both progress and status and may be taken into account in the overall assessment.

Strategic Management of Human Capital

As a world leader in developing and managing water resources, Reclamation requires a world-class workforce. Reclamation's highly competent and skilled staff of about 6,000 employees operate and maintain our vast water and power infrastructure, manage and

support our technical programs, and address financial, acquisition, IT, and business management challenges. Under the *Managing for Excellence* initiative, Reclamation is evaluating functional areas related to managing issues and challenges, existing infrastructure, and future construction. The outcome of these team initiatives and subsequent decisions by Reclamation management will be the focal point of our future workforce and succession planning efforts.

One of the *Managing for Excellence* teams developed a workforce/succession plan and an action plan for meeting the challenges Reclamation will face in the future. Reclamation will face many of the same challenges encountered in the past in managing our workforce and market competition, including:

- Retirement rates are increasing.
- Qualified engineers and scientists are difficult to attract.
- Candidates are less willing to relocate.
- A diverse labor force is difficult to recruit and retain.

Another team identified positions in which collaborative competencies are needed; however, in discussions with supervisors and managers, it became evident that every Reclamation position required some level of collaboration. Therefore, collaboration has been deemed a universal competency, and these competencies were grouped into three levels based on the complexity and difficulty of the duties. Every position description has been amended to reflect the level of collaboration assigned.

Other initiatives to meet with workforce and succession challenges include a Reclamation-wide Outreach and Recruitment Team; Targeted Recruitment Plans for mission-critical occupations, as well as for people with disabilities; the Student Educational Employment Program; and the Federal Career Intern Program. Reclamation currently employs 168 students and 97 Federal career interns.

Expanding E-Government to Facilitate Access to Information and Services

Federal agencies are enhancing the delivery of IT services, modernizing IT and communications capabilities, and improving IT security, data safeguards, and capital planning results through the adoption and expansion of the electronic government (E-Government) principles and best practices under the PMA.

Interior's E-Government "Getting to Green" scorecard rating incorporates these goals and objectives for FY 2007, and Reclamation received "green" ratings from Interior for its E-Government programs and activities based on the progress made to date. Reclamation actively participated in several Government- and enterprise-wide initiatives to simplify, standardize, and improve infrastructure and communications capabilities, such as Enterprise Services Network, Enterprise Messaging System, and Active Directory. These initiatives are designed to improve system interoperation, knowledge sharing, and other operational efficiencies upon completion. Reclamation plans to build on these systems and create opportunities to operate efficiently through technology enhancements and streamlined business practices.

In FY 2007, Reclamation continued work on the first of several modernization blueprints related to the Water Resources Management Framework. These efforts will leverage existing IT capabilities to their maximum potential and develop and deploy more efficient and customer-centered IT capabilities and services. Reclamation received high marks for leading in the water resources management area, with opportunities for collaboration and information sharing across Government. Other bureaus and offices within Interior, as well as non-Interior agencies and organizations, are expected to participate in and contribute to the water resources management initiative over the next few years.

Further, Reclamation received "green" scores from Interior for adopting and applying best practices in the areas of IT investment management and IT security. Reclamation continues to build upon these successes and is leading the way in complying with IT investment management practices and standards that the Government Accountability Office (GAO) prescribes. More importantly, Reclamation continues to manage IT investments effectively and has consistently kept cost variances for major IT investments below 10 percent—resulting in high marks from OMB. Reclamation's IT Security Program also expects to continue receiving high marks from Interior for complying with IT security guidance, investing in network and auditing security technologies, developing new techniques to monitor security activities, and supporting training programs to enhance skills of IT security personnel and general users.

Using Competitive Sourcing to Obtain the Best Value

Competitive sourcing is a tool for use in ensuring that citizens receive the best value from the Government. It involves conducting public-private competitions that compare the performance of a Government organization with that of a private sector or other non-Federal organization. Conducting a public-private competition is a highly structured process to ensure that both the private and public sectors compete on a level playing field.

Competitive reviews provide a disciplined, periodic way to review and compare our current operations with alternatives: Are we the best we can be? Might a restructuring generate a more efficient organization? Might contracting with a provider free up resources that can be reallocated to other priorities? The ultimate goals are to streamline existing Government organizations for most efficient performance, reduce fiscal obligations if a contractor can perform tasks more cost effectively, and enhance productivity through the development of measurable job standards. Reclamation issued a formal notice on May 1, 2007, announcing a streamlined (65 or fewer full-time equivalents) competition for all operations at the Treasure Lake Job Corp Civilian Conservation Centers. The competition was completed September 2007. The streamlined study is being conducted by the Competitive Sourcing Program Office, under the Denver Acquisition and Assistance Management Division.

Integrating Budget and Performance

Reclamation continues to build on its efforts to enhance budget and performance integration in line with Interior's initiative. In FY 2007, Reclamation completed a review and revision of its "costing" capability to extend it to the measure level based on Interior's *GPRA Strategic Plan FY 2007-2012*. As part of the effort, Reclamation is able to associate program and project costs to its measures.

This milestone was accomplished through a chartered team comprised of a cross section of managers and program staff from throughout Reclamation. The team provided recommendations for the alignment of performance measures and activity-based costing measures, as well as the refinement of existing metrics. As a result, Reclamation is now able to provide cost information for key performance measures within its budget documents that can

be associated with its projects and programs. This includes the incorporation of cost per unit data from which regional comparisons can be made and trend analysis performed.

In Interior's FY 2007 Performance and Accountability Report, Reclamation identifies its "facility reliability" measure as a representative strategic plan measure. The purpose of identifying such an indicator is to provide focus on a measure to which a significant portion of costs may be aligned and that represents key portions of Reclamation's core mission operations and progress. Full cost data have been aligned to the representative strategic plan measure and will be analyzed over time to better understand the correlation between costs and performance.

In addition to its progress in providing cost data, Reclamation continues to participate actively in the quarterly review process with Interior, wherein its budget and performance integration progress is discussed. During the quarterly review, Reclamation's senior leadership provides up-to-date forecasts on the likelihood of meeting its published annual performance targets. The annual funding level against each end outcome goal is also discussed during this time, as well as potential fund transfers that are anticipated in order to meet established targets. Reclamation's budget submissions increasingly show correlations between funding and performance for selected measures, as well as related discussions for specific programs. Reclamation uses information compiled during our baseline analysis of several new measures to further develop and support our budget request. In addition to our budget documents, Reclamation publishes performance targets and goals in our operating plan.

Improved Financial Management

Reclamation will maintain a close working relationship with Interior to improve financial processes and reporting. To achieve the President's and Interior's objectives for increased accountability, Reclamation will further refine existing internal control policies and procedures to meet the requirements of OMB Circular A-123, *Management's Responsibility for Internal Control*. Reclamation will also work to improve the process for issuing financial policies and procedures to help ensure consistency throughout Reclamation.

Reclamation has received an unqualified opinion on all financial statements since 1994, which demonstrates its strong commitment to accurate and timely reporting. Reclamation will provide timely and useful information for management, the Administration, and the Congress to forge effective decisionmaking and provide reliable and accurate information for its partners and the public, as necessary to maintain effective relationships.

Reclamation did not meet Interior's requirements to demonstrate that Reclamation uses financial information to drive results in key areas. In FY 2008, Reclamation will develop a "green plan" to demonstrate that it uses financial information to drive key results.

Real Property Asset Management

Reclamation has made significant progress in implementation of its Asset Inventory and Financial Records Verification and Validation Project. The project is designed to collect asset information from various sources into one inventory database that will be tied to Reclamation's Property, Plant and Equipment (PP&E) accounts. Reclamation identifies assets that have an original PP&E acquisition cost of approximately \$21 billion. The vast majority of these assets are capital-intensive water and power generating facilities. At the conclusion of the Asset Inventory and Financial Records Verification and Validation Project, presently scheduled for April 2008, there will be a complete, auditable, high-level asset inventory tied directly to Reclamation's financial statements.

Reclamation has made significant progress in meeting requirements of Reclamation's Real Property Scorecard. Reclamation inventory data for reserved and some transferred works, in accordance with Federal Real Property Council reporting requirements, was uploaded into the Federal Real Property Profile (FRPP) at the end of calendar year 2006 (24 data elements per asset). This included Utilization, Mission Dependency, Annual Operation and Maintenance Costs, and Condition Index for reserved and reported transferred works assets (performance measures). Reclamation developed and is executing an Outreach Plan to gather information on the remaining projects from operators of Reclamation assets (transferred works) for inclusion in the FRPP database by the end of calendar year 2007.

In November 2006, Reclamation developed and adopted an Asset Management Plan, a comprehensive documentation of Reclamation's extensive asset management policies, practices, and

processes. Site-specific Asset Business Plans were initiated in late 2006 and are being revised to reflect new reporting requirements by Interior and the use of performance assessment tools in the field. In addition, a 14-point Asset Management Strategy was developed and presented to OMB.

Additional work will be performed in the near future to document energy, transportation, space management, and disposal of assets using various performance assessment tools within Reclamation and Interior.

Transportation Management

To meet the objectives of the Transportation Management Initiative and to efficiently support Reclamation's mission, Reclamation strives towards right sizing its fleet. Reclamation is looking at opportunities to share vehicles with other Interior bureaus, as well as other Government agencies.

Reclamation has established a set of procedures and guidelines for acquisition of Interior-owned and General Services Administration leased vehicles. All motor vehicles that are purchased or leased must achieve maximum fuel efficiency and be limited in body size, engine size, and optional equipment necessary to meet Reclamation's mission requirements. Reclamation promotes the use of alternative fuel vehicles where practicable. Reclamation requires justification for any vehicle replacement or acquisition of any additional vehicles.

Reclamation created a Fleet Management Investment Review Board (FMIRB) that will develop performance indicators, set utilization standards, develop business practices, standardize data collection, and benchmark areas needing improvement. The FMIRB will review Reclamation's existing fleet portfolio and approve all requests for replacement and additional vehicles required for Reclamation's mission.

Managing Energy

Reclamation continues to comply with Executive Order (EO) 13123, Greening the Government through Efficient Energy Management, and the Energy Policy Act of 2005 (EPA05). Reclamation has

established an agency energy team consisting of one person from each regional office.

The EPCRA goal for energy reduction is 2 percent a year from FY 2006 through FY 2015. Reclamation will continue looking for ways to reduce energy use, through water conservation,

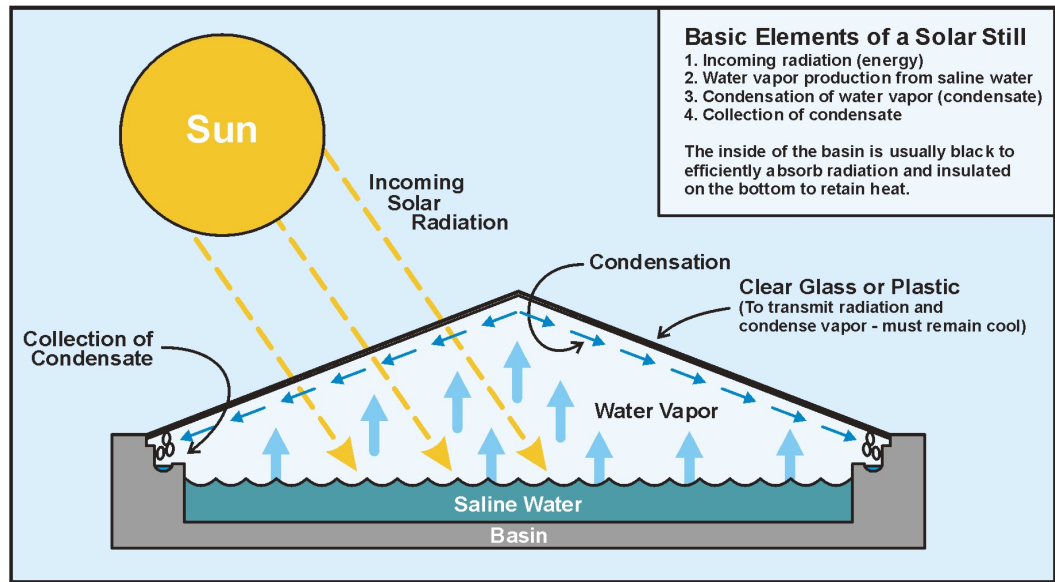
and use more cost-effective renewable energy technologies, which include solar, wind, geothermal, and biomass energy systems. Reclamation will conduct energy audits for all Reclamation-owned buildings. Once all audits have been completed, Reclamation will revisit its older audits to see if new technology could further reduce energy use for these sites.

Reclamation did not meet Interior's use of renewable energy requirements. However, the new Energy Policy Act of 2005 allows agencies to claim new hydroelectric power. Working with the Department of Energy, Reclamation has established that new hydropower is any power source created in 1999 and thereafter. This includes any upgrades in power, such as when turbines are upgraded. Reclamation has upgraded 11 turbines for an increase of 184.8 megawatts of output, which should enable Reclamation to achieve at least a yellow rating under this requirement.

Environmental Stewardship

Reclamation will build on achievements in environmental stewardship and further support the PMA initiative by improving and establishing strategies, policies, and processes which result in "Getting to Green" on the scorecard. Reclamation will:

- Fully implement Environmental Management Systems (EMS) at all appropriate Reclamation organizations.



Solar still, a part of renewable energy technologies.

- Build upon Reclamation's Green Purchasing Plan to implement a comprehensive plan that complies with statutory and Executive order requirements for green purchasing.
- Implement the elements of Interior's Sustainable Buildings MOU to design, locate, construct, maintain, and operate facilities in an energy efficient and sustainable manner that strives to achieve a balance that will realize high standards of living, wider sharing of life's amenities, and maximum attainable reuse and recycling of depletable resources in an economically viable manner, consistent with Interior's and Reclamation's missions.
- Implement the elements of the Departmental Electronic Stewardship MOU to improve the quality, performance, and environmental management of Federal electronic assets throughout their life cycle.
- Reclamation will continue to work with Interior toward improving environmental stewardship for all Federal lands, facilities, and operations within Reclamation's control and ensure the development and implementation of guidance for better, more environmentally friendly purchasing and greener sustainable buildings through EMS implementation.

OMB does not credit agencies for EMS implementation in process, only for EMS that are fully implemented. Although EO 13423 changes the reporting level, EMS must still address facility level implementation. By not meeting the Yellow criteria of "less than or equal to 15 percent of all facilities on Reclamation lands with a score of Red," Reclamation scored Red on the EMS rating for this quarter. Even with the EO 13423 changes, meeting the Yellow criteria will take an estimated 2-4 years to accomplish. The long timeframe is due to the lead time needed for development and implementation of EMS at the facility level, and the verification process through the Conformance Audit Program (ENV 05-02) in surname.

Using the Program Assessment Rating Tool

The Office of Management and Budget's PART is a systematic process to develop program performance ratings and use that information to make budget decisions. PART is comprised of

assessment criteria on program performance and management. Each year, programs comprising approximately 20 percent of an agency's budget must be reviewed, using PART, with the goal of reviewing all programs within 5 years. Programs receive a score of up to 100.

Determining the Rating

The answers to specific questions in the PART translate into section scores, which are weighted to generate the following overall score: program purpose/design – 20 percent; planning – 10 percent; management – 20 percent; and results accountability – 50 percent. PART scores are translated into qualitative ratings based on the ranges below. Because overall scores could suggest a false degree of precision, only the overall ratings are made available to the public.

Rating	Range
Effective	85-100
Moderately effective	70-84
Adequate	50-69
Ineffective	0-49

Regardless of the overall score, a rating of Results Not Demonstrated is given when programs do not have acceptable long-term and annual performance measures. A program also receives a rating of Results Not Demonstrated when it lacks baselines and performance data which communicate current and past achievements.

In FY 2007, the Environmental Mitigation Program underwent a complete PART assessment. The Project Planning and Construction Program, originally evaluated in FY 2004, had only specific elements evaluated or re-PARTed.

Environmental Mitigation Program – Adequate

Reclamation's environmental mitigation program addresses various environmental mitigation requirements stemming from legal mandates and agency commitments. The program is intended to offset adverse effects on environmental conditions that result from Reclamation's water management activities. The program includes

activities established by the NEPA process, accepted by Reclamation under the Fish and Wildlife Coordination Act (FWCA), mandated by the ESA, and conditioned by the Clean Water Act permits.

Annual and long-term performance measures have been developed for the program, as well as recommendations for improving program management and performance.

Project Planning and Construction – Moderately Effective

The Water Management/Supply–Construction Program plans and builds water supply storage facilities and conveyance systems. These projects provide service for agricultural and municipal and industrial uses in those project areas where a Federal role has been defined through planning studies, Interior and OMB reviews, and the Congressional and Administration action. The program addresses a need for continued reliable water supplies in the Western United States to support existing economies, sustain production of agriculture, provide water for municipal and industrial purposes, and, where consistent with other project purposes, reduce flood damage.

Annual and long-term performance measures have been developed for the program, as well as recommendations for improving program management and performance.