



OFFICE OF THE COMMISSIONER
UNITED STATES SECTION

INTERNATIONAL BOUNDARY AND WATER COMMISSION
UNITED STATES AND MEXICO

May 8, 2007

Mr. John Robertus
Executive Officer
California Regional Water Quality Control Board
San Diego Region
9174 Sky Park Boulevard, Suite 100
San Diego, California 92123-4353

Subject: May 9, 2007 Regional Board Meeting

Dear Mr. Robertus:

As we discussed by phone yesterday, the USIBWC must decline the Regional Board's invitation to appear at the May 9, 2007 Regional Board Meeting to report on the status of efforts to implement secondary treatment for effluent from the South Bay International Wastewater Treatment Plant (SBIWTP). In light of recent developments, the USIBWC requested on April 30, 2007 that the Regional Board meet and confer pursuant to the requirements of the District Court's Order Setting Compliance Schedule regarding the status of compliance efforts. The USIBWC looks forward to candid and productive discussions with the Board during the meet-and-confer process. In the meantime, the USIBWC is unable to publicly discuss matters that are the subject of litigation or budgetary and diplomatic deliberations currently ongoing regarding Clean Water Act (CWA) compliance at the SBIWTP. We hope that the following summary will provide sufficient information for the purposes of the Board's meeting on May 9.

Since February 14, 2006, the USIBWC has been operating under a Development Agreement with Bajagua LLC to pursue a public-private partnership to provide secondary treatment of Tijuana sewage in Mexico. Under the Development Agreement, Bajagua agreed to pursue required permits, acquisition of rights to real estate, and other prerequisites necessary to issue a construction contract for secondary wastewater treatment facilities. Both the USIBWC and Bajagua have participated in site selection activities and have tentative agreement with the Mexican Section and CONAGUA on rights-of-way for the project. Ongoing geotechnical investigations and flow studies quantifying sewage flows in Tijuana will be completed shortly. The procurement process for the Design-Build-Operate contract has been initiated with the issuance of the Request for Qualifications, which resulted in a short list of three qualified companies. A draft Request for Proposal is currently under review by the Bi-National Technical Committee.

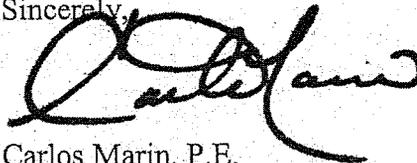
A number of tasks remain to be accomplished under the Development Agreement. As we relayed to you by letter and over the telephone on March 8, 2007, Bajagua LLC notified us that it would be unable to meet the May 2, 2007 milestone date set forth in the Development

Agreement, and might be unable to meet the September 30, 2008 compliance date established by court order. USIBWC requested information so that we could evaluate whether it remained possible to comply with the compliance deadline. On April 25, 2007 Bajagua notified us that Bajagua would be unable to complete a facility in Mexico in time to achieve compliance by September 30, 2008. Bajagua stated that a five-month extension of the compliance deadline is necessary. USIBWC has continued to seek information from Bajagua to support its request for an extension. However, because the USIBWC is without authority to extend the deadlines set forth in the Court's Order Setting Compliance Schedule, we are suspending all activities under the Development Agreement with Bajagua until the matter of an extension has been decided by the Court. Any actions by Bajagua in pursuit of development of a secondary treatment plant in Mexico are outside the framework of Minute 311, without authorization from USIBWC, and at Bajagua's own risk.

While pursuing the Mexican treatment option with Bajagua, the USIBWC has continued to explore alternatives to bring the SBIWTP into CWA compliance. The President's Budget for fiscal year 2008 requests \$66,000,000 to provide secondary treatment at the SBIWTP in the United States. The Budget thus creates an alternative means of achieving compliance with the CWA. In light of the current uncertainties, we think it would be important to explore any concerns of the Regional Board relevant to the USIBWC's contingency planning with regard to secondary treatment.

We hope to discuss these issues and related matters with the Regional Board during the meet-and-confer process.

Sincerely,

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

Carlos Marin, P.E.
Commissioner



May 9, 2007

Susan Ritschel, Chair
Members of the Board
California Regional Water Quality Control
Board, Region 9
9174 Sky Park Court, Suite 100
San Diego, CA 92123-4340

Re: Statement of Bajagua, LLC Before the San Diego Regional Water Quality Control Board Summarizing the Progress of the Bajagua Project from November 2004 Through May 8, 2007

Dear Madam Chairperson and Honorable Board Members:

Bajagua appreciates the opportunity to provide you with a report on the progress that has been made towards the successful construction and operation of a wastewater treatment and reclamation facility in Tijuana, Mexico. When completed, that facility will provide secondary treatment for 59 million gallons per day (MGD) of wastewater, of which only 25 MGD is currently treated at all, and then only to primary treatment standards in violation of federal and state law. The Bajagua secondary treatment facility is a critical component of a fully integrated wastewater recovery and reuse system under development in the City of Tijuana. We believe that it is important for the Regional Board to understand and appreciate the extraordinarily complex challenges that have been successfully addressed by Bajagua's team of professionals in getting to this stage of the process, and the remaining activities necessary to complete the project.

I. Background to the Selection of the Bajagua Project

As a prelude to our status report, it is important to recall the process that led to the International Boundary and Water Commission (USIBWC) selecting the Bajagua Project as the best method to address the significant environmental problems caused by the discharge of untreated and partially treated sewage into the Pacific Ocean.

Beginning early in the 1990s, the USIBWC and the United States Environmental Protection Agency (EPA) conducted environmental reviews that evaluated the

possibility of upgrading and expanding the existing USIBWC treatment facility (known as the International Wastewater Treatment Plant or IWTP). The USIBWC completed an Environmental Impact Statement (EIS) and issued a Record of Decision (ROD) in 1994 for IWTP upgrades. The USIBWC's decision was challenged, and additional environmental review was completed. Another ROD was issued in 1999, but Congress refused to authorize the project.

Instead, in November of 2000, Congress unanimously passed Public Law 106-457, the "Tijuana River Valley Estuary and Beach Cleanup Sewage Cleanup Act" (the 2000 Act). The 2000 Act authorized the USIBWC to develop a secondary wastewater treatment facility in Mexico to treat up to 75 MGD, and directed the USIBWC to analyze options for the project and negotiate a new Treaty Minute with the Mexican IBWC. Treaty Minute 311, signed by the two sections of the IBWC in February of 2004, provided a framework for construction and operation of a treatment plant in Mexico.

In November of 2004, Congress unanimously amended and strengthened the 2000 Act, stating that the USIBWC should give "highest priority" to implementing Treaty Minute 311 and siting a facility for secondary treatment of wastewater in Mexico. During this period, the USIBWC was conducting additional environmental review of alternatives to address the sewage issue, and in July of 2005, it issued a Final Supplemental Environmental Impact Statement (SEIS). The SEIS included an analysis of secondary treatment at the IWTP, but selected the Bajagua Project as the preferred alternative. The USIBWC issued a ROD in October of 2005 confirming the selection of the Bajagua Project as the preferred alternative.

We think it is important to reiterate that (1) Congress has unanimously passed two laws to authorize the Bajagua Project; (2) the United States and the Government of Mexico have approved Treaty Minute 311 to facilitate the construction and operation of the Bajagua Project; and (3) the USIBWC has conducted extensive environmental reviews of numerous alternatives to the Bajagua Project. Critically, the process of getting to where we are today has taken more than 13 years.

Based on this history, there is little reason to believe that Congress will reverse direction and fund improvements to the IWTP, especially since the Bajagua Project has bipartisan support of the local Congressmen. Similarly, there is no evidence that beginning the environmental review and appropriations process over would expedite the construction of a facility to provide secondary treatment to the wastewater that currently is discharged from the IWTP or the sewage that flows untreated into the Pacific Ocean.

II. Progress Since the Selection of the Bajagua Project

Once the Bajagua Project was selected, Bajagua began negotiations with the USIBWC regarding the terms of a Development Agreement to grant Bajagua the exclusive right to pursue permit approvals, financing and other prerequisites to designing, constructing and operating the secondary treatment plant. The Development Agreement established certain milestones for Bajagua to achieve. One of those milestones is May 2, 2007, for execution of a Design Build Operate (DBO) contract with the company selected to complete the secondary treatment facility. That date is mentioned in the Executive Officer's Summary Report to the Board, and is mentioned prominently in Assembly Member Saldana's letter to the Executive Officer that is included with his Summary Report.

The Regional Board no doubt understands the complexity involved in completing inter-governmental agreements or projects. The Bajagua Project adds an additional layer of complexity because it involves and requires actions by federal, state and local governments from both the United States and Mexico, an international agency (IBWC) composed of United States and Mexican (CILA) sections, and a Bi-National Technical Committee composed of technical representatives from (1) federal, state and local governments in Mexico, and (2) USEPA, the State Water Resources Control Board (State Water Board), the Regional Board, and the City of Imperial Beach. At times, the resolution of issues related to the project require and have required input from all of these agencies, and common documents must be translated into two languages. This situation often requires a delicate diplomatic balancing act. Indeed, the signing of Treaty Minute 311, which allowed the project to be built in Mexico, was a monumental task with few parallels in international relations.

Once the Development Agreement was executed, Bajagua began the process of creating the documents needed to allow companies to bid publicly and competitively on the project. This required more negotiations with the USIBWC concerning the terms of a Fee-for Services Agreement, and the submission of an application to the Regional Board to obtain a permit to discharge the treated wastewater.

In addition, negotiations were necessary with several levels of government in Mexico, including the following:

- the National Water Commission (CNA) for the use of land for the site for the project, the rights-of-way for the pipelines necessary to serve the project, and a Concession for the treatment and reuse of the water;

- the Government of the State of Baja California to resolve reuse, technology, and site issues associated with waste water under its control; and
- the City Government in Tijuana on land use and infrastructure issues.

Bajagua has reached agreement on all these issues, and has completed preliminary site and right-of-way field studies. These soils, sewage flow, boundary, and topographic field studies will be included in the Request for Proposals (RFP) that will be issued to three prospective DBO firms: Earth Tech (Mexico), INIMA (Spain) and Veolia Water (US). These three firms were selected in March of 2007 based on their responses to a Request for Qualifications (RFQ) issued by Bajagua after review and approval by the BTC in January of 2007.

III. Status of the Bajagua Project

Even with all these efforts and successes, however, Bajagua acknowledges that the DBO contract was not executed by the May 2, 2007, deadline in the Development Agreement. The interdependent nature of the process itself has led to this unfortunate delay. For example, it took nearly 11 months for Bajagua to receive approval for a site in Mexico from the USIBWC and the BTC. Without that approval, Bajagua could not begin focused discussions with the Government of Mexico regarding land concessions and other pertinent issues.

Even the process of completing the RFQ review process was delayed for nearly eight months, again due to the need for review by and approval from the USIBWC and the BTC. Similarly, Bajagua had expected to issue the RFP by September 2006, sign a DBO contract and initiate construction by May 1, 2007, but the need to have the draft RFP reviewed by both the USIBWC and CILA, as well as by the individual members of the BTC, and to translate the RFP into Spanish after receiving comments from the English-speaking side, prevented Bajagua from meeting that goal. Given the current status of the review of the RFP by the other parties, Bajagua estimates that the RFP will be issued by June 30, 2007.

Once the RFP is issued, the competing firms will have 90 days to respond. That time is necessary because the process will involve creating a fairly detailed design of the project itself. The selected firm then will complete the final design drawing and build and operate the facility under a 20-year contract. Bajagua estimates that, once the DBO contractor is selected, it will take a minimum of 16 months to construct the project facilities and bring the system on line in compliance with secondary treatment standards.

With the field studies completed, Bajagua has begun site-design work, designing the pipeline right-of-way, and preparing a grading plan for the project site in an effort to assist the selected DBO contractor in finding ways to reduce the time needed to construct the facilities. We anticipate that these up-front efforts will reduce the time needed to construct the project once the DBO contract is executed.

Bajagua also has secured a commitment from Citigroup to provide financing for the project once the DBO contract is executed. Citigroup has provided confirmation of the financing arrangements in letters to Bajagua and to the USIBWC. Consequently, the next milestone event will be the issuance of the RFP and the selection of a DBO contractor.

A. Status of the NPDES Permit

One issue of specific relevance to this hearing is the status of the NPDES permit for the Bajagua facility. Comments by the State Water Board on the draft RFP questioned whether the DBO contract could be signed prior to issuance of an NPDES permit. While the answer is that the DBO contract will be signed before the NPDES permit is issued, it is important to note that the reason that an NPDES permit has not been issued is the adamant refusal of the Regional Board to even review Bajagua's NPDES permit application/ Report of Waste Discharge (ROWD), which was submitted to the Regional Board in March of 2006, more than one year ago.

Following Bajagua's submission of the permit application, the Regional Board unequivocally refused to review Bajagua's permit application, stating in letters to the USIBWC and Bajagua that (1) "no further work will be conducted by the Regional Board regarding the review of [Bajagua's] ROWD until the IBWC unequivocally acknowledges, in writing, responsibility for the discharge," and (2) "the Report of Waste Discharge submitted on behalf of Bajagua is not needed." Ostensibly, the basis for the Regional Board's position has been that, because the discharge from Bajagua's secondary treatment facility will be through the existing South Bay Ocean Outfall (SBOO), and the SBOO is jointly owned by the USIBWC and the City of San Diego, the USIBWC, not Bajagua, must apply for the permit.

The Regional Board's refusal to consider Bajagua's permit application makes no sense legally or environmentally. Although the treated effluent will be discharged through the SBOO, that does not mean that Bajagua would not be required to obtain an NPDES permit. EPA rules specifically state that when a facility is owned by one person but operated by another, "it is the operator's duty to obtain a permit." 40 C.F.R. § 122.21(b). This provision alone means that the USIBWC's failure to sign Bajagua's permit

application is irrelevant. (Under the Regional Board's theory, the City of San Diego also would be required to sign the permit application.) More importantly, the Regional Board has the authority to identify the USIBWC as a responsible party in the permit, whether it signs the permit application or not. *In the Matter of the Petition of San Diego Unified Port District*, State Water Resources Control Board Order No. WQ 90-3. Furthermore, the USIBWC filed an NPDES renewal application in April, 2001.

The Regional Board's position is even more questionable given its obligation to regulate activities "to attain the highest water quality which is reasonable." Water Code § 13000. Here, the Regional Board has refused to review a permit application for a project that would result in the secondary treatment of 25 MGD of water currently treated to primary treatment standards and of up to 34 MGD of sewage that flows untreated into the Pacific Ocean. The Regional Board's goal in taking its position may simply be brinksmanship with the USIBWC, which is the Regional Board's opponent in court, but the Regional Board's brinksmanship threatens the construction of an environmentally important project that has been approved twice by Congress. Even the EPA's comments on the RFP indicate the importance of the permit to the RFP process and encourage discussions regarding the permit terms. Accordingly, Bajagua requests that the Regional Board direct its staff to process Bajagua's NPDES permit application immediately.

B. USIBWC Letter Dated May 8, 2007

As the Regional Board may be aware, Bajagua received a letter late Tuesday afternoon from the USIBWC addressing Bajagua's notice that it would not be able to complete the project by September 30, 2008, the Court-ordered deadline for the USIBWC to achieve compliance with secondary treatment standards. In its letter, the USIBWC indicated that it has no authority to extend the Court-ordered deadline, and thus that it was "suspending all activities under the Development Agreement until the Court has amended its order or granted other relief." The letter also stated that Bajagua's actions in attempting to proceed with the project were "at Bajagua's own risk."

Bajagua strongly disagrees with the USIBWC's action to "suspend" the project, and Bajagua believes that work on the project can and should proceed. Bajagua will request that the USIBWC reconsider its position on this matter and avoid taking any other actions (or inactions) to further delay this project. While Bajagua acknowledges that the USIBWC cannot unilaterally extend the Court-ordered deadline, the Order establishes a meet-and-confer process where the parties can discuss that issue. We understand that on April 30, 2007 the USIBWC asked the Regional Board to meet and confer, and we urge the Regional Board to meet and confer with the USIBWC no later than 10 days

Susan Ritschel, Chair
May 9, 2007
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from today regarding the need to extend the September, 2008, deadline to allow for delays that have been the responsibility of all the entities involved.

IV. Conclusion

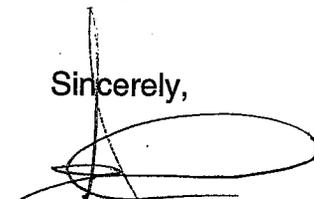
Even with all the complications that are involved in a project of this magnitude, and a project that straddles international borders, we are on the verge of successfully executing this unique and extraordinary project. Two federal governments, two state governments, two city governments have been working to solve this environmental disaster for more than 60 years, and now a successful resolution is imminent.

Despite our best efforts, however, the project has experienced delays from our previous timetable mostly due to factors and circumstances previously referenced herein. But, given the magnitude of the achievement we seek, we would hope for understanding of the challenges encountered and overcome. There is no doubt that, if the Bajagua Project does not go forward, the serious environmental issues in the Tijuana River Valley and the near shore area will not be resolved until some unknown time far in the future.

Bajagua has found common ground with the federal, state and local governments in Mexico that will allow it to acquire the permits necessary to operate the project. It seeks the same common ground with the Regional Board, and Bajagua trusts that the Regional Board will work with us to process Bajagua's application and to address the technical aspects of the NPDES permit necessary to allow this project to operate.

Bajagua looks forward to working with the Regional Board to reach that common goal.

Sincerely,



Jim Simmons
Managing Member
Bajagua, LLC.

JS/mkk

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Assembly California Legislature



LORI SALDAÑA
ASSEMBLY MEMBER, SEVENTY-SIXTH DISTRICT
CHAIR, HOUSING AND COMMUNITY DEVELOPMENT

COMMITTEES:
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COMMUNITY DEVELOPMENT
ELECTIONS AND REDISTRICTING
LOCAL GOVERNMENT
NATURAL RESOURCES
VETERANS AFFAIRS

SUBCOMMITTEES:
CHAIR, BASE CLOSURE AND
REDEVELOPMENT

May 9, 2007

Regional Water Quality Control Board, Region 9
9174 Sky Park Court, Suite 100
San Diego, CA 92123-4340

Dear Board members and Staff:

Thank you for including "Item 10. Status Report on Provision of Secondary Treatment for Effluent from the International Wastewater Treatment Plant," on today's meeting agenda. I appreciate the opportunity to provide information relevant to this project, and I have asked my representative, Edward Meyers, to speak on my behalf.

On May 2, yet another important deadline was missed by the US International Boundary and Water Commission (IBWC). For over a decade, the IBWC has failed to collect and treat to secondary levels sewage from Mexico at its border facility as required by state and federal law.

The May 2 deadline is simply one of many missed commitments in the long saga of attempts to upgrade the San Diego wastewater facility to full secondary, as originally intended when it was proposed nearly 20 years ago.

Throughout these delays, your Board's authority to regulate water quality in the San Diego border region has been held hostage by ongoing and deliberate efforts to thwart the upgrade of the IWTP using funding mechanisms available via the USEPA's Border Environment Infrastructure Fund (BEIF). This is because a few people have successfully manipulated the federal funding process for private gain, with the result being interminable delays, dirtier water in our ocean, and fewer federal dollars coming into California for environmental protection along the US-Mexico border.

Attached are two news releases announcing other border sewage projects successfully using these BEIF dollars, which are administered by the North American Development Bank (NADB).

Please note that these other border region treatment facilities- located in Baja California, Mexico and Nogales, Arizona- are proceeding with expansion and upgrades thanks to help from funds that are available to California, but are not being requested. The Arizona facility is located in the United States, is also operated by the IBWC, and treats sewage from both the US and Mexico. However, unlike the San Diego facility, the plant recently received a \$59.4 million grant from the North American Development Bank (NADB) through its Border Environment Infrastructure Fund (BEIF), which operates with funding from the U.S. Environmental Protection Agency (EPA).

cont'd

The President has recently offered \$66 million to the USIBWC for upgrading the San Diego facility. I recommend you tell the White House and Congress that you wholeheartedly support the acceptance and use of these funds. If critics insist this is not enough to complete the job, and question where the additional funds (approximately \$30 million) would come from, provide them with copies of the attached NADBank announcements for funding in Arizona and Baja California.

In addition, I suggest that members of the San Diego board ask our Congressional delegation why San Diego is not receiving their share of BEIF funding. In 2001, the USEPA recommended that the San Diego IWTP receive \$45 million from the BEIF program, to upgrade its operations to secondary. However, our Congressional representatives at the time (Bob Filner and Brian Bilbray) refused to accept this grant.

Instead, for the last several years, both have advocated on behalf of a private company to complete the upgrades using private investment. So far, as you know, the company responsible for this project has failed to meet deadlines, or even provide the most basic information regarding their proposal.

In the nearly 10 years this company has claimed to be creating a "comprehensive solution," they have not been able to acquire a location for their facility, have not issued any Requests for Proposals, nor cleaned one drop of water. Instead, the public has been forced to deal with closed beaches, while paying the costs of lawsuits between the state of California and the federal government, in on-going efforts to prevent the release of toxic, primary treated sewage into the near-shore ocean just off Imperial Beach.

I ask that you take two important steps at your May 9 meeting, and put an end to these costly delays that are harming our state's water resources and public health.

- 1) Submit a letter to the San Diego Congressional Delegation in support of the President's offer of \$66 million to upgrade the IWTP in San Diego, and, if needed, request additional funds from the USEPA BEIF program to complete the improvements.

Our region lost \$45 million worth of BEIF dollars for this project in 2001 - we simply cannot afford to lose any more BEIF dollars when they are offered for constructing critical border infrastructure in California.

- 2) In a separate letter, request that the State of California's Water Resource Control Board work with the California Environmental Protection Agency (CalEPA) to establish a Mexican Border Environmental Partnership Program.

Only by working cooperatively with agencies in Mexico - as is now done in the other border states - can we ensure that we are making progress in achieving clean water in the border region.

Again, thank you for your Status Report today, and for continuing your efforts to clean up the ocean at the border. Please do not hesitate to contact me at (619) 645-3090 if I can be of help in this matter.

Sincerely,



Lori Saldaña
Assembly Member, 76th District

For Immediate Release

August 30, 2005

Contact: Juan Antonio Flores (210) 231-8000
jafloros@nadb.org <mailto:jafloros@nadb.org>

Baja California receives US\$9.3 million in financing from the North American Development Bank for various environmental infrastructure projects

(Mexicali, Baja California) -- The State of Baja California and the North American Development Bank (NADB) have signed financing agreements totaling US\$9.3 million to continue construction of water and wastewater projects in the cities of Mexicali and Tecate. The NADB also announced the approval of grant funding to carry out studies for the development of future environmental projects in the state.

At the state executive office in Mexicali, Baja California Governor Eugenio Elorduy and NADB Managing Director Raúl Rodríguez, signed a \$6.8 million-peso loan agreement (US\$591,304) to complete the rehabilitation of the Tecate Wastewater Treatment Plant (WWTP).

In addition, they announced the recent signing of an US\$8 million grant agreement for Mexicali and a US\$650,000 grant agreement for Tecate, both through the Border Environment Infrastructure Fund (BEIF) administered by NADB and funded by the U.S. Environmental Protection Agency (EPA) for their respective water and wastewater projects. Both projects have received BEIF funding since 2000, and are being implemented by the respective local water utilities.

Construction of the Tecate WWTP is the last component of the third and final phase of the Water and Wastewater System Improvement and Expansion Project. The total cost of the project is US\$9.75 million, with the NADB contributing US\$ 5.36 million in grants and loans.

In the case of Mexicali, NADB is providing a total of US\$12.8 million in BEIF funding for its US\$30.16 million wastewater project, which mainly consists of the construction of the "Las Arenitas" Wastewater Treatment Plant. A grant agreement for US\$4.8 million was previously signed.

In addition to the infrastructure financing, NADB announced its intentions to support three studies for the development of clean energy and water reuse projects. Up to \$415,000 in grant funds for these studies will be made through NADB's technical assistance programs.

Since its inception in 1995, the NADB has approved more than US\$703 million in loans and grants for 89 infrastructure projects in the U.S.-Mexico border region. For more information on the NADB, visit www.nadb.org.

The North American Development Bank, created under the auspices of NAFTA, is a financial institution established and capitalized in equal parts by the United States and Mexico for the purpose of financing environmental infrastructure projects along their common border. As a pioneer institution in its field, the Bank is working to develop integrated, sustainable and fiscally responsible projects with broad community support in a framework of close cooperation and coordination between Mexico and the United States.

FOR DISTRIBUTION

For Immediate Release
May 8, 2007

Contact: Juan Antonio Flores 210-231-8000
jaflores@nadb.org <mailto:jaflores@nadb.org >

Ground is broken on the International Wastewater Treatment Plant in Nogales, Arizona

(Nogales, Arizona) - A groundbreaking ceremony was held today to kick off construction of the International Wastewater Treatment Plant in Nogales, Arizona. The project was awarded a US\$59.4 million grant from the North American Development Bank (NADB) through its Border Environment Infrastructure Fund (BEIF), which operates with funding from the U.S. Environmental Protection Agency (EPA).

Nogales Mayor Ignacio Barraza and NADB Managing Director Jorge C. Garcés presided over the groundbreaking ceremony, along with representatives of the U.S. Section of the International Boundary and Water Commission (IBWC), EPA and the Arizona Department of Environmental Quality (ADEQ), as well as other local officials from both Nogales.

The plant which treats the wastewater from both Nogales, Arizona, and Nogales, Sonora will be rehabilitated with a treatment capacity of 14 million gallons per day (mgd), sufficient to accommodate the flows from both cities.

"This plant, which is providing services to both Nogales, Arizona and Nogales, Sonora is an example of the bilateral cooperation and understanding that exist between the U.S. and Mexican governments for resolving their shared environmental problems," stated Mr. Garcés.

"Thanks to the joint efforts and collaboration of all of the project's stakeholders, we have been able to move forward with this important project, which has received the largest BEIF grant to date."

The plant is being constructed under a design-build contract and is expected to be completed in about two years, at the beginning of 2009. The certified project also includes the rehabilitation of the International Outfall and partial replacement of the sewer system in Nogales, Arizona.

To date, NADB is participating in 101 projects along the U.S.-Mexico border with a total of US\$865.7 million in financing: US\$596.4 million in grants and US\$269.3 million in loans.

For more information about NADB, visit our website at: www.nadb.org.

The North American Development Bank is a financial institution established and capitalized in equal parts by the United States and Mexico for the purpose of financing environmental infrastructure projects along their common border. As a pioneer institution in its field, the Bank is working to develop integrated, sustainable and fiscally responsible projects with broad community support in a framework of close cooperation and coordination between Mexico and the United States.