**Public Meeting of the Board of Directors**

**June 19, 2018**

**Ensenada, Baja California**

**English Version**

**[TRANSLATED FROM SPANISH][[1]](#footnote-1)**

**MR. BRAVO:**  We are going to begin and when the mayor arrives we will welcome him. He’s going to speak after two videos.

So, well, good afternoon. Thank you for attending this public meeting of the Board of Directors of the North American Development Bank. I would like to recognize the members of our Board and special guests on the dais. Biologist Thelma Castañeda Custodio, Ministry of Environmental Protection. She is here representing the Governor of the State of Baja California. Thanks Thelma.

[APPLAUSE]

I’m pleased to introduce the chairman of the Board of Directors of the Bank, Geoffrey Okamoto. He is Deputy Assistant Secretary for International Development Policy at the Department of the Treasury.

[APPLAUSE]

And the Board co-chair, Carlos Márquez Padilla Casar. He is the Head of International Affairs Unit for the Ministry of Finance and Public Credit.

[APPLAUSE]

We are very pleased to have with us Board member Jane Nishida. She is from the Office of International and Tribal Affairs at the U.S. Environmental Protection Agency.

[APPLAUSE]

Board member Tom Moore from the Office of Mexican Affairs at the Department of State.

[APPLAUSE]

Board member Armando Yáñez. He is the General Manager of Border Affairs for the Ministry of Environment and Natural Resources.

[APPLAUSE]

We have state senator, from the State of Texas and Mexican state representative, board member Jose Rodriguez.[[2]](#footnote-2)

[APPLAUSE]

And joining us for the first time as board member, José Manuel Lotfe Soto. He is the Mexican border state representative and head of the Office for Coordination with States at the Ministry of Finance and Public Credit.

[APPLAUSE]

From the Ministry of Foreign Affairs, board member Citlalli Orquídea Pérez Saucedo. She is the Deputy General Manager for Border Affairs. Thanks Citlalli.

[APPLAUSE]

And a board member not very well known in Baja California, Carlos de la Parra from Colegio de la Frontera Norte.[[3]](#footnote-3) Carlos, thank you for being here.

[APPLAUSE]

Board member Denise Moreno Ducheny. She represents the U.S. border communities.

[APPLAUSE]

And the Managing Director of the North American Development Bank, Alex Hinojosa.

[APPLAUSE]

I would like to recognize the presence of distinguished guests who are joining us here today in the audience. Greg Cox of San Diego County. Is he here? Because he also asked to speak. No?

[APPLAUSE]

I don’t see Serge Dedina, mayor of Imperial Beach, who asked to speak. He’s not here? He isn’t going to come? Please give him my regards. But he is very well represented.

Germán Lizola, Director of CESPT is here.[[4]](#footnote-4) Thank you.

[APPLAUSE]

Also here with us, well, we are pleased to welcome representatives of the U.S. Consulate in Tijuana and the Mexica Consulate in San Diego. Thank you for coming and for all the support you have given us. We have distinguished scholars and researchers from Baja California, such as María Mendoza from the Center of Scientific Research and Education and Jesús Adolfo Soto Curiel from the Autonomous University of Baja California; Manuel Becerra, National Vice President of the Mexican Chamber of the Construction Industry. Manuel, thank you for coming.

[APPLAUSE]

We are joined by representatives from the Mexican Chamber of the Construction Industry, from COPARMEX, from the National Chamber of Fisheries and Aquaculture Industries, from CANIRAC, as well as representatives from border water utilities.[[5]](#footnote-5) Manuel Guevara, a very good friend of the Bank who is here with us. I would like to recognize his presence.

[APPLAUSE]

José Carmelo Zavala from CANACO Tijuana.[[6]](#footnote-6) Thank you, José Carmelo.

[APPLAUSE]

José Manuel Bulás from CEMEX, who is also a very dear colleague, formerly with SEMARNAT, later with the Bank, is here.[[7]](#footnote-7) Okay. Thank you very much.

[APPLAUSE]

Well, welcome everyone. We begin this meeting with the presentation of a video featuring a report from management of the North American Development Bank regarding significant activities during the first half of 2018.

[VIDEO]

***NARRATOR:*** *Achievements of the North American Development Bank during the first half of 2018.*

*On November 10, 2017, the Second Protocol of Amendment to the Agreement between the Government of the United States of America and the Government of the United Mexican States Concerning the Establishment of the Border Environment Cooperation Commission (BECC) and the North American Development Bank (NADB) entered into effect, thus merging the two institutions into a single entity.*

*During the semi-annual meeting of the Board of Directors held in November 2017, completion of the integration process was officially announced and the great work of the two institutions over more than two decades was recognized.*

***[IN ENGLISH]***

***MR. CARLOS MÁRQUEZ PADILLA CASAR: [Head of the Unit for International Affairs of the Ministry de Finance and Public Credit]:*** *However, this merger also ensures that the Bank’s functions and the operations continue to be strengthened to more effectively serve the border communities’ needs.*

***MR. GEOFFREY OKAMOTO: [Deputy Assistant Secretary for International Development of the U.S. Department of the Treasury]****: That’s a monumental achievement that begins tomorrow. So, I congratulate management and the hard work in both governments to bring that all the way to fruition. Hopefully, that kind of, that integrated entity is going to be a great platform to serve border communities even more effectively in the future.*

***[TRANSLATED FROM SPANISH]***

***MR. ALEX HINOJOSA [NADB Managing Director]****: The Bank has seen very strong growth in recent years. We are now approaching a loan portfolio of US$1.4 billion and with that we are in a position where the margins have grown in two years and we believe that, looking to the future, we still have many needs to address and we are ready to continue providing financing wherever the need exists.*

***MR. CALIXTO MATEOS-HANEL [NADB Deputy Managing Director]****: This integration is simply to streamline the function that both the Bank and the Border Environment Cooperation Commission already had, to be more efficient and effective. The purpose has at all times been to reinforce this function, this participation, that already existed in the border communities. That is why, the role of the Chief Environmental Officer is being integrated into the Bank's management team.*

***MR. SALVADOR LÓPEZ-CÓRDOVA [NADB Chief Environmental Officer]:*** *We want to make it very clear that the merger in no way minimizes or diminishes the Bank's mandate on environmental issues, as well as the safeguards we have to ensure that projects comply with environmental considerations.*

***NARRATOR:*** *Technical assistance and grant management programs, as well as public participation, transparency and access to information, continue to be fundamental elements of NADB operations. The existing offices located in San Antonio, Texas, and Ciudad Juárez, Chihuahua, continue operating to serve the border region.*

*Since November 10, 2017, Bank management has taken on the task of disseminating the new era of this integrated institution and has reinforced its commitment to continue working to improve the environment of the U.S.-Mexico border.*

*In terms of outreach activities, press conferences, presentations and briefing sessions have been held with local and state governments and various sectors of the general public, to provide information about the merger of the two institutions, including visits to Mexico City; Ciudad Juárez, Chihuahua; Monterrey, Nuevo León; Saltillo, Coahuila and Tijuana, Baja California. Additionally, in recent months, Bank officials have been in constant contact with state governments and private sector groups to continue planning and analyzing potential financing for projects in the various sectors in which the Bank operates.*

***MR. OSCAR IBÁÑEZ HERNÁNDEZ [President of the Chihuahua water agency, Junta Central de Agua y Saneamiento de Chihuahua (JCAS)]:*** *I was with the Managing Director and Deputy Managing Director in San Antonio, reviewing several projects of mutual interest. For example, we are currently looking to create smart metering infrastructure in the main facilities, in the main utilities in Chihuahua: Juárez and Chihuahua.*

***NARRATOR:*** *In the U.S., Bank officials have participated in forums and events, as well as visited with leaders in the U.S. Congress and Senate to brief them on the integration and reaffirm the continuation of the Bank's mission. Visits have been made to communities in California, Arizona, New Mexico and Texas. Just as in other regions, Bank officials participated in a binational meeting in San Diego, California, where a proposed Tijuana River pollution study and the problems for action were presented. On May 18th, a breakfast was hosted with businessmen in Tijuana.*

***MR. FLORENCIO ALFONSO PADRÉS PESQUEIRA [Secretary of Infrastructure and Urban Development of the State of Baja California]****: It is important that you know that, for the State Government, we are focused on and very hopeful that the project for the new San Quintin desalination plant may start as soon as possible.*

***NARRATOR:*** *During the first half of 2018, the Board approved the certification of two new projects: the Puerto Libertad Solar Energy Project in the municipality of Pitiquito, Sonora and a desalination plant in San Quintín, Baja California. The two projects will receive a total of US$111 million in NADB loans.*

*Completed projects. As for project implementation, as of June 2018, six projects had been built:*

*Two projects in San Luis Río Colorado, Sonora. Expansion of the wastewater collection system. Fourteen thousand residents are receiving first-time service. With this project, wastewater collection coverage for the community increased from 80% in 2014 to 84% now.*

*A project to pave or rehabilitate approximately 250,000 square meters of roadways in the downtown area of the city and construct two bridges over existing irrigation canals, in order to improve connectivity and urban mobility, as well as air quality on both sides of the border.*

*Sabinas, Coahuila. Replacement of almost 4,200 meters of sewer lines in the downtown area, benefiting 1,700 residents.*

*Nuevo Casas Grandes, Chihuahua. In February 2018, equipment to operate the new sanitary landfill was delivered to the Department of Public Services, which provides waste collection and disposal services to more than 59,300 residents of the municipality of Nuevo Casas Grandes, Chihuahua.*

*This past Monday, Mexican President Enrique Peña Nieto presented to the community of Ensenada a desalination plant that will help address serious water supply problems in this community.*

***MR. PEÑA NIETO [President of Mexico]****: This desalination plant should convert, once it reaches maximum operating capacity, as of today, 250 liters per second, but plans have been made and works have already been completed so that a future module, when so required and needed, will be able to reach 500 liters per second.*

***NARRATOR****: For this project, the North American Development Bank provided a $490 million-peso loan to Aguas de Ensenada, S.A. de C.V.*

***[IN ENGLISH]***

***MR. ALEX HINOJOSA [NADB Managing Director]:*** *The North American Development Bank was honored to have participated in the financing for the development of the Ensenada Desalination Plant. Our piece was approximately $490 million pesos as part of the financing, along with a grant given by FONADIN and capital provided by the private company that’s represented here by GS Inima that provided the capital.[[8]](#footnote-8) And it is a great need in this very dry, arid area of Baja California, and we are very, very happy to continue our mission in providing infrastructure that provides a benefit to the communities, a benefit to the environment, but additionally it has a strong economic development component.*

***[TRANSLATED FROM SPANISH]***

***NARRATOR:*** *Douglas, Arizona. On May 14th, work began on the wastewater collection and treatment project located in Douglas, Arizona, a city adjacent to Agua Prieta, Sonora. The project will cost US$19.7 million and benefit 17,380 residents. It is receiving support from the Border Environment Infrastructure Fund administered by the Bank and funded by the U.S. Environmental Protection Agency, as well as federal and state funding.*

***[IN ENGLISH]***

***MR. ROBERT URIBE [Mayor of Douglas, Arizona]:*** *We’re ground breaking an infrastructure improvement. We’re expanding, which is a very historic and monumental day for Douglas, Arizona, as we hope to improve infrastructure capacity. So, today is a very, very special and big day for us.*

***MR. TOMÁS TORRES [Director of the Water Division, U.S. Environmental Protection Agency (EPA) Region 9 Office]:*** *Well, this project is probably a combination of protecting water quality, protecting people’s drinking water and really making EPA’s investment in communities along the border, which are badly needed, through the Border Environmental Infrastructure Fund.*

*I just want to say that, you know, I really appreciate the NADBank’s ability to bring federal, state, local agencies together to, you know, put together deals like this, because it is not easy for small communities to do this, and you guys play an incredible role in that respect.*

***[TRANSLATED FROM SPANISH]***

***NARRATOR:*** *As part of the work of the Board of Directors today in Ensenada, three new projects were presented for Board approval:*

*Wastewater collection and treatment project in Camargo, Tamaulipas. The project consists of the installation of a wastewater collection system in unserved areas; replacement of the main pumping station, collector and sewer main; and the construction of a 25-liter per second wastewater treatment plant. The project also includes the installation of 347 new residential connections and the decommissioning of existing septic tanks. The financing includes a US$ 2.5 million grant provided by the U.S. Environmental Protection Agency through the Border Environment Infrastructure Fund.*

*Whetstone, Arizona project. The community of Whetstone is located northwest of the border with Agua Prieta, Sonora, near Bisbee, Arizona. The project consists of improvements to the drinking water system, benefits 940 residents and has an estimated cost of US$706,000. It will receive US$500,000 in funding from the Bank's Community Assistance Program.*

*José Silva Sánchez Project in the Municipality of Soto la Marina, Tamaulipas. Soto la Marina is located east of Ciudad Victoria, capital of the state of Tamaulipas. The project consists of the construction of a drinking water system, including the installation of a water line, a new water storage tank and a distribution system, in addition to equipment for the existing well. The project costs US$260,000 and is receiving US$250,000 from the Community Assistance Program.*

***[IN ENGLISH]***

***MR. ALEX HINOJOSA [NADB Managing Director]:*** *The North American Development Bank was merged with the Border Environment Cooperation Commission last year and, as such, it was a momentous occasion to be merged, but we continue with our mandate to be the development bank that provides financing for infrastructure that has a benefit to the environment.*

[APPLAUSE]

**[TRANSLATED FROM SPANISH]**

**MR. BRAVO:** Thank you very much. I hope you enjoyed it. Uh… I would now like to recognize the presence of Mayor Marco Antonio Sotelo. If you would, please, to come up to the dais. Thank you for joining us and thank you for the support of your team.

[APPLAUSE]

And we appreciate the support of your team, which has been invaluable in organizing this meeting. And since we are close to Rosarito's film studios, we have another video. This one is about Tijuana. Thank you. Play it please. I hope you enjoy it.

[VIDEO]

***NARRATOR:*** *Tijuana is one of the cities in Mexico that has always grown at an accelerated rate compared to other Mexican populations. In a very short time, Tijuana became one of the largest hubs in the country, because of its geographic location with the U.S. as well as its economic and social dynamics. With a population approaching almost two million residents, it is one of the five largest cities in Mexico.*

*The Tijuana River watershed originates in Mexico, covering 4,465 square kilometers with two-thirds of this area located in Mexico. It flows into the Pacific Ocean through the Tijuana River Estuary. The water in the Tijuana River consists of rainwater, effluent from Mexican treatment plants, fugitive wastewater streams and other unidentified sources, and occasionally flows into the United States. Some of these water components may impair the quality of the river water and cause beach closures in southwestern San Diego County. In addition to pollutants in the water, the river may carry trash and sediments, which can negatively impact the operation of critical infrastructure. This problem is magnified by the topography of Tijuana, characterized by canyons, hills and ravines of various depths, which cause water from the streams to flow towards southern San Diego beaches.*

*There is an agreement between Mexico and the U.S. to divert the waters of the Tijuana River in Mexico during the dry season before they cross the international border into the United States. Captured flows are conveyed through Mexican territory for discharge approximately eight kilometers south of the international border. However, under certain conditions, such as failure in the river diversion infrastructure or breaks in the Tijuana sewer system, river flows during the rainy season may cross into the United States.*

***MR. GERMÁN LIZOLA*** ***MÁRQUEZ [Director of the Tijuana water utility, Comisión Estatal de Servicios Públicos de Tijuana]:*** *The growth of this great city, well, it creates new challenges year after year, right? And this infrastructure that we have is infrastructure that we have to keep changing to be able to replace it, that which is already out of... well it has already reached the end of its useful life.*

***NARRATOR:*** *Additionally, in the coastal region there is an issue with the treatment and disposal of wastewater going to the San Antonio de los Buenos Wastewater Treatment Plant, which is then discharged to the Pacific Ocean.*

*The San Antonio de los Buenos facility was began operation in 1988 and currently receives and treats 37% of the wastewater from the municipality of Tijuana. Roberto Salmón, Commissioner of the Mexican Section of IBWC, referred to the actions that IBWC is undertaking to address the issue of transboundary wastewater flowing to the United States.*

***MR. ROBERTO SALMÓN CASTELO [Commissioner of the Mexican Section of International Boundary and Water Commission (IBWC)]:*** *So, what we realized is that the infrastructure of all our stations for capturing those flows had also already deteriorated: pumps, control boxes, etc. There were no electrical plants in the event of power failure. So, these actions, let’s call them immediate actions, are the ones we are focusing on right now. That is around $87.5 million pesos that must be invested. Much of that we already have. The National Water Commission is providing part of it. IBWC is also providing part of it, as well as the State government.*

***NARRATOR:*** *For its part, CESPT has developed a master plan for a comprehensive wastewater treatment and reuse system in Tijuana.*

***MR. TORIBIO CUEVA [NADB Project Engineer]:*** *Okay, the plan arose due to the issues that the city of Tijuana has been having lately because of spills from collapsed collectors that are, that are flowing directly to the United States. The collectors are in this area, which by gravity travel and cross the border—that would be the border between Mexico and the United States—flow into the U.S. and discharge, one way or another, on the beaches of Imperial Beach when the pipelines and infrastructure in the city are already overloaded. So, the purpose was to have this plan, on the one hand, to prevent these flows from crossing into the United States, reducing the volume of flows and stopping them from crossing over here. That day, it was identified as one of the main actions and most importantly, an immediate action.*

*Another major action is the rehabilitation and/or construction of a new plant in San Antonio de los Buenos, since there are water quality issues with the discharges from existing plant. This action is being carried out through the Bank… through Banobras, through FONADIN, the National Infrastructure Fund, to build, as I said before, or increase or expand or rehabilitate the existing plant, and the idea is also to build an underwater outfall to convey the water to a certain depth as permitted by the quality of the discharged water and as determined by the studies that are being carried out at this time in this plant.*

*A third action is the Coastal Collector that would take all the discharges from this coastal area between Tijuana and Rosarito and convey them to an existing treatment plant in Rosarito.*

***NARRATOR:*** *In February 2017, a major spill occurred precisely when the utility was repairing a collapsed collector near the confluence of the Alamar and Tijuana rivers in Mexico. This spill raised concern among environmental authorities and groups on both sides of the border, which led to an unprecedented binational collaborative effort. The North American Development Bank is playing a key role in the binational collaboration to address this issue.*

***MR. SERGE DEDINA [Mayor of Imperial Beach, California]:*** *It affects us a great deal. A lot of pollution reaches the beach in Imperial Beach and obviously this has an impact on public health and also prevents the public, the residents of Imperial Beach, from accessing the beach.*

*We are very happy with all the actions that the Bank, NADBank, is undertaking. They are helping us a lot. We have already seen movement in recent months to find solutions to the problem of sewage spills in the Tijuana system.*

*Binational funds are urgently needed to locate the problem and solve the pollution problems on our beach. That is why we are, we really support all the work of the Bank, the NADBank, working with the authorities in Mexico, the United States, to collect those funds, but also to help with technical solutions and really put a stop to the pollution problems because it affects us a lot.*

***MR. GERMÁN LIZOLA MÁRQUEZ (Director of the Tijuana water utility, Comisión Estatal de Servicios Públicos de Tijuana):*** *We are tackling the Poniente Collector, which is a, a very important part of our city, for collecting and conveying this wastewater. We started this project a month ago and we are about to continue it, we are talking about 4.5, 4.4 kilometers of construction.*

***NARRATOR:*** *For its part, CILA talked about an action for conveying water from the Tijuana River at the intake of the diversion system known PB-CILA in the river channel.*

***MR. ROBERTO ESPINOSA [Representative of the Mexican Section of the International Boundary and Water Commission in Tijuana, B.C.]:*** *This action, the construction of this levee for the purpose of retaining the water temporarily when the capacity of the defense system is insufficient, has been in operation for approximately a week and a half.*

***MS. PALOMA AGUIRRE [Coastal and Marine Director for COSTASALVAJE]:*** *We have had beaches open in the last 30-40 days, which is very positive because the beach closures, especially in Imperial Beach, really impact the economy, impact environmental health, impact public health. Now, I understand that there are two structures built with very basic materials, such as dirt, to capture flows that occur as a result of the malfunction of the CILA pump station.*

***NARRATOR:*** *In 2017, the NADB Board approved a grant through the Border Environment Infrastructure Fund (BEIF), with funding from the U.S. Environmental Protection Agency, to replace part of the Poniente Collector. Work is already in progress.*

*NADB’s most recent support consists of providing technical assistance grants for two studies that will help evaluate infrastructure needs and identify alternatives, for both the existing Tijuana River diversion system and to address problems in the San Antonio de los Buenos Treatment Plant, the latter co-financed by FONADIN.*

*The first study will assess the capacity and conditions of the existing diversion system, which is used to keep transboundary flows in the Tijuana River from entering the United States.*

***MR. SALVADOR LÓPEZ-CÓRDOVA [NADB Chief Environmental Officer]:*** *From an environmental perspective, the study is going to give us information about feasible options, to see which one would be the most feasible, so that the least possible amount of water from the Tijuana River goes into the United States, and so the study will give us alternatives to see how those flows can be managed.*

***MR. CALIXTO MATEOS-HANEL [NADB Deputy Managing Director]:*** *The Bank is coordinating the study. The study is being done with funds that originally come from the U.S. Environmental Protection Agency.*

***MS. PALOMA AGUIRRE [Coastal and Marine Director for COSTASALVAJE]:*** *I think it would be, that the study will be very good, in the sense that it will give us a little more information about what kind of infrastructure or options or actions we could take.*

***MS. GABRIELA TORRES [Policy Coordinator, Surfrider Foundation, San Diego Chapter]:*** *We are very optimistic about today's presentation. We have waited more than a year for it. We were expecting it to be presented to us in March, April of last year, after the major spill occurred. So today we are very happy that they have presented it.*

***[IN ENGLISH]***

***MR. DOUG LIDEN [Border Water & Wastewater Issues, U.S. Environmental Protection Agency Region 9 Office]:*** *One is we want to determine whether, how we can improve the operations on the Mexico side of the border to divert those low flows during dry weather, the operations of that system during dry weather, and also to see whether or not more infrastructure can be built on the U.S. side or in Mexico or whether the infrastructure can be expanded, so that after a storm event we can get that system to handle more of these post-wet weather flows in order to reduce the number of times the beaches have to be closed as a result.*

***[TRANSLATED FROM SPANISH]***

***NARRATOR:*** *Since its inception, the Bank has participated in water and wastewater projects worth more than US$138 million for the Tijuana and Rosarito region. These efforts have helped rehabilitate and build new infrastructure to improve wastewater treatment and provide first-time wastewater service to thousands of residents, in addition to providing technical assistance for various types of studies, including needs assessments and project design and development. NADB has been working proactively since 2016 with local, state and federal authorities to be part of the solution in addressing raw wastewater spills to the Tijuana River.*

***MR. ALEX HINOJOSA [NADB Managing Director]:*** *The role of the Bank has been to facilitate planning and provide support in various ways to the local water utility, CESPT, in Tijuana, to have a comprehensive plan, have a complete long-term plan for improving the wastewater collection and treatment system.*

**MR. BRAVO**: Thank you very much, I would like to recognize…

[APPLAUSE]

**MR. BRAVO**: I would like to recognize the presence of Denise García of Binational Affairs. She represents the Mayor of San Diego. Thank you for being with us Denise. And Oscar Ibáñez, a great friend of the Bank, president of the Chihuahua state water agency.[[9]](#footnote-9) Thank you for coming from so far away, Oscar. Where are you? You were in the video, huh?

[APPLAUSE]

Hernando Durán from Tijuana Innovadora.

Now we respectfully ask the Mayor of Ensenada, Marco Antonio Novelo, to say a few words, preferably from there because it is a bit difficult to get down. Wherever you want, huh?

**MR. NOVELO:** Wherever you prefer.

**MR. BRAVO:** It is just that you would have to go down the steps and come over here. Wherever you wish.

**MR. NOVELO:** Here is fine. Thank you very much. My apologies. I just came back from Mexicali. I was meeting with the governor on the topic of finances. Then I came straight here. My apologies to everyone here. I warmly welcome those here on the dais who have already been formally introduced and to all those present my warmest greetings.

We are very pleased to host the public meeting of the Board of Directors of the North American Development Bank. This binational financial institution was established in 1994 within the framework of the negotiations of the North American Free Trade Agreement. The organization was created to address the development of environmental infrastructure, as already noted—drinking water, water treatment, harnessing of energy sources—in communities located within 300 kilometers of the border in the Republic of Mexico and within 100 kilometers north of the border in the United States. The North American Development Bank has an assistance program for impoverished communities with limited debt capacity that can be selected grant projects related to water, wastewater, solid waste, and water conservation.

Ensenada, Ensenada is the largest municipality in Mexico, and southern Ensenada has the poorest population of the state, mostly indigenous people. That is the magnitude of the challenges facing the government in the area of public services, generating a backlog of unmet needs for drinking water supply, garbage collection, wastewater treatment and reuse, and the collection and final disposal of municipal solid waste.

Although it is true that at this time a desalination plant is about to be built in the San Quintín Valley to meet the demand for water, I think we should push for, we should push for the treatment of wastewater and retention of rainwater with levees and dams throughout the region. Considering that within 52,000 square kilometers of land we do not have a single river and that rainfall does not exceed 200 millimeters a year, the issue of water is clearly a priority. It is life. It, that is, it sustains economic activity, health and life itself. We are more than willing to do our part to achieve water projects that benefit our neediest communities and everyone in general.

The key issue for reducing environmental pollution in the region are reducing the emission of particles in the air through the street paving program and the development of an urban mobility program that supports projects that align public transportation with the promotion of non-motorized mobility. With support from the North American Development Bank, as well as that of the XXII City Council and the people of Ensenada who are here today, we can advance these goals. Thank you very much everyone. Alex Hinojosa, regards. Thank you all.

[APPLAUSE]

**MR. BRAVO:** Thank you, Mr. Mayor. Now we ask Thelma Castañeda Custodio, Secretary of Environmental Protection, to say few words on behalf of the Governor of this state.

**MS. CASTAÑEDA:** Of course, with pleasure. I’m going to put on my glasses.

Good afternoon. Good afternoon everybody. A warm welcome to those here on the dais. Distinguished special guests, officials of the different levels of government, representatives of civil organizations, the media, ladies and gentlemen. Mr. Francisco Vega de Lamadrid, through me, sends you warm greetings and expresses his interest in the work being carried out by the North American Development Bank and feels confident that it will continue developing options for improving environmental infrastructure.

Baja California recognizes and applauds the maturity of both the Border Environment Cooperation Commission and NADB in demanding the right to a healthy environment along the U.S.-Mexico border. It is relevant to recognize that the U.S.-Mexico border region has *sui generis* environmental characteristics, mainly due to its biological diversity and extreme climatic conditions, making efforts to address environmental problems financially demanding.

I am sure that everyone here believes that, despite the economic and cultural disparities that may exist between Mexico and the United States, the ties between both countries need to be strengthened, since environmental problems afflicting the border region today do not recognize existing political or administrative boundaries. Therefore, and with a view to achieving the best possible results, it is necessary to stress the importance of strengthening the governance in managing the quality of our natural assets, particularly water resources and the environmental infrastructure needed in the border region.

Throughout the 24-year history of NADB, the progress and improvements made have been very evident in water and wastewater infrastructure, in studies and projects to support waste management, in the improvement of air quality, as well as in technical and financial support for the development and efficient use of energy.

Mr. Francisco Vega de Lamadrid recognizes the development of projects supported and implemented in Baja California, especially in the water and wastewater sector, which have positioned the state as a leader nationally, both in water distribution and treatment. However, in the U.S.-Mexico border region there is an issue requiring greater effort and joint participation to address the threat of global warming and climate change in this region.

Finally, I would like to state that the Government of the State of Baja California is pleased that this region has been selected as the venue for reviewing and discussing knowledge that helps improve the quality and conservation of natural resources in the U.S.-Mexico border region. Thank you and we wish you much success in your endeavors. Good afternoon.

[APPLAUSE]

**MR. BRAVO:** Thank you very much. The opening ceremony has concluded. We would ask our guests, do you want to stay? You are cordially invited to remain, if your schedules permit, or we can continue with the meeting. You tell me.

You are all staying? Okay. We are delighted. Yes?

**MS. CASTAÑEDA:** We are already here.

**MR. BRAVO:** Okay. We will continue with the public comments. We have a rule, such are the discussions these days with a very special rule. We can only give three minutes for public comments, and the response—that I don’t know how that may be—but it will be three minutes as well. But we will start with those who have asked to participate. Those who have not signed up yet, there are some sheets that my colleagues must have already given you, where you fill out your name, the topic you are going to discuss. So, of those who have asked to speak, the first one is Greg Cox of San Diego County. Greg. And we have a microphone, or you can ... ah, yes. Very good.

**[IN ENGLISH]**

**MR. COX:** Good afternoon. Mr. Chairman, General Managing Director Hinojosa and members of the NADBank Board, thank you very much for the opportunity to speak to you this afternoon. My name is Greg Cox. I’m a member of the San Diego County Board of Supervisors. I’m one of five supervisors, and I’m honored to represent the southern part of San Diego County, including the cities of Imperial Beach and San Ysidro. I cover the first 14 miles of the border from the Pacific Ocean now to the East Otay Mesa.

Despite politics at the national level, the San Diego region has built economic ties with Baja California, and this has resulted in the Cali Baja Mega-Region, a strong, binational industrial center with exemplary cross-border relations and cooperation.

Unfortunately, as this Board is well aware, untreated sewage flows have negatively affected communities in the border region for decades. The communities of my district are no exception. As a matter of fact, beaches in the southern most portions of our county have been closed a total of *five* out of the last 10 years. We are a region in great need of resources to address this problem. And we are doing what we can at the local level. Leaders in our region have been working diligently to put a stop to these sewage flows that threaten the health of our citizens, harm the ecological resources and force the closures of our beaches.

The County of San Diego, through money from the State of California, is undertaking a study with the goal of identifying comprehensive solutions on the U.S. side of the border to address impacts caused by cross-border flows of sewage, as well as trash and sediment. But we need help. I wholeheartedly hope and agree with Mr. Hinojosa in his op-ed in the San Diego Union earlier this month, when he said that the North American Development Bank is a driving force that can help solve this decades-long problem.

We’ve already seen examples of this, and I want to thank this body for the agreement signed in April that granted $1.17 million dollars to repair infrastructure in northwest Tijuana. In addition, through funding from the U.S. EPA, this body has funded $240,000 dollars towards a diagnostic study in the Tijuana River to decrease adverse water quality impacts on the Pacific Ocean. Our county staff has been coordinating closely with the U.S. EPA to ensure our collective efforts are complementary.

All of these things are an outstanding start. Never have we seen a more coordinated effort to address this problem than in this past year. But we have a lot of work to do. I appreciate NADBank’s previous support, and I urge you to stay in the fight and continue doing whatever *you* can to help us and fix this problem once and for all. I thank you for the opportunity to address you this afternoon. Thank you.

[APPLAUSE]

**[TRANSLATED FROM SPANISH]**

**MR. BRAVO:** Thank you very much. The timer is professional, right? How about that? Okay, we ask Fay Crevoshay from WILDCOAST to say a few words. Fay, there is a microphone here please or here.

Sorry, first of all, is anyone still holding on to the public comment form? Do you have it in your hand? You do? Armando.

Okay Fay, please.

**MS. CREVOSHAY:** **:** Good afternoon. I am Fay Crevoshay, the Director of Public Policies at COSTASALVAJE/WILDCOAST. We are a non-profit organization, with a Mexican A.C. and a 501(c)(3) in the United States.[[10]](#footnote-10) You saw the founder, Serge Dedina, who is also the mayor of Imperial Beach. I want to congratulate the Bank for all its efforts and actions. Thank you very much for giving us this, for opening this forum, and congratulations for everything that has been achieved.

Basically, I’ve come to ask you, to beg you, to remind you, what you already know. We saw the entire video on Tijuana. It is urgent for us. It is urgent for us. Last week—we are already in summer, there are already camps. Last week, the beach in Imperial Beach was closed. It’s a pity that all this potential, this economic catalyst, of these beautiful beaches that we have from Tijuana to Rosarito and beyond, to Ensenada, cannot be developed because of this problem that has been going on for decades.

So, I mean, we were happy about the study, but we really hope that this year we can see some action, especially... I have here the summary of a study that the Bank did two years ago, and we were sure that we were going to see some action last year. The first short-term action presented—there are short-, medium- and long-term actions—is to build a new treatment plant at San Antonio de los Buenos. The existing water treatment plant there is not working. Its technology is definitely obsolete. Cutting-edge technology is available. It is not too expensive, and it would solve a huge problem for all of southern San Diego and the entire beautiful region of Tijuana-Rosarito, because when the current goes from south to north, it closes and affects the beaches of California and when it goes in the opposite direction, the beaches of Rosarito are affected. It’s a pity. It could be tourist destination. They are beautiful beaches but have not been developed for that reason, which has existed for decades.

So, for us, well, it is urgent. We have an urgent need. The mayor of Imperial Beach sends his greetings and regrets that he could not be here, but actually he already said it in the video. It is urgent for us. We urgently need this action to be taken with the treatment plant and coastal collector in order to stop those spills, which are occurring quite often…during the rainy season, it goes without saying, but during the dry season. And we have hotels with people who come to the ocean during the summer. We have camps with children waiting to get into the ocean and every time we have to close those beaches. It’s awful.

And of course, the pump. All that infrastructure, which without a doubt is not working because of the growth of Tijuana and needs to be upgraded. But if those three steps were taken, the immediate situation, the immediate emergency, could be addressed. So, we are here, just to remind you that we would like to see action *this year*, if possible. Thank you very much and thank you for opportunity to speak.

**MR. BRAVO:** Thank you very much Fay. Mario López from IEnova asked to speak. Is he here? Mario?

**MR. LÓPEZ:** Thanks. Good afternoon. Thanks for being in Ensenada. My name is Mario López, from External Affairs at IEnova. Just to acknowledge the support and vision of the Bank in the long term in supporting, above all, energy infrastructure, especially renewables.

We have a project, Energía Sierra Juárez, together with InterGen, for renewable energy. It was the first project in Baja California, with 155 megawatts, to receive support from the Bank. We and many companies are going to continue to grow in the area of renewable energy, thanks to the energy reform. And the long-term relationship and future of energy between the United States and Mexico is shared. Therefore, we appreciate the support and long-term vision of the Bank and please continue financing energy infrastructure projects along the border. Thank you for being in Ensenada.

[APPLAUSE]

**MR. BRAVO:** Thank you very much. I want to recognize the presence of Paola Ávila, a friend of the Bank, from the San Diego Chamber of Commerce. Thanks for coming. Rodolfo Maldonado from Visionary Concepts has the floor.

Is he here?

He’s not here.

Bernardo Durán from Tijuana Innovadora. Please, Bernardo.

**MR. DURÁN:** Good afternoon. Tijuana Innovadora is a civil organization that has become a permanent, active citizens movement that takes into account the binational nature of the Tijuana-San Diego megaregion where almost five million residents share the same ecosystem.

Tijuana Verde is a sphere within the Tijuana Innovadora movement, and its efforts are aimed at calling on the general public, academic institutions and the private sector to advance projects, along with the three levels of government, that support and promote preserving the environment in the Tijuana-San Diego region in order to achieve a better quality of life for the residents of this region.

Tijuana Verde is the result of the vision of the citizens, especially the major environmental groups in the region, a vision that has been developed through our main forum, Green Agora Verde, where primarily environmental and civic groups, as well as academic institutions and government agencies, have been meeting since 2015, alternating between Tijuana and San Diego.

The main objective of Green Agora Verde is to openly discuss the main projects and environmental issues of the Tijuana-San Diego region. One of the projects that Tijuana Verde... One of the projects that Tijuana Verde is promoting is the Tijuana Verde Initiative: Citizen Observatory for Tijuana River Water and Tijuana-San Diego Beaches, where Tijuana Verde intends to create an observatory, which is a clearinghouse for sharing information and analyses, for the purpose of developing a strategy of necessary actions, the monitoring of necessary actions, to address the problems and solutions for the crucial issue of wastewater in the Tijuana River, as well as to provide a binational citizen forum for public discussion from the perspective, as I said, of citizens binationally.

The Tijuana Verde Initiative: Citizen Observatory for Tijuana River Water and Tijuana-San Diego Beaches will undoubtedly be a tool that NADB and general public from both sides of the border will be able to use to validate, from a perspective of the citizens, the projects in which NADB is participating on this sensitive issue.

For the foregoing reasons, we respectfully ask NADB to consider the project, which I am bringing here in its complete final design, as a candidate to receive support in order to meet the objectives previously stated. Thank you very much.

[APPLAUSE]

**MR. BRAVO:** Thank you very much, Fernando. The next speaker is John Hernández from Nuestras Raíces in Brawley, California.

**MR. HERNÁNDEZ:** Good afternoon everyone. My name is Juan Hernández, and I come from Imperial Valley. How many people are here from Imperial Valley?

How sad, right? We are a community, 85% Latin Americans, Mexicans, greatly impacted by infrastructure on the border. There has been development, yes, of some projects, but they have not benefited most of the people that live there.

Our sea, which used to be our playground, is drying up for lack of water. We are still receiving wastewater from two rivers coming from Mexicali: the New River and the Alamo River, that a development with one million people on this side and 180,000 on this side. We need more attention. We need more cooperation. We need for people like me, who are emigrants to the United States, who are not now going to leave, to have a decent, healthy quality of life, which our parents and our grandparents crossed the border to give us.

So, I think we have an opportunity to give a little more attention to our region, from the border with Mexicali, Arizona, to San Diego County, where we have the Salton Sea. How many people know anything about the Salton Sea? Well, there we go, we are making progress. It is drying up. One hundred years of contamination from poultry farming but, who is suffering? We are.

My voice is like this right now because I was there. I was there because I am working and advocating so we can get some attention. I have spent my whole life there.

**[IN ENGLISH]**

So, I was born and raised there in that area. So, I want to see… a little bit more attention and a little bit more cooperation that we’re trying to give, and I know it has to come from our side of the border. You know, we’ve seen projects in solar. We’ve seen projects in wind. We’ve, we have, you know, a couple thousand megawatts. There’re projects, but we’re getting the residual. As a community, 85% Latinos, Mexican-American, we can’t, we can’t turn our backs on the greatest need.

So, I, I,… I just had to, you know, get up here and say this. There’s opportunity. There’s opportunity to work together, which was the whole purpose of this Bank and was the whole purpose of NAFTA.[[11]](#footnote-11) And I think we’re not going to go back, I think we’re going to continue moving forward. So, I hope that there are some of you out there that will continue to work with us. Thank you very much.

[APPLAUSE]

**[TRANSLATED FROM SPANISH]**

**MR. BRAVO:** We have the participation of Carla González, Director of Economic Development and Tourism of Tecate, Baja California.

**MS. GONZÁLEZ:** Thank you. Good afternoon everyone. Mr. Chairman, greetings from our Mayor, Nereida Fuentes, likewise, to the entire Board of Directors.

Two important issues also in our municipality that—while it is true the issue of wastewater, I mean, I know it is a Cali-Baja issue that affects us all equally. In our Magical Town, in our mountains, we also have the problem of pollution from garbage dumps.[[12]](#footnote-12) It is significant. We have some projects, primarily in rural areas, for sanitary landfills. Last year a macro-cell was inaugurated to minimize a bit the issue of disposing of solid waste in the urban area, but we need to go into our rural area. One of the most important is in Rumorosa, which is one of our icons, not just for Tecate, but a unique geographical and tourist icon here in our region. And that, well, obviously the great tourist potential is minimized when we see this dump, not to mention the public health issue affecting the towns’s neighbors.

There is likewise… We are working on the renovation of the Jacome-Bajacome port of entry project, which we know is an option, in the future, that we should not take off the map, since there is nowhere else on the border that can provide the space, and above all the land is available to build the infrastructure of a port of entry that, in the long term, will also help us with the issue of the environment, since the emissions from all those long lines and hours spent by the cars, transporters, especially cargo trucks, would be minimized with a larger port of entry and, particularly, one that is not located within the urban area, which is the case of the Jacome-Bajacome port of entry.

These are the issues we have in Tecate, and well let’s not forget about them. We know that there are other issues that are urgent and prioritized, but these are also issues that we should not overlook in the medium and long term. Well, good afternoon.

[APPLAUSE]

**MR. BRAVO:** Well, thank you very much.

Gabriela Torres from Surfrider Foundation asked to speak. There she is.

**MS. TORRES:** Good afternoon. I am Gabriela Torres. I am an U.S. environmental lawyer and a representative of the Surfrider Foundation. We are a San Diego-based organization dedicated to the protection of the ocean, beaches and waves. I am here solely to ask NADBank to prioritize the issue of transboundary sewage and to support concrete concrete, since time is now to make some changes. Thank you very much.

[APPLAUSE]

**MR. BRAVO:** Okay, if there are no more requests to speak, we will close this—. Yes, there is one, of course, José Carmelo Zavala from CANACO Tijuana.[[13]](#footnote-13) You were taking your time, huh?

**MR. ZAVALA:** I was taking my time, yes. I made a vow of silence, but I could not forgo the opportunity. I found the video kind of embarrassing. I find it embarrassing because I feel responsible for the southern border, the spill, the, I find it... I’m responsible for the law of gravity. The Tijuana River basin *drains* to the north, but naturally, huh? We are perhaps responsible for not having the infrastructure capacity, an economy sufficient to collect and treat our wastewater. For that, we are responsible. You have already expounded on it, I’ll say no more.

But I will say, two hectares of the Cañon de los Sauces park in Playas de Tijuana were devastated by a beetle that brought a truant fungus there, and that beetle plague came from the north because the phytosanitary fence in San Diego was insufficient. And the costs of rebuilding that green area in Playas de Tijuana, are only on the Mexican side, huh? I would like the Bank also to contribute, to consider that.

I would like... the role of the Bank also—for everything that I’m grateful to BECC and the Bank, I’ve been a fan since their creation—also imagine, imagine a mechanism where the reuse that I support on behalf of CANACO, the reuse with an environmental benefit, I would like you to imagine, also, that we imagine together, how to make the tires from California that are crossing, 850,000 tires a year, in high demand by us, that they do not come here as orphans, accompanied by a dollar and change or two dollars of the deposit that is paid in California and the refund deposit system is *broken* when they cross over here. The refund deposit system is the most righteous, for example, for aluminum. But we need the ecosystem to be integrated. Just as California and Baja California are a single ecosystem, our society and our economy also respond to these challenges. I would like the Bank to have a key role in that as well. Thank you.

**MR. BRAVO:** Thank you very much José Carmelo.

[APPLAUSE]

I understand that the mayor wants to say a few words. Mr. Mayor.

**MR. NOVELO:** Thank you very much.

Yes, I would like to mention the El Naranjo water treatment plant here in Ensenada. It is an interesting topic, and the other topic is the facility in El Sauzal and also in San Quintín. Yes, I would like, if you would allow me, to give the floor to the Director of Infrastructure and Public Services of Ensenada, César Cuevas, if I may? Alejandro?

Go ahead, César.

**MR. CUEVAS:** Good afternoon. As the mayor mentioned, Ensenada, because of its topography, because of the size of the municipality, is facing a series of very significant environmental challenges. Of note, naturally, we are in the middle of a water crisis in our coastal area and well, recently, as mentioned earlier, the 250-liter per second Ensenada wastewater treatment plant began operation and the 250-liter per second San Quintín treatment plant is in process, which will meet significant demand in the region.

However, well, that brings about other consequences, the need to also reuse water. Today in Ensenada we are, the Ensenada treatment plants are generating around 618 liters per second that we are throwing into the sea. I think we have great potential in Ensenada to replace the fresh water that we are currently using for green areas, gardens, medians and replace it with treated water. I think we have a great opportunity to make water use much more efficient.

In San Quintín, as well, the fact that we may soon have a treatment plant is also going to require the urgent development of a wastewater treatment and reuse system. I think that we have a major challenge that would be very meaningful for the area in terms of making the best possible use of water, but also in minimizing our expenses, which administrations face for public use, right? So, I think there are some projects that we would like to have the opportunity to present to the Bank as an alternative solution.

I would also like to take the opportunity to quickly touch upon another issue that has also generated a serious conflict and that is the final disposal of municipal solid waste. Actually, the region, the rural communities in the municipality of Ensenada have grown sharply. The San Quintín Valley already has around 100,000 residents, and this has generated significant demand for solid waste management. With the support of the state and federal governments, a sanitary landfill was built, which to date has not operated. So, we need help to move forward with this landfill, create disposal systems in the communities and the transfer to that sanitary landfill to succeed in cleaning up that important region of the municipality and, well, to find mechanisms for making municipal solid waste management more efficient.

I think we have significant environmental challenges that we, the Municipal Government of Ensenada, would like to bring to the attention of NADBank and obtain its support. Thank you very much.

[APPLAUSE]

**MR. BRAVO:** Thank you very much.

We have one last request from Javier Barraza, Executive Chairman of the Economic Development Council of Ensenada.

**MR. BARRAZA:** Yes. Good afternoon. I have been listening to various requests, problems and situations that may arise because there is a lot to address. I just have a question for you. You are a bank, and a bank, of course, when you go to ask for money, you tell it, not so much the problems, you say—I have this project, I want to do this, and I’m going to pay in this way. So, my question is simply this: Do you have money for projects? Because then we can present serious things and not just requests. Thank you.

[APPLAUSE]

**MR. BRAVO:** Well, thank you very much. Any questions? Oscar Ibáñez, President of the *Junta Central de Agua y Saneamiento*.[[14]](#footnote-14)

**MR. IBÁÑEZ:** Good afternoon everyone. Well, first, congratulations on this meeting, for the work that both the former BECC and now the NADBank have been developing. I had the chance to talk a little about this with Alex, with Calixto, back in San Antonio, but I would like the Board to hear it.

We are moving based on an economic rationale for debt financing by border municipalities and states. We are moving towards infrastructure projects that must now necessarily entail more creative financing processes. Some that we are trying in Chihuahua specifically—and not just in Chihuahua, they are being used in other parts of the world—are performance-based contracts. And in the case of water management and administration, these are projects where cost-effectiveness is based precisely on savings and the results that are achieved, not only in volumes, but also in the efficiencies generated in the utilities: large-scale smart metering projects, pressure management projects that even reduce water losses, those types of things.

However, in our discussions with Bank staff... it is clear that adjustments must be made to the legal frameworks and also, I believe, that there is a need to be more aggressive in the financial packages of the banks in response to this new reality. Performance-based contracts are different, although they could be considered like PPPs, but they have characteristics that make them different.[[15]](#footnote-15) So, the issue of guarantees is not as clear as one might think in other infrastructure projects. Precisely because they come from the savings generated by the projects themselves.

So, a respectful recommendation to the Board is that you consider this a key development tool for financing projects in an environment where the debt capacity of government agencies is increasingly slim. Thank you very much.

[APPLAUSE]

**MR. BRAVO:** Thank you very much Oscar.

[APPLAUSE]

Well, with that we conclude this productive meeting, with a great deal of participation. It is not over yet because you are invited to attend a reception here in the courtyard. Don’t leave. It is going to be very nice. And thank you for coming, our heartfelt thanks.

[APPLAUSE]

[MEETING ADJOURNED]

1. Text shown in blue indicates that the original comments were made in Spanish and were translated into English. [↑](#footnote-ref-1)
2. Correction: Senator Rodriguez is the U.S. border state representative on the NADB Board. [↑](#footnote-ref-2)
3. *Colegio de la Frontera Norte* (COLEF), Mexican institute of scientific research and higher education specializing in U.S.-Mexico border issues. [↑](#footnote-ref-3)
4. Tijuana water utility, *Comisión Estatal de Servicios Públicos de Tijuana* (CESPT). [↑](#footnote-ref-4)
5. Mexican employers’ association, *Confederación Patronal de la República Mexicana* (Coparmex), and national chamber of restaurants and seasoned foods, *Cámara Nacional de la Industria de Restaurantes y Alimentos Condimentados* (CANIRAC). [↑](#footnote-ref-5)
6. National chamber of business, services and tourism in Tijuana, *Cámara Nacional de Comercio, Servicios y Turismo de Tijuana* (CANACO Tijuana). [↑](#footnote-ref-6)
7. Mexican Ministry of Environment and Natural resources, *Secretaría de Medio Ambiente y Recursos Naturales* (SEMARNAT); and CEMEX, a Mexican company in the building materials industry. [↑](#footnote-ref-7)
8. National infrastructure trust fund of Mexico, *Fondo Nacional de Infraestructura* (FONADIN). [↑](#footnote-ref-8)
9. Chihuahua state water agency, *Junta Central de Agua y Saneamiento de Chihuahua* (JCAS). [↑](#footnote-ref-9)
10. In Mexico, A.C. stands for “*asociación civil*”, which is the legal designation for a non-profit organization. [↑](#footnote-ref-10)
11. North American Free Trade Agreement (NAFTA). [↑](#footnote-ref-11)
12. The *Programa Pueblos Mágicos* (Magical Villages Program) is an initiative led by the Mexican Department of Tourism (SECTUR) to promote towns around the country that offer visitors a "magical" experience by reason of their natural beauty, cultural riches or historical relevance. [↑](#footnote-ref-12)
13. *Cámara Nacional de Comercio* (CANACO), the National Chamber of Commerce. [↑](#footnote-ref-13)
14. The state water agency, *Junta Central de Agua y Saneamiento*. [↑](#footnote-ref-14)
15. PPP stands for public-private partnership. [↑](#footnote-ref-15)