



***Border Environment Cooperation Commission
Annual Report 2000***



BORDER ENVIRONMENT
COOPERATION COMMISSION

M I S S I O N

The Border Environment Cooperation

Commission identifies, supports,

evaluates, and certifies affordable

environmental infrastructure projects,

as a binational team, to improve the

quality of life for the people in the U.S. -

Mexico border region, now and in the

future in an open public process



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Message from the Chairman of the Board of Directors

"You see things and say, 'Why?'; but I dream things that never were and I say, 'Why not?'"

—George Bernard Shaw

I am proud to be associated with the Border Environment Cooperation Commission, because this organization is changing the ways that the people who live on the border see the border. Our organization respects tradition while working to improve the future. Where others have historically seen impossible challenges, we see staggering potential, and we are making this potential blossom with the careful gardening of our watchwords: SUSTAINABLE DEVELOPMENT THROUGH PUBLIC PARTICIPATION.

Like you, I find streets soiled with sewage to be unacceptable. Like you, I realize that the people who travel those streets and call them home are proud people whom we can help in achieving their own dreams of transforming their communities. In that regard, it is appropriate—particularly upon the dawning of a new millennium—that we who believe in the BECC's mission convey a unified sense of urgency to improve the collective quality of life on the border.

The BECC is on the threshold of facilitating dynamic change that honors the region's history and envisions bold steps toward unprecedented infrastructure development. We have created a streamlined system that emphasizes a common-sense approach to technical problem-solving. One certification at a time, we are changing communities for the better by providing their residents with healthier places to live,

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work and raise families. Our process places a high premium on each community's vision of itself — not on how it is seen by others.

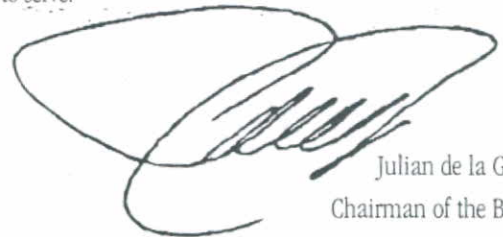
Partnering with other organizations, we are able to turn a community's vision into a sustainable reality that feeds community development. Elsewhere in this report, you will read about these success stories.

We are more than engineers and technicians. We are social promoters of an enhanced quality of life for millions. We must take our responsibility seriously as we expand the scope of our services and offer our support to more and more deserving communities. This process will not only enhance our top priorities of developing water, sanitation and municipal solid waste initiatives, but it will also put other binational environmental programs related to air quality, water conservation, efficient energy production and

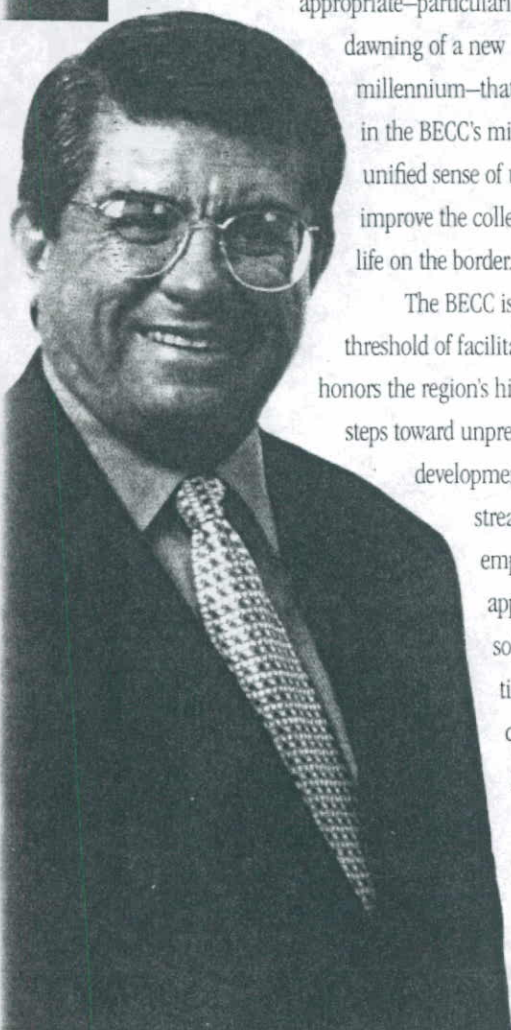
recycling on a faster track toward development and realization.

Prudence demands that we recognize the environment in which we operate, but in both of the countries we are privileged to serve, community decisions are determined by the votes of free people. By serving those people with respect and consistent quality, we will demonstrate the enduring value of the BECC's mission.

Big dreams require hard work. Asking "Why not?" entails a serious commitment. But by addressing difficult problems, we pave the way for meaningful community progress. At the BECC, we embody an abiding hope for a better tomorrow for many whose dreams have been unfulfilled for far too long. We must continue to breathe life into those dreams — one community at a time. That is what we are about. That is how we must view the border and the communities we seek to serve.



Julian de la Garza
Chairman of the Board



Introduction

Current Condition of the Environment of the Border

The Mexico-United States border extends more than 2,000 miles, from the cities of Tijuana/San Diego to Matamoros/Brownsville. The 62-mile area on either side of the border has a population of approximately 12 million in six states in Mexico (Baja California, Sonora, Chihuahua, Coahuila, Nuevo Leon, and Tamaulipas) and four states in the United States (California, Arizona, New Mexico and Texas).

The border region has experienced the most dynamic economic activity and the highest population growth for both countries. It therefore faces important challenges, particularly in terms of the availability of basic services and the sustainable use of its natural resources. Scarcity of water, lack of wastewater treatment, and improper solid waste management represent some of the most significant challenges faced by the people of this region. Serious health problems have arisen from decades of environmental pollution.

To help address these problems, the governments of the United States and Mexico — as part of NAFTA — established the Border Environment Cooperation Commission (BECC) and the North American Development Bank (NADB) as institutions with essential roles in the development of environmental infrastructure along the border.

Purpose of the BECC

The purpose of the BECC is to promote the conservation, protection and improvement of the environment in the border region. This is achieved by developing projects where upon certification by the Board of Directors qualify for construction funding from the NABD or other funding sources.

Responsibilities of the BECC

The BECC is empowered to identify, evaluate and certify environmental infrastructure projects within the parameters of

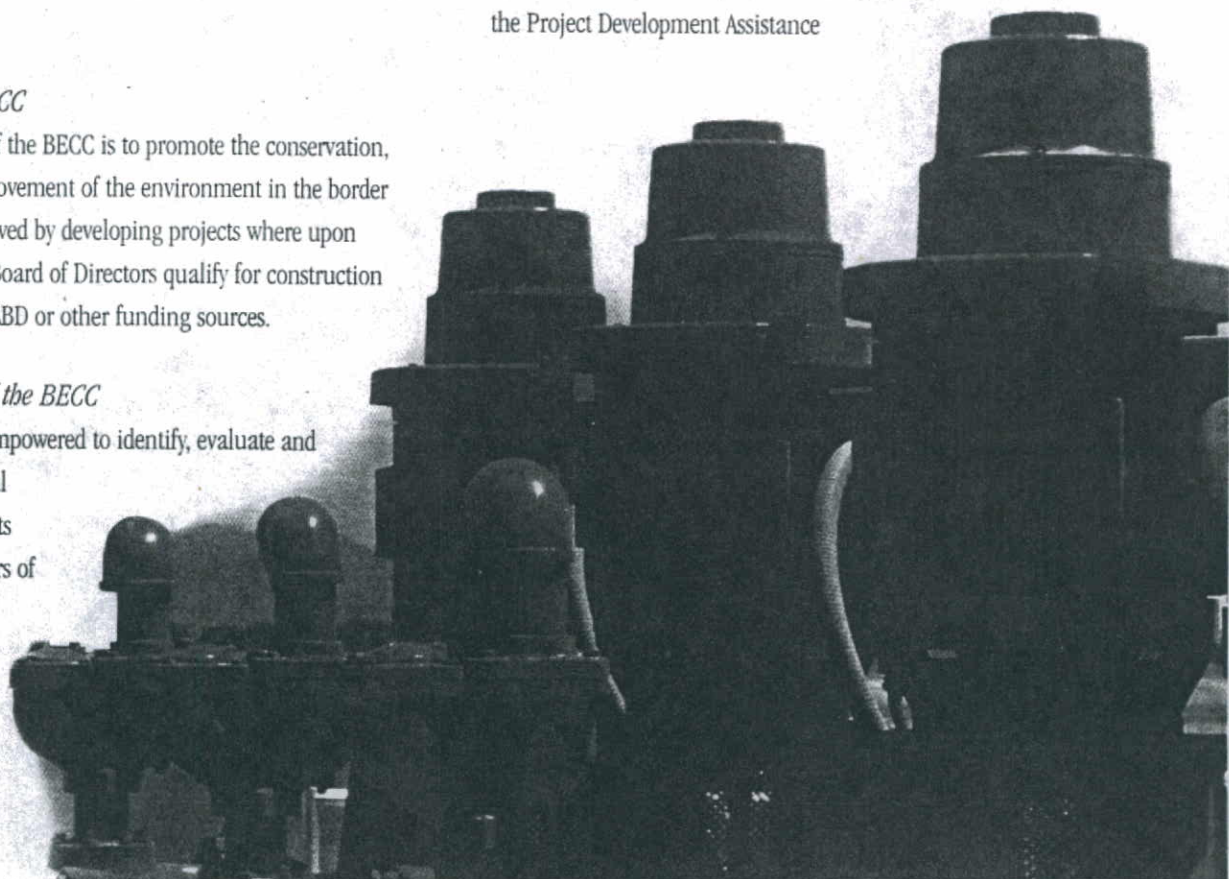
pre-established criteria designed to ensure the highest standards of technical viability, sustainability and public participation. The BECC funds technical assistance for project development and design of environmental infrastructure projects, which are then submitted to the BECC Board of Directors for approval. The organization is governed by a 10-member bi-national board of directors (five from each country), assisted by an 18-member bi-national Advisory Council (nine from each country). The BECC's General Manager and Deputy General Manager oversee the day-to-day functions of the organization, with their 45-member bi-national staff.

In accordance with its mandate, the BECC gives preference to projects dealing with water supplies, wastewater treatment, municipal solid waste and other related matters.

Operational Funding

The BECC's operational budget consists of matching contributions from United States and Mexico. In the United States, the allocation is made through the State Department; in Mexico, the Secretariat of the Environment and Natural Resources (SEMARNAT) appropriates funding to the BECC.

In addition to its operational budget, the BECC manages the Project Development Assistance



Program (PDAP), which is funded by the U.S. Environmental Protection Agency (EPA). This program allows technical assistance funds to be provided to border communities for abatement of water pollution and new construction of wastewater treatment projects. The BECC's operational budget also provides technical assistance funding for solid waste projects.

Expansion of Projects Eligible for BECC Certification

Based on authorization by its Board of Directors and in coordination with the NADB, the BECC will now consider for certification industrial and hazardous waste projects (to the extent that waste presents a pollution threat to water or soil); water conservation projects; water and wastewater hookups for housing; and recycling or other waste-reduction projects.

Projects designed to improve air quality, public transportation, clean and efficient use of energy, water-management issues, and projects for improving municipal planning and development also will be considered.

The BECC, in close coordination with the NADB and federal, state and local authorities from both countries will identify the mechanisms and resources necessary to develop projects in these new areas.

Environmental Challenges of the BECC

The BECC structure promotes an unprecedented level of cooperation between the United States and Mexico by emphasizing teamwork among the three levels of government (federal, state and local) with personnel empowered to work on both sides of the border. The BECC is a fundamental tool for implementing comprehensive solutions to the environmental challenges facing the region.

The BECC has established a comprehensive process for identifying, evaluating, and developing projects, allowing it to find the best economic, technological and social solutions for environmental problems faced by the border region.



"This is an exciting time in the relationship between the United States and Mexico, with both our new presidents engendering a fresh spirit of cooperation between our two countries. I believe this revitalized relationship is wonderful news for the important work the Border Environment Cooperation Commission is carrying out along the Southwest border. I look forward to continuing that collaborative partnership that has provided wonderful benefits to southern New Mexico communities."

—U.S. Senator Pete Domenici



"Our Citizens must have the assurances that all three facets for the use of our most important resource, water, wastewater/sewage treatment and flood control are responsibly and comprehensively managed. Through the work of the Border Environment Cooperation Commission, our border communities are receiving those assurances with sustainable and community-supported certified projects. The regional approach BECC encourages, such as in the El Paso-Las Cruces-Juarez area, is commendable and serves as an example of what true binational cooperation can achieve for the common good of our nations and border residents."

—U.S. Representative Silvestre Reyes



Certified Projects

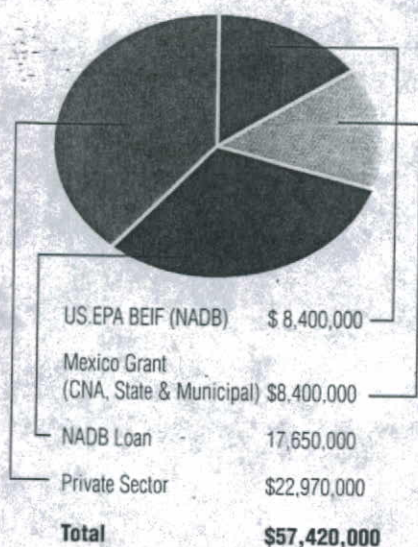
In 2000, the combined efforts of the BECC contributed more than \$1.64 million in PDAP technical assistance for the certification and development of 11 projects benefiting more than 733,000 residents of the region, with an estimated investment of \$324 million.

Piedras Negras, Coahuila

Estimated cost: \$57.42 million

The project will significantly increase the coverage of sanitary sewage collection and improve wastewater treatment. The project will benefit 132,561 residents. The BECC assisted the community by providing \$263,088 in technical assistance. Project financing included a concession in the amount of \$22.97 million to ensure the project's long-term success. The funding sources include an \$8.4 million grant from the EPA through the NADB-managed Border Infrastructure Development Fund (BEIF). It also includes \$8.4 million in matching grants from the Comisión Nacional del Agua (CNA) and state and municipal governments. The balance will come from a NADB loan in the amount of \$17.6 million.

Project Certified: March 24, 2000.

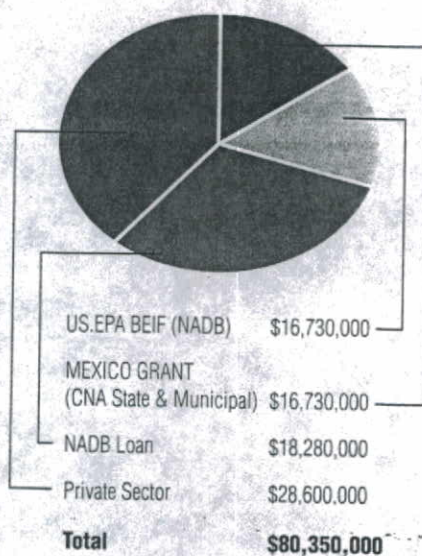


Ciudad Acuña, Coahuila

Estimated cost: \$80.35 million

This project will rehabilitate and expand the sanitary sewer system and construct a wastewater treatment plant. The project also will contribute to the clean-up of the Rio Grande, benefiting 113,194 residents. The BECC provided \$252,224 in technical assistance. Funding sources include a \$16.73 million grant from the EPA through the NADB-managed BEIF. It also includes \$16.73 million in a matching grant from the CNA and state and municipal governments. The private sector will provide \$28.60 million and the remaining \$18.2 million will be funded through a NADB loan.

Project Certified: March 24, 2000.

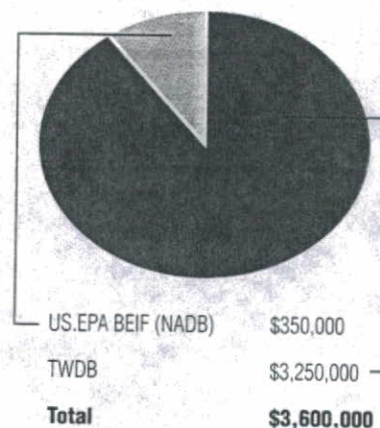


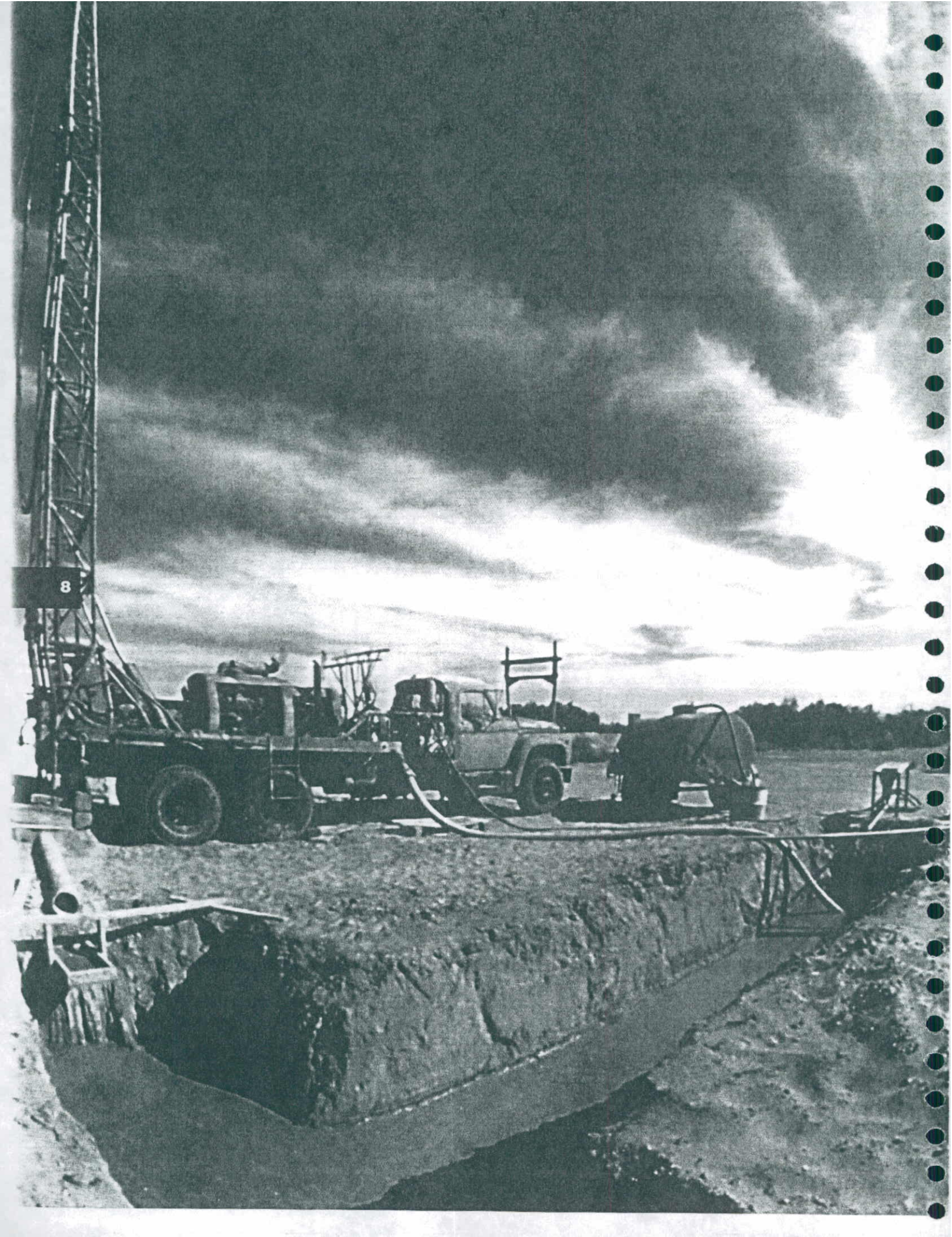
Sanderson, Texas

Estimated cost: \$3.60 million

The project consists of construction of a wastewater treatment plant and sewer system. The project will benefit 1,128 residents. The BECC provided \$16,000 in technical assistance for preparation of the documentation needed for project certification. Funding of the project includes contributions of \$3.25 million from the Texas Water Development Board (TWDB) under the Economically Distressed Area Program (EDAP), and the balance of \$350,000 will come from the NADB-managed BEIF.

Project Certified: March 22, 2000.



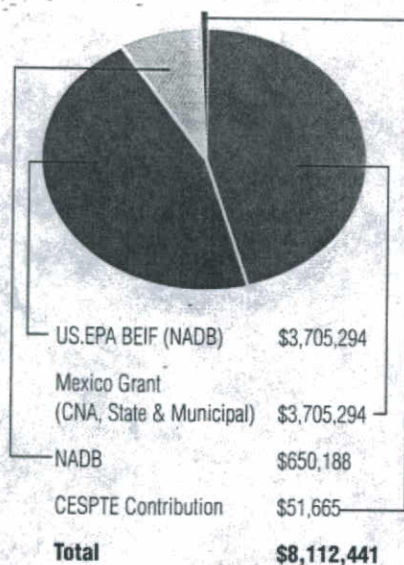


Tecate, Baja California

Estimated cost: \$8.11 million

The project will increase the service coverage of potable water from 95 percent to 99 percent of the population and increase sanitary sewer systems from 81 percent to 99 percent for the overall benefit of 66,164 residents. It also includes institutional strengthening and improvements to the wastewater treatment plant. The BECC technical assistance program provided \$123,549 to update the community's infrastructure master plan. The funding sources include a \$3.70 million grant from the EPA through the NADB-managed BEIF. It also includes \$3.70 million in joint grants from the state government and the CNA, \$51,665 from the Comisión Estatal de Servicios Públicos de Tecate (CESPTE) and the remaining \$650,188 funded through a NADB loan.

Project Certified: June 22, 2000.

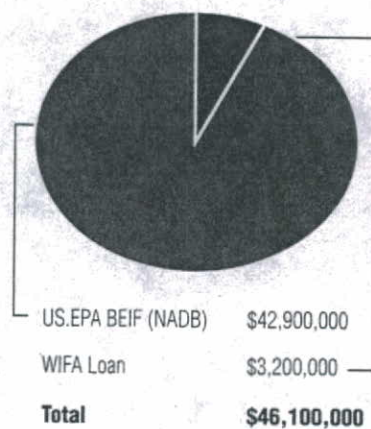


Nogales, Arizona

Estimated cost: \$46.10 million

The project consists of the expansion and upgrade of the International Wastewater Treatment Plant for the benefit of 21,574 residents in Nogales, Arizona and approximately 180,000 in Nogales, Sonora. In addition, the project will improve the riparian habitat downstream of the discharge point of the international plant. Funding for the project includes a \$42.9 million grant from the NADB-managed BEIF. The remainder of the funding will consist of a Water Infra-structure Finance Authority (WIFA) loan in the amount of \$3.2 million.

Project Certified: June 22, 2000.

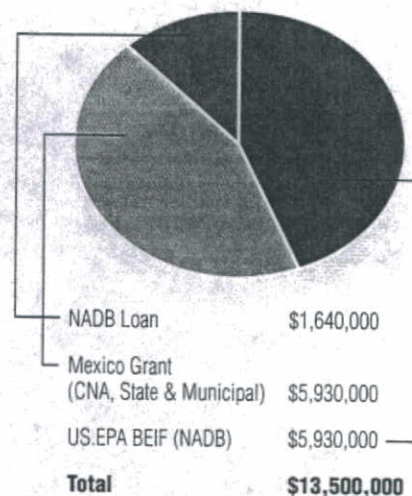


San Luis Rio Colorado, Sonora

Estimated cost: \$13.50 million

The project is to construct a wastewater treatment plant for the benefit of 170,413 residents. The BECC provided \$423,716 in technical assistance for the development of the baseline planning document and final design of the treatment system. Funding for the project includes a \$5.93 million grant from the NADB-managed BEIF, while \$5.93 million will consist of local, state, and federal funds from Mexico; and remaining \$1.64 million funded through a NADB loan.

Project Certified: June 22, 2000.

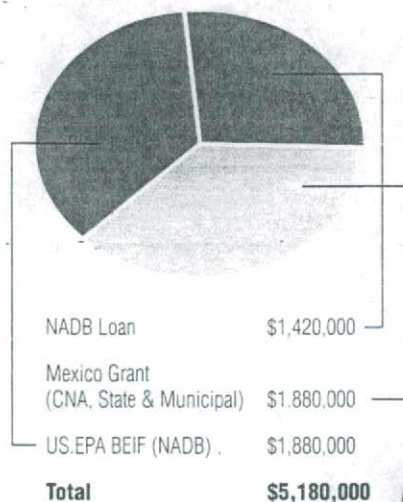


Puerto Palomas, Chihuahua

Estimated cost: \$5.18 million

The project will expand the wastewater collection system and build a wastewater treatment plant, for the benefit of 7,200 residents. The project also will reduce the risk of groundwater pollution, which has been affected by the seepage of untreated wastewater. The BECC provided \$203,379 in technical assistance for the development of the master plan and the summary document for certification. The EPA provided \$1.88 million through the NADB-managed BEIF with Mexican federal and state agencies providing matching funds. The \$1.42 million remaining will be financed with a NADB loan.

Project Certified: December 7, 2000.

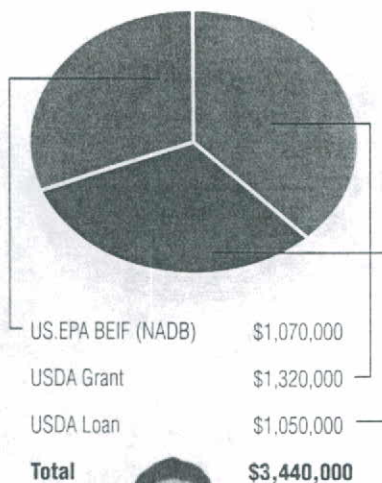


Somerton, Arizona

Estimated cost: \$ 3.40 million

The objective of this project is to support 6,400 residents through the replacement of undersized and increasingly deteriorating water mains, valves, fire hydrants, lot-service lines and water meters. The BECC contributed \$39,166 for the preparation of the summary document and a water-conservation plan. The funding includes grant money of \$2.39 million through the U.S. Department of Agriculture (USDA) and the NADB-managed BEIF. The \$1.05 million remaining was financed with a USDA loan.

Project Certified: September 14, 2000.

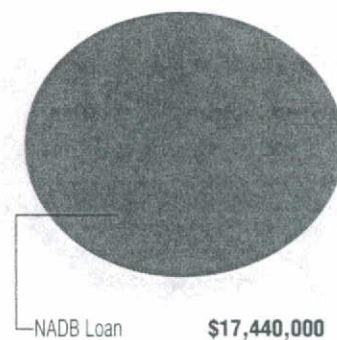


Cinco Manantiales, Coahuila

Estimated cost: \$17.44 million

The project consists of reducing uncontrolled discharges of wastewater, which pollute aquifers and are a source of disease. This project will benefit more than 30,000 residents. This paper recycling and wastewater treatment facility met the BECC's criteria for Private Sector Projects, as a Public/Private Partnership with Grupo Solar. Funding of the project will be provided through a NADB loan.

Project Certified: June 22, 2000.



Project Development Staff

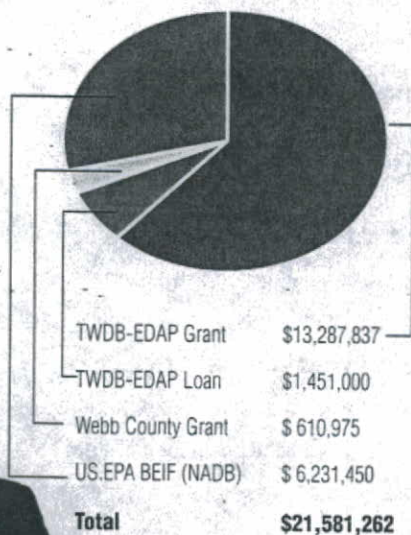


City of Laredo/ Webb County, Texas

Estimated cost: \$21.58 million

The project's purpose is to provide lines, lift stations and storage tanks, as well as a new wastewater treatment plant. This project will benefit more than 3,700 residents. The BECC provided \$182,000 in technical assistance for development of the master plan and the summary document necessary for certification. Funding will come from a Texas Water Development Board (TWDB) grant under the Economically Distressed Area Program (EDAP) in the amount of \$13.8 million and a loan of \$1.4 million. Additional funding of the project includes a \$6.23 million NADB-managed BEIF grant and a contribution from Webb County in the amount of \$602,000.

Project Certified: September 14, 2000.



"I believe that (the BECC) is an institution that is the model for the challenges of the border, since the problems of this region recognize no borders. The unique structure where authorities from both countries participate and together search for solutions sets a standard for other organizations that are needed in this region."

—Senator Jeffrey Jones
(Chihuahua)



"The border has gained more stature because of institutions like the BECC and the NADB. Their work has improved the conditions of the border and they have been very positive in immediate solutions."

—Senator Oscar Lubbet
(Tamaulipas)



"The BECC symbolizes the kind of cooperation that has benefited the border by providing solutions in a method that promotes biculture and binationalism. The sharing of this unique vision has generated positive results to this region."

—Representative Jose Carlos Borunda
Federal Congress (Chihuahua)



Sustainable Development

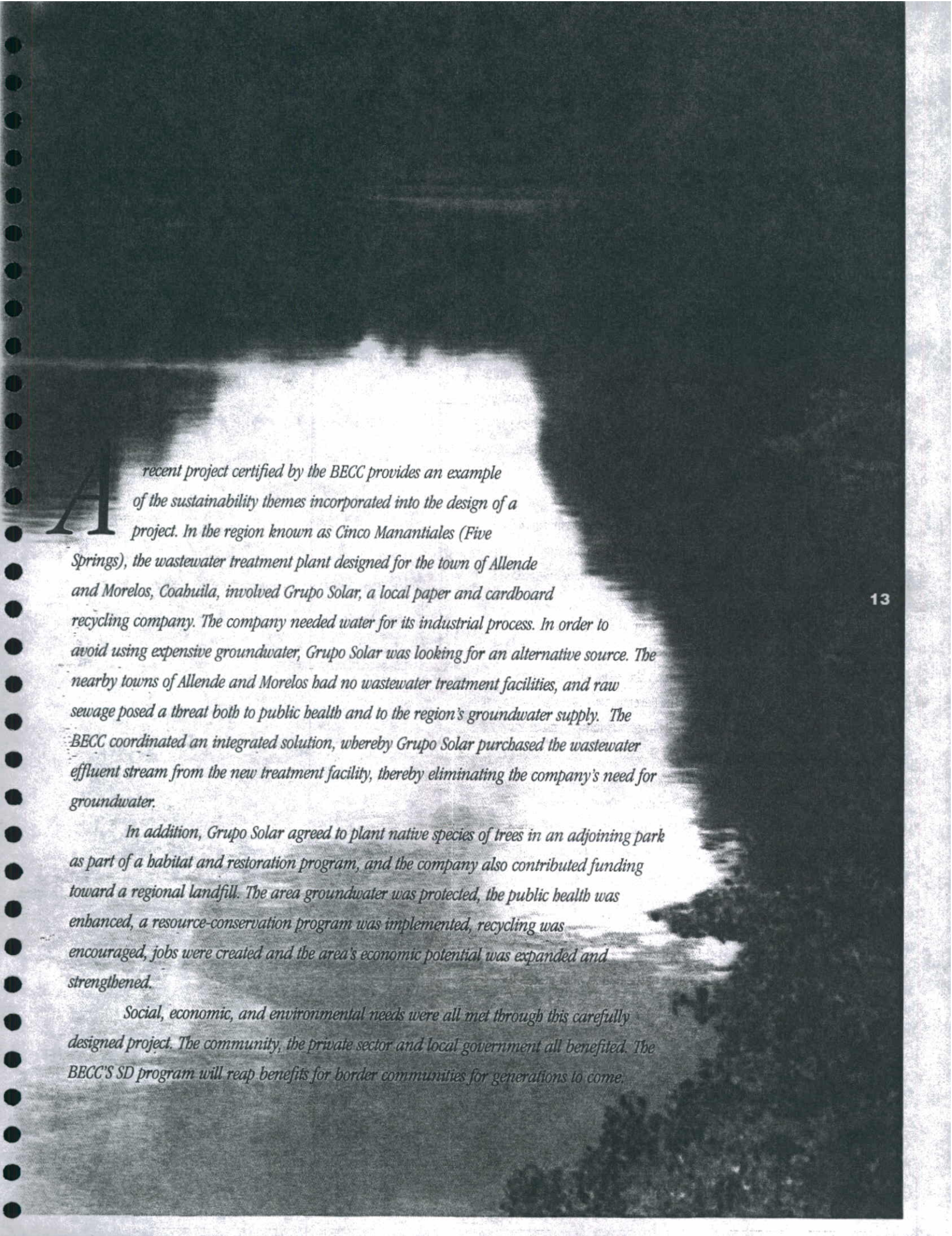
The BECC has adopted the concept of theory of political economy. Sustainable Development (SD) has become a practical process applied by the BECC staff and its consultants on a daily basis across a broad range of projects. The BECC's official definition of sustainable development is: "Conservation-oriented social and economic development that emphasizes the protection and sustainable use of resources while addressing both current and future needs and the present and future impacts of human actions." This definition provides the basis for a methodical application of definitions, principles, procedures and standards, applied at the local level with meaningful public input. The BECC's SD criteria provide communities with the means to incorporate additional values such as water conservation, water re-use, utility operational strengthening, energy efficiency and solid waste recycling into each project.

To facilitate the work of project developers, the BECC has produced a state-of-the-art list of performance criteria for project sustainability. This list is used in a decision-making process by which project sponsors, consulting engineers, regulatory stakeholders and local residents all have input into the shape of the project. Using the BECC's list, all participants select sustainable performance criteria applicable to their project, and work to achieve consensus through a series of workshops. The selected SD performance criteria are then added to other engineering, environmental, regulatory and cost criteria to arrive at optimal project designs.

As a direct result of the BECC model, the U.S./Mexico border has witnessed a greater level of awareness for integrated, long-term solutions by designers and engineers of infrastructure projects. Border municipalities, utility departments, consulting engineers, and federal and state planners have developed a greater appreciation for the values of broader approaches, interagency coordination and closer cooperation with the communities they serve.

Future Efforts

The BECC seeks to make the process of achieving project sustainability simple and straightforward. An internal working group comprised of staff, management, representatives of the BECC Board of Directors, Advisory Council and partner institutions, has collaborated on a draft set of minimum sustainability criteria that will be required for all future BECC projects. This basic set of standards will require, for example, that all water projects certified by the BECC have water conservation incorporated into the infrastructure solution, or that solid waste projects consider the feasibility of reduction, re-use and recycling. The BECC's entry into new sectors of environmental infrastructure, as a result of the expansion of its mandate, will drive the development of additional sustainability performance indicators applicable to air quality, hazardous waste, energy, and public transportation.



A recent project certified by the BECC provides an example of the sustainability themes incorporated into the design of a project. In the region known as Cinco Manantiales (Five Springs), the wastewater treatment plant designed for the town of Allende and Morelos, Coahuila, involved Grupo Solar, a local paper and cardboard recycling company. The company needed water for its industrial process. In order to avoid using expensive groundwater, Grupo Solar was looking for an alternative source. The nearby towns of Allende and Morelos had no wastewater treatment facilities, and raw sewage posed a threat both to public health and to the region's groundwater supply. The BECC coordinated an integrated solution, whereby Grupo Solar purchased the wastewater effluent stream from the new treatment facility, thereby eliminating the company's need for groundwater.

In addition, Grupo Solar agreed to plant native species of trees in an adjoining park as part of a habitat and restoration program, and the company also contributed funding toward a regional landfill. The area groundwater was protected, the public health was enhanced, a resource-conservation program was implemented, recycling was encouraged, jobs were created and the area's economic potential was expanded and strengthened.

Social, economic, and environmental needs were all met through this carefully designed project. The community, the private sector and local government all benefited. The BECC'S SD program will reap benefits for border communities for generations to come.

Public Participation

The cornerstones of the BECC's mission are threefold: conservation, protection, and improvement of the border-area environment. These three goals guide the organization as it seeks to improve and preserve the quality of life for the residents of the U.S./Mexico border.

Community participation during the BECC decision-making and certification processes ensures that the people who live in the communities affected by any project are aware of both its benefits and its costs. We seek to open a dialogue with communities through which we can tackle complex issues, examine potential risks and reach a consensus regarding an improved quality of life. The BECC's emphasis on community participation helps the development of each project reflect the vision that the community has for itself.

Through the public participation process, communities accomplish more than just evaluating and supporting projects; the residents also become motivated to consider long-term improvements to their communities. These are not traditional top-down processes, nor are they completely managed by government agencies; rather, they are social self-management efforts. Because of the success of these efforts, the BECC is able to identify communities in which the residents assume the responsibility to monitor the development of a particular project but also to actively review its implementation and evaluate its operations.

The project committee, which is an organized cross-representation of the community, coordinates and promotes actions which allow community members to take part in the decision-making process. The steering committee is responsible for keeping the community informed, gathering opinions and suggestions and then reaching a consensus by which to support a project. These steps are then documented to organize the community's efforts and assign priorities. The public participation plan guides the evaluation of completed tasks.

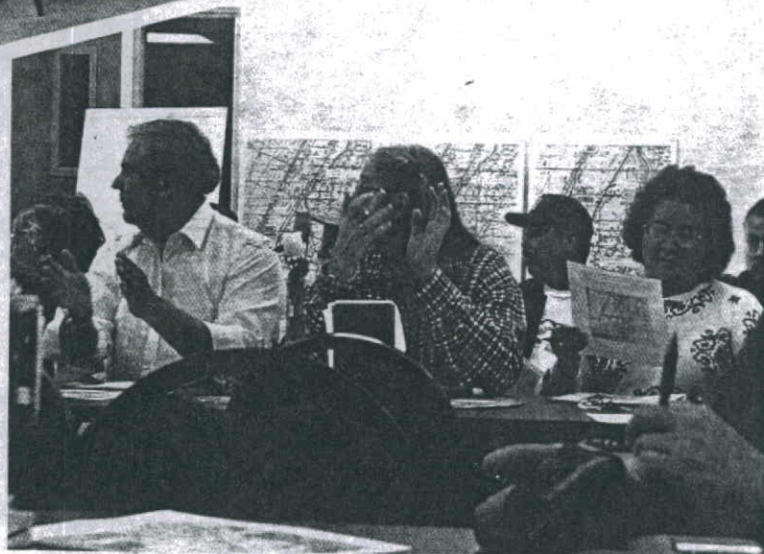
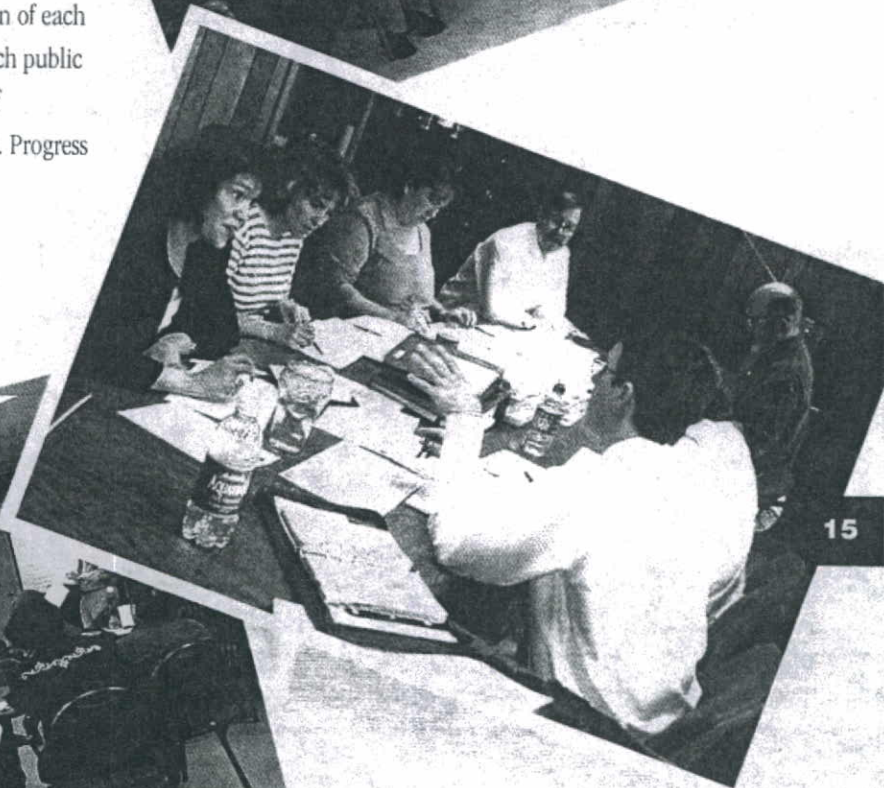
ACCOMPLISHMENTS

- Establishment of steering committees in: Bisbee and Somerton, Arizona; Chamberino and La Union, New Mexico; Laredo, Uvalde, Eagle Pass and Raymondville, Texas; Palomas, Chihuahua; and China-General Bravo, Nuevo Leon
- Comprehensive public participation plans approved in: Douglas, Nogales and Somerton, Arizona; South Central, New Mexico; Presidio, Laredo and Uvalde, Texas; Tecate, Baja California; San Luis Rio Colorado, Sonora; Palomas, Chihuahua; Region 5 Manantiales, Coahuila; and China-General Bravo, Nuevo Leon
- Twenty-five project public meetings with more than 3,700 people in attendance
- Approximately 29,000 households directly contacted with project information



Challenges

With increased areas of project development responsibilities, the BECC will face new challenges related to public participation and new environmental concerns which require careful review of the current procedures. New methods for determining community support for projects dealing with controversial environmental issues are under development. The BECC is further defining the public's role in community monitoring of the construction and operation of each project. The BECC must carefully review the ways in which public input is gathered, evaluated and utilized at every stage of planning, integration, construction and implementation. Progress has been made. Our goal is to do even better.



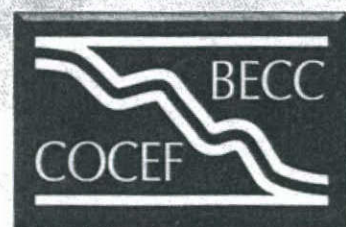
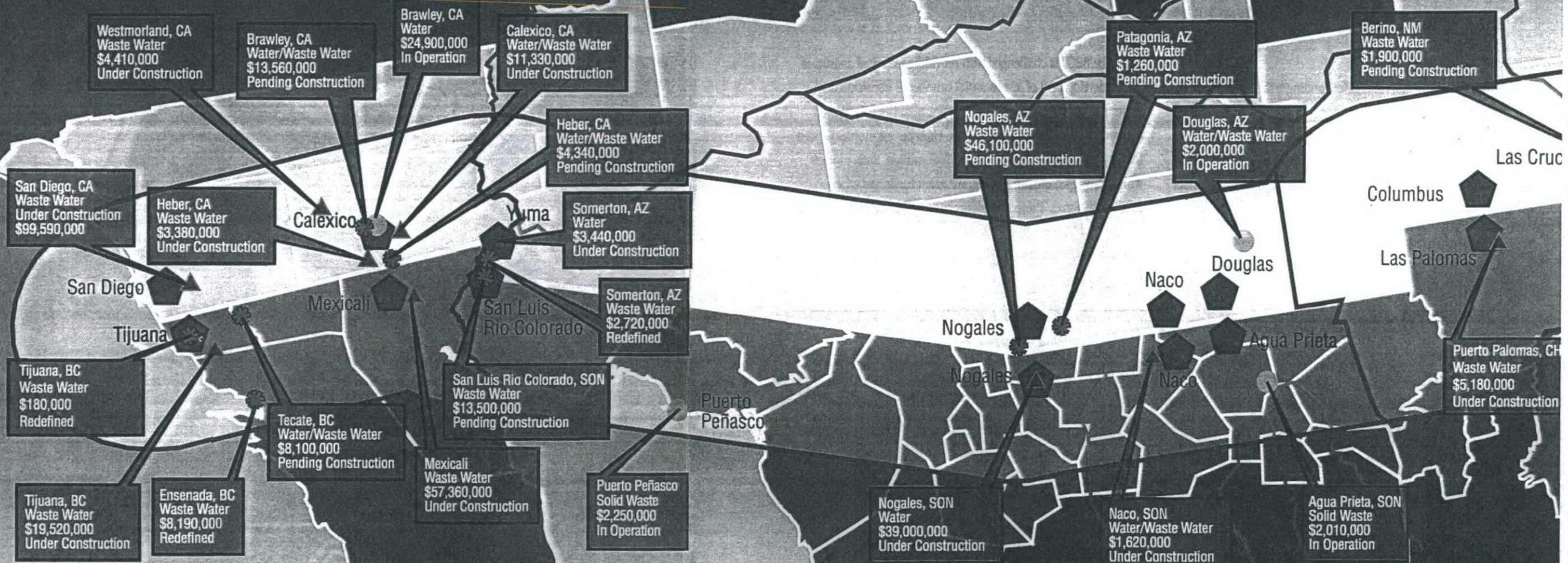
Technical Assistance Program

Many border communities lack sufficient resources to develop needed environmental infrastructure. The BECC through its program of technical assistance provides and administers funds to these communities to assist in the planning, development and design of water supply, wastewater treatment, solid waste projects.

Accomplishments 2000

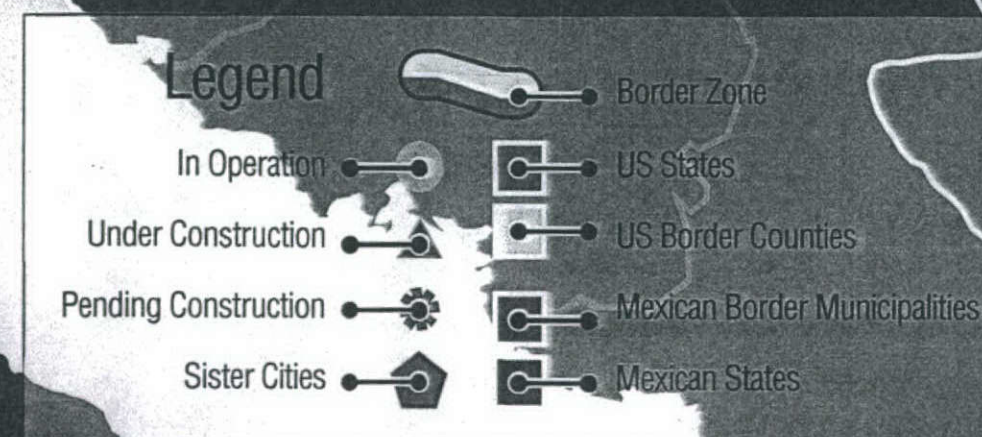
- Received \$2.5 million in EPA grant funds
- Administered 160 contracts supporting 98 border communities
- Since its initiation, awarded \$16.7 in water/wastewater technical assistance to border communities
- Since its initiation, awarded \$2.7 in solid waste technical assistance to border communities
- Streamlined procurement process and developed a more accurate reporting system





BECC Certified Projects Along The United States/Mexico Border

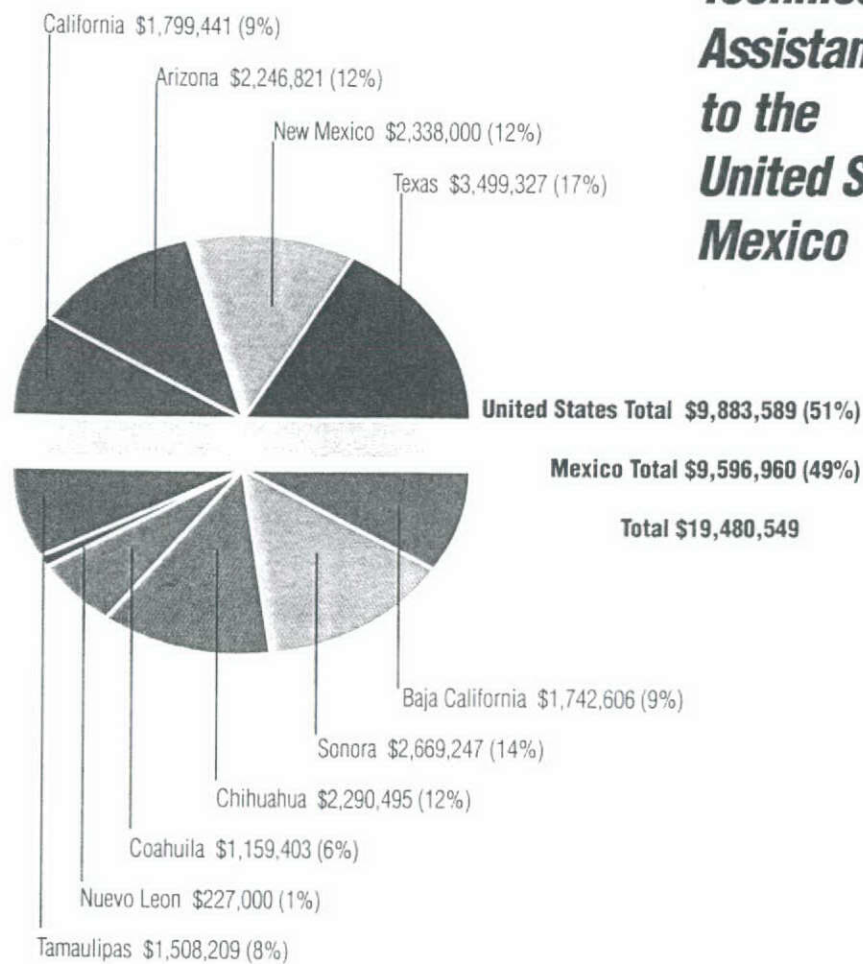
Source: Southwest Center for Environmental Research and Policy (SCERP)
Border Environmental Infrastructure Needs Assessment



Goals for 2001-2002

- Develop additional sources for funding technical assistance programs
- Provide technical assistance for 90 border communities
- Provide technical assistance for 35 final design projects
- Provide technical assistance exceeding \$15 million to border communities

The BECC is challenged with providing technical assistance for the development of a substantial number of infrastructure projects along the border. Project development needs total over \$20 million over the next three years. Final design monies needed for projects in 2001 are estimated at \$6.5 million. Such projects will be developed utilizing EPA PDAP grant funds and other funding resources. Project development includes project planning through final design. Areas covered include water, wastewater, and solid waste infrastructure needs, including expanded mandate sector projects.



Technical Assistance Awarded to the United States and Mexico

17

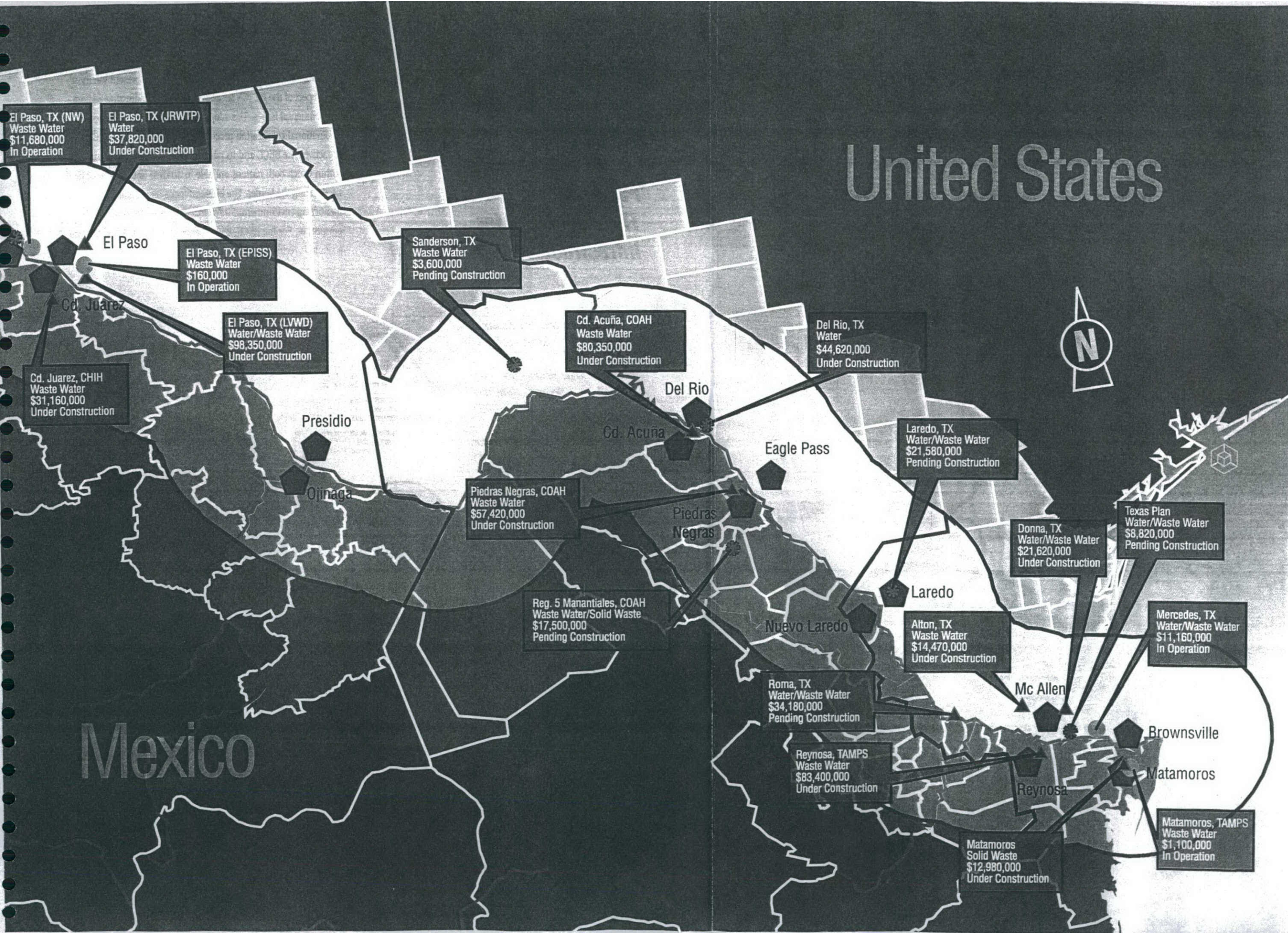


BECC Certified Projects
Along The
United States/Mexico Border

United States



Mexico





Partnerships: The Key to Border Infrastructure Development

Partnerships on both sides of the border represent the most vital aspect of the BECC's successful record of addressing serious environmental issues. The adoption, nurturing and development of binational cooperation procedures have helped the BECC to be proactive. The BECC and its partners have created a structure within which both nations are able to analyze and address critical needs along the border. The bilateral focus assists staff in identifying environmental infrastructure issues from a broad perspective. For the BECC, the primary objective is to find the best economic, technical and social solutions for

*Secretaría de Relaciones
Exteriores (SRE)*

*Secretaría de Medio Ambiente y
Recursos Naturales
(SEMARNAT)*

*Secretaría de Desarrollo Social
(SEDESOL)*



*Comisión Internacional de
Límites y Aguas (CILA)*



*Comisión Nacional del Agua
(CNA)*

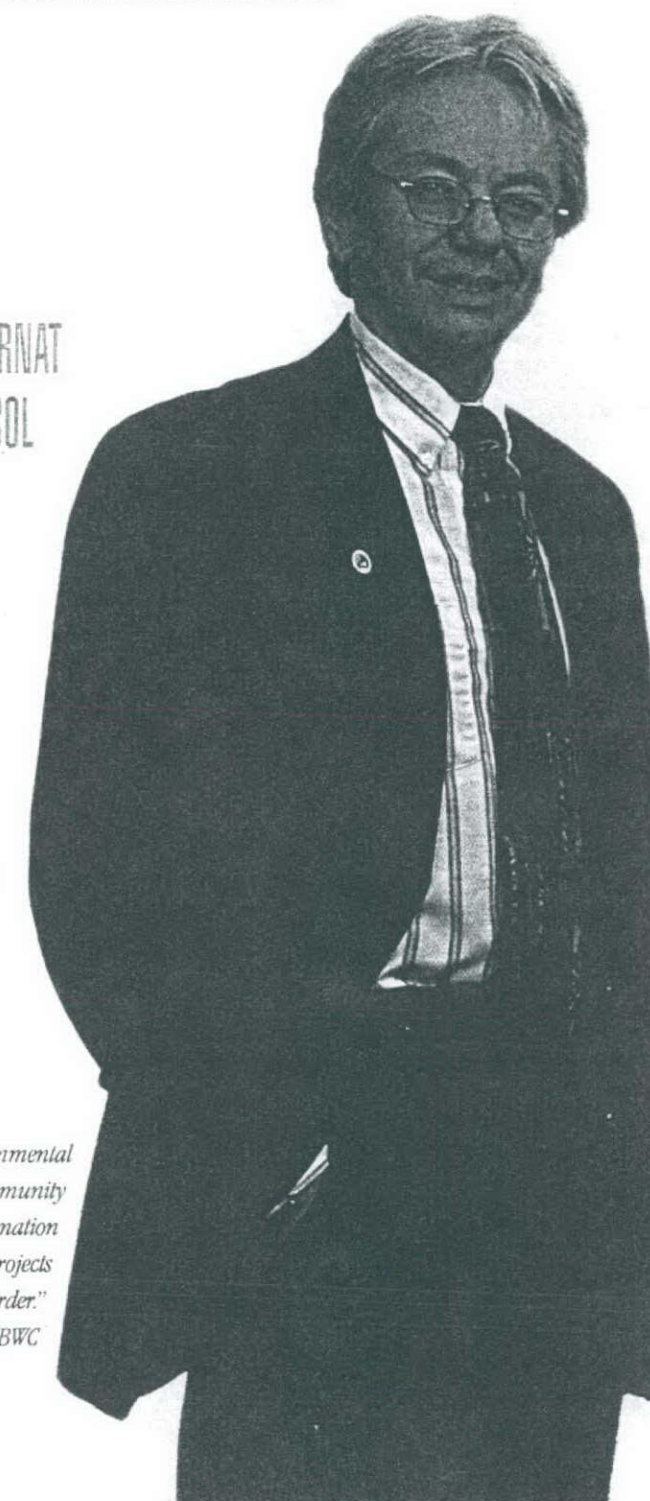


*Banco Nacional de Obras y
Servicios (BANOBRAS)*



"The BECC helps ensure financial investment for the development of environmental infrastructure projects. The BECC guarantees transparency by promoting community ownership and responsibility through the extensive distribution of public information regarding local infrastructure projects. The BECC promotes sustainable community projects and provides important public participation elements on both sides of the border."

— Arturo Herrera, Commissioner, Mexican Section, IBWC

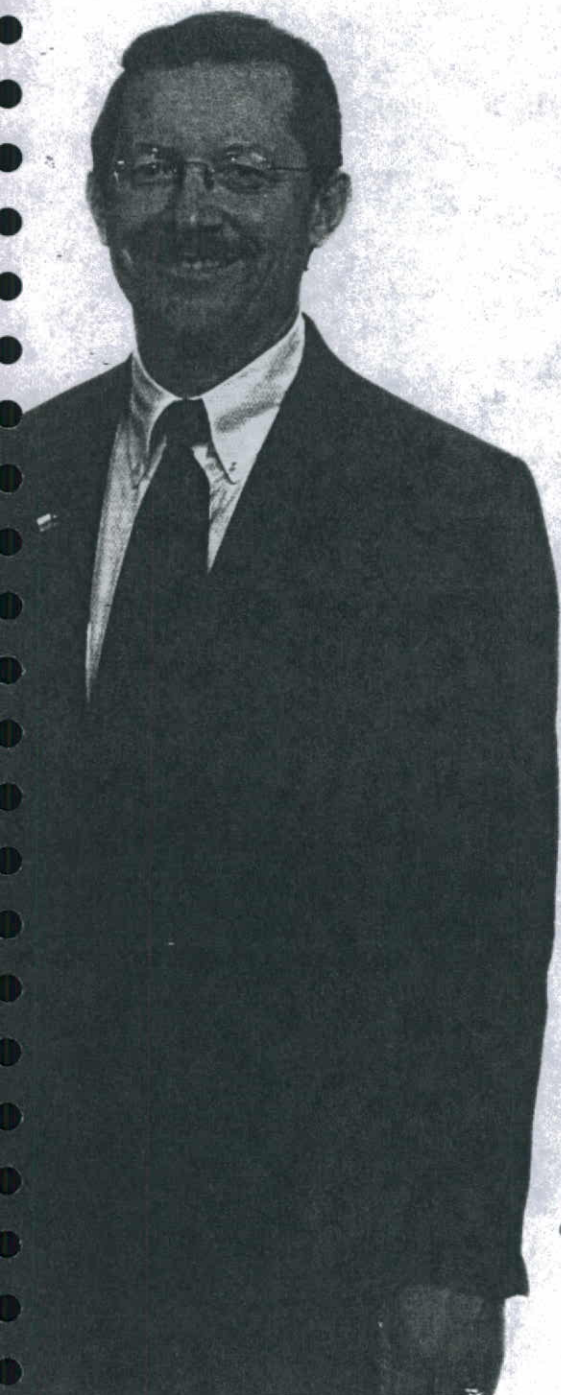


environmental challenges with an emphasis on cooperation among neighbors that have a commonality of needs.

The primary institutions and governmental agencies involved in the coordinated development of environmental infrastructure projects include: Secretaría de Relaciones Exteriores, Secretaría de Medio Ambiente, Secretaría de Desarrollo Social, Recursos Naturales, Comisión Nacional del Agua, Banco Nacional de Obras y Servicios, U.S. and Mexican sections of the International Boundary Water Commission, the U.S. Department of State, the U.S. Environmental Protection Agency, and state and

municipal governments, along with of water, wastewater and solid waste utility operators who have projects under development.

These partnerships are facilitated by funding initiatives from EPA, the USDA, CNA and the NADB, as well as state/local funding agencies. Without these forward-thinking funding initiatives, meaningful environmental infrastructure progress would not be taking place.



*United States
Department of State*



*U.S. Environment Protection
Agency (EPA)*

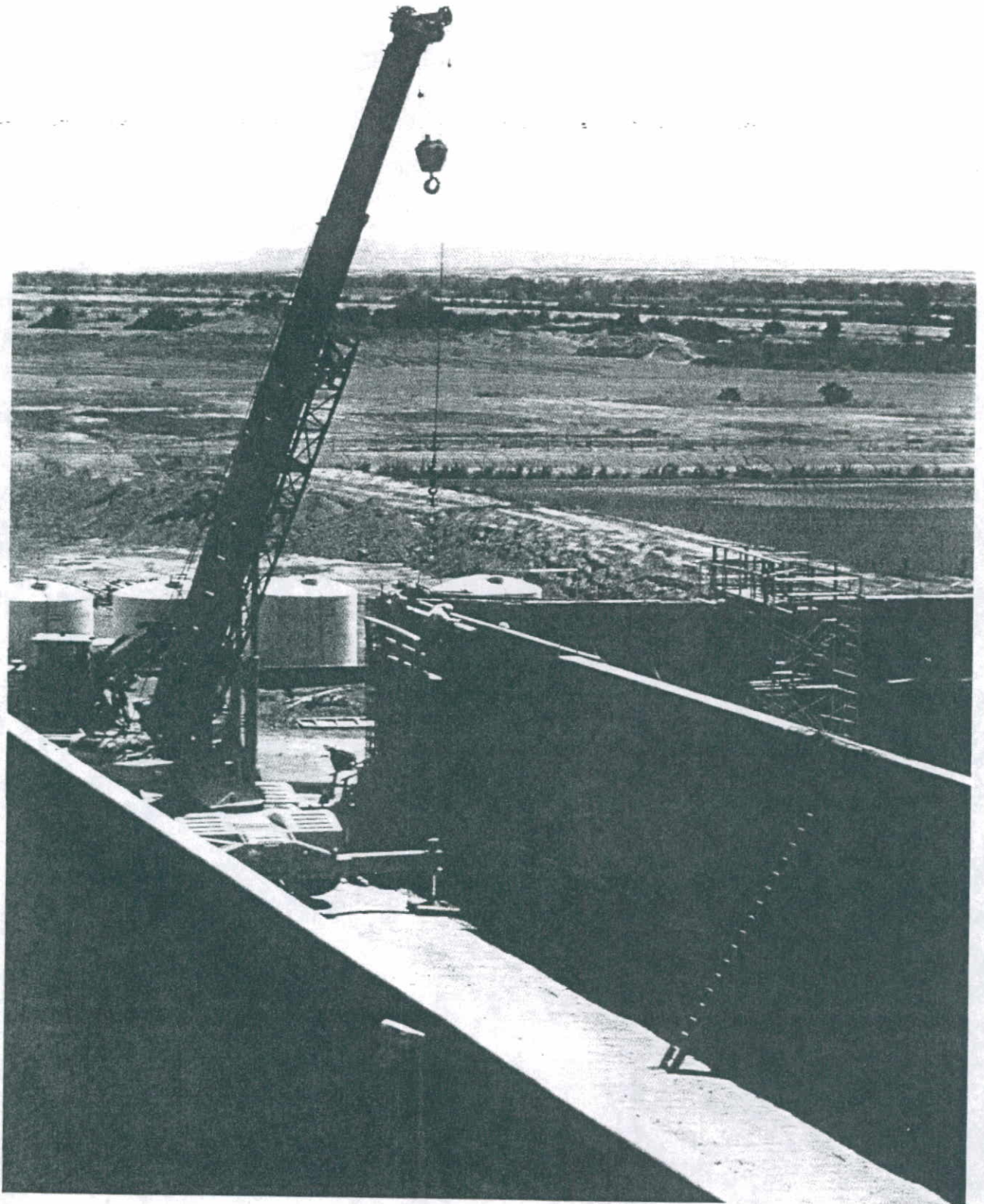


*International Boundary and
Water Commission (IBWC)*



*North American Development
Bank (NADB)*

Carlos Ramirez, Commissioner designee, U.S. Section, IBWC



Advisory Council's Message

The year 2000 showcased the Advisory Council's levels of participation, due in large measure to the involvement of all 18 members of the Council's designated subcommittees. The establishment of subcommittees helped strengthen the work of the Council and facilitated implementation of a work plan that underscored the BECC's Public Participation and Sustainable Development practices.

Advisory Council Activities

Our members were active all along the border, but particularly in their own communities, where Community Steering Committees conducted consultations for potential environmental infrastructure projects.

Through the collective efforts of the Council members, considerable thought has been given to the function of the Advisory Council and the ways by which the Advisory Council can assist the BECC's Board of Directors in working with border communities. The Council actively participates in each project certification process, particularly in project analysis, community participation, compliance of sustainable development criteria and review of technical and financial matters. The Advisory Council members feel an urgency to develop specific guidelines with respect to the post certification phase in order to monitor certification implementation issues and to improve the level of information and participation by the communities.

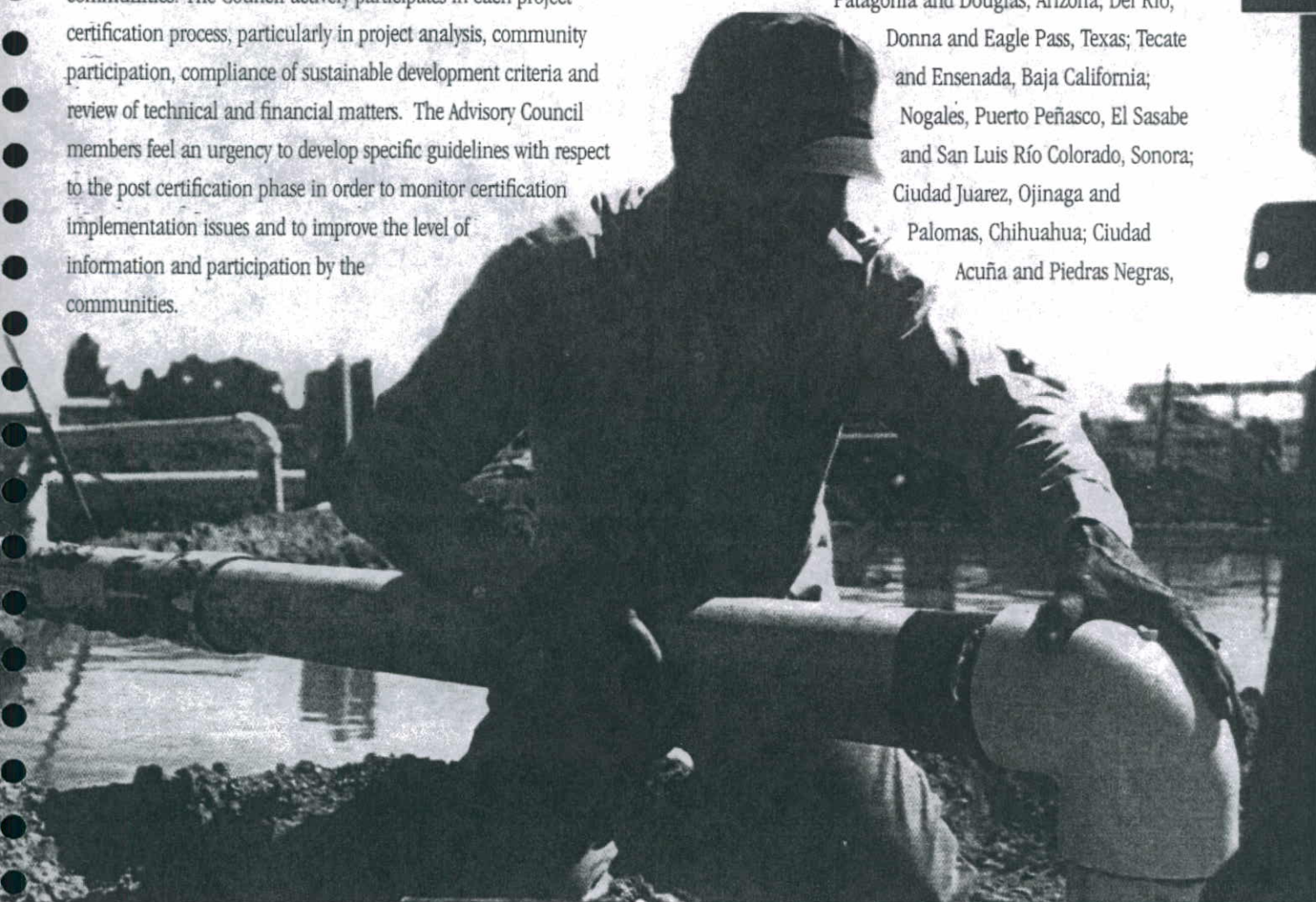
Policy Review and Recommendations

The Council worked very closely with the BECC's Board of Directors and the NADB to analyze the plan designed to expand both institutions' mandates as established in the Binational Charter that created both the BECC and the NADB. The Council plans to continue its participation in defining policy, requesting additional financial resources, and formulating and developing environmental infrastructure projects with the Board of Directors and management.

Project Review

The Advisory Council has performed significant reviews of environmental infrastructure projects in each member's respective areas. The result is an emphasis on projects that represent significant environmental progress under the mandate of the BECC. In 2000, the Council provided orientation and advice to steering committees for projects in San Diego, California; Nogales,

Patagonia and Douglas, Arizona; Del Río, Donna and Eagle Pass, Texas; Tecate and Ensenada, Baja California; Nogales, Puerto Peñasco, El Sasabe and San Luis Río Colorado, Sonora; Ciudad Juarez, Ojinaga and Palomas, Chihuahua; Ciudad Acuña and Piedras Negras,



Coahuila; and Reynosa, Matamoros and Valle Hermoso, Tamaulipas.

Promotion of Public Participation

In working with border communities, council members have promoted verification measures and public opinion surveys designed to measure community interest in infrastructure projects being considered for certification. We are able to identify and improve the level of public awareness from the onset of any given project.

The careful management of citizen participation, training programs and opinion surveys have been particularly effective in Baja California, Sonora and Chihuahua. Despite the novelty of this type of participation among residents of Mexican border communities, we are able to make our most important contributions to a meaningful dialogue about community improvement issues.

Promotion of Sustainable Development

The Advisory Council has recommended the implementation of guidelines to measure the environmental impact of Mexican projects, as well as their transborder impacts to ensure that they meet National Environment Policy Act (NEPA)

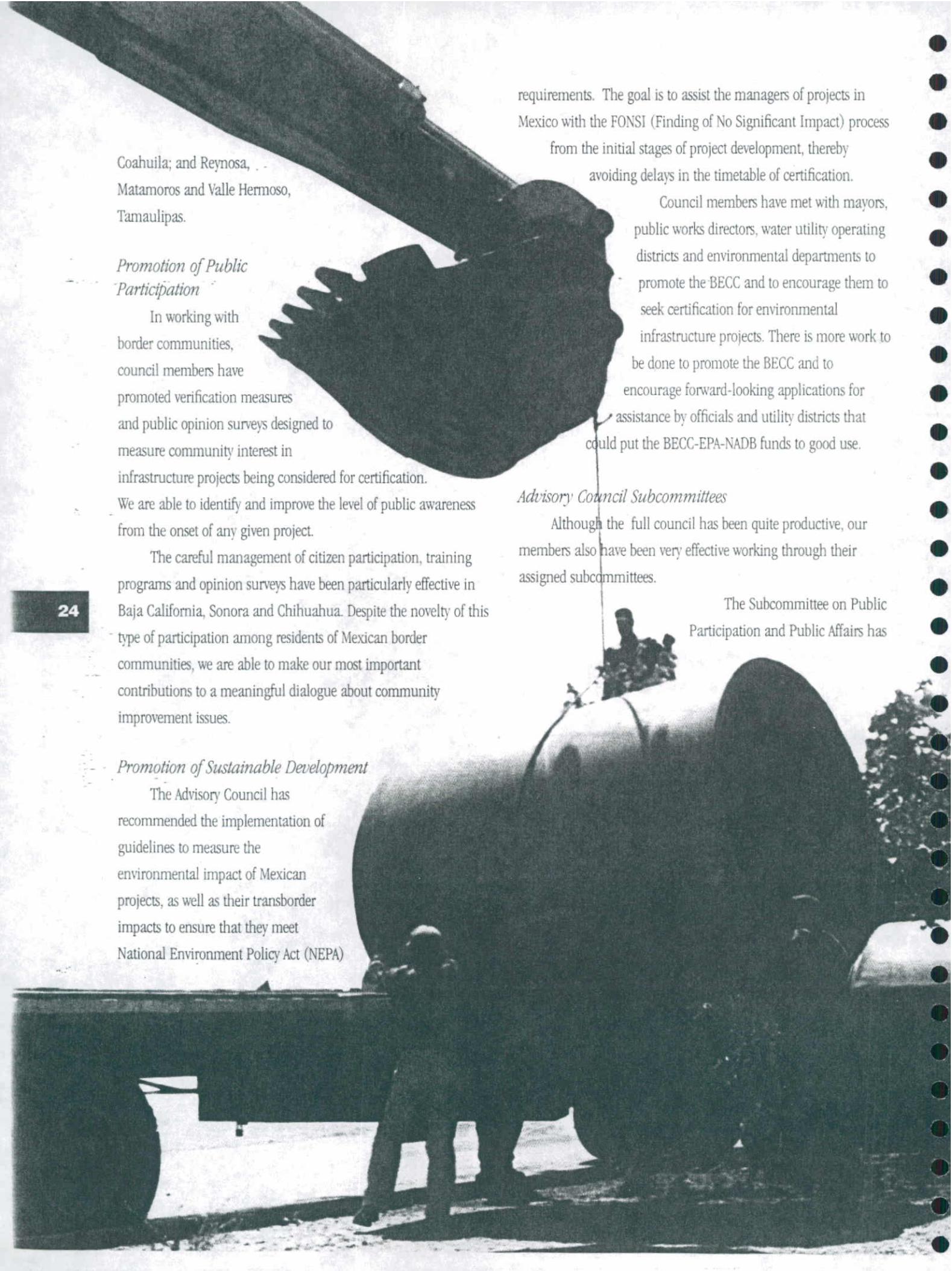
requirements. The goal is to assist the managers of projects in Mexico with the FONSI (Finding of No Significant Impact) process from the initial stages of project development, thereby avoiding delays in the timetable of certification.

Council members have met with mayors, public works directors, water utility operating districts and environmental departments to promote the BECC and to encourage them to seek certification for environmental infrastructure projects. There is more work to be done to promote the BECC and to encourage forward-looking applications for assistance by officials and utility districts that could put the BECC-EPA-NADB funds to good use.

Advisory Council Subcommittees

Although the full council has been quite productive, our members also have been very effective working through their assigned subcommittees.

The Subcommittee on Public Participation and Public Affairs has



begin development of a Public Participation Manual. Procedures within the manual address post-certification project follow-up, wider use of opinion surveys, and broader citizen participation from the initiation of projects and the selection of alternative solutions to environmental infrastructure problems identified by project sponsors.

The Finance Subcommittee provides advice pertaining to the BECC's budget, and its members support efforts to seek government and other funds by which the BECC can be strengthened. This subcommittee was active in seeking the return of value-added tax (IVA) paid by the BECC in Mexico which resulted in an overall benefit to the BECC budget.

The Technical Subcommittee promotes sustainability as an integral part of the BECC's certification process. This subcommittee actively participated in the Sustainable Development Work Group that developed a work plan to strengthen the concept of sustainable development and its applications as part of the BECC's certification guidelines.

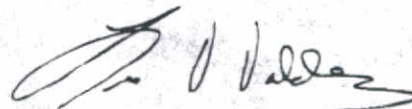
Future of the Advisory Council

The future focus of the Advisory Council is to strengthen the BECC as it continues to improve environmental infrastructure in communities along the U.S.-Mexico border.

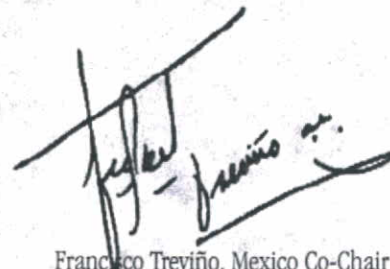
We view as a challenge the \$3 billion needed for infrastructure related to drinking water, wastewater and municipal solid waste along the border, and we are committed to creative long-term approaches that address the need. In the short term, we believe the Advisory Council can help broaden the range of possibilities for the BECC by providing a strategic vision that emphasizes the concept of sustainability in all activities with respect to natural resource needs. The Advisory Council is committed to expanded public participation and heightened community involvement during

post certification. We are committed to strengthen public consultation, to provide truthful and timely information to communities, to become more involved in urban development and to promote sustainable private-sector involvement in infrastructure development. We believe opinion surveys represent an important tool by which the expression of social needs can be achieved. Since the BECC's mandate has expanded, we foresee getting involved with hazardous substance issues such as the impact of industrial or agricultural wastes.

Finally, with two new Administrations in place, we understand the work to be done toward development of strategic alliances with similar organizations and institutions such as Border XXI, Mexico's Consultative Council For Sustainable Development, EPA's Good Neighbor Environmental Board, the Commission For Environmental Cooperation, universities and non-government and community-based organizations.



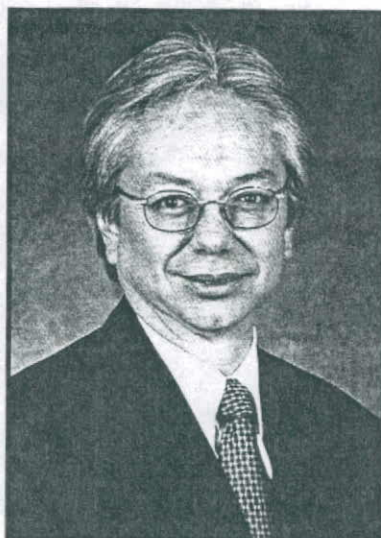
Leo Valdez, U.S. Co-Chair



Francisco Treviño, Mexico Co-Chair



Julian de la Garza, Chairman
Under Secretary of Ecology
Nuevo Leon State Government
Monterrey, Nuevo Leon



Arturo Herrera Solis
Commissioner, Mexican Section
International Boundary & Water Commission
Cd. Juarez, Chihuahua

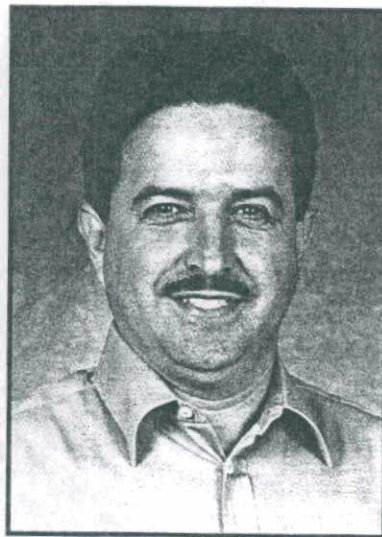


Victor Lichtinger
Secretary of Environment and
Natural Resources
Mexico City, D.F.

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Dr. Jorge Bustamante
El Colegio de la Frontera Norte
Tijuana, Baja California



Humberto Valdez Richaud
Mayor of Reynosa
Reynosa, Tamaulipas

Mexico



BOARD OF

B O R D E R E N V I R O N M E N T



Christine Todd Whitman
Administrator
Environmental Protection Agency
Washington, D.C.

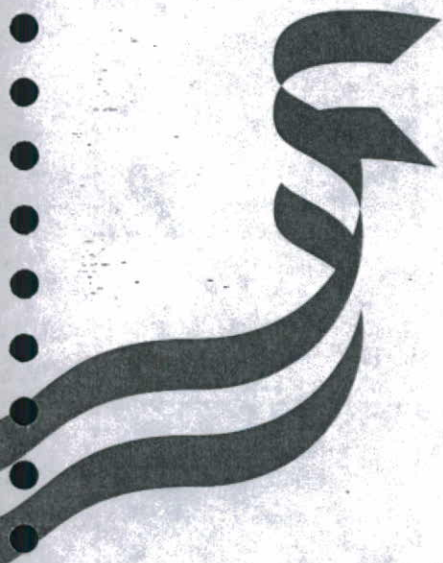


Carlos Ramirez
Commissioner designee, U.S. Section
International Boundary & Water Commission
El Paso, Texas



Ygnacio Garza
Long Chilton, LLP
Brownsville, Texas

United States



Lynda Taylor, Director
Non-profit Environmental Organization
Consultant
Albuquerque, New Mexico



Thomas L. Soto
President, P.S. Enterprises
Santa Monica, California

DIRECTORS

OPERATION COMMISSION



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Hutchinson, Shockey, Erley & Co.
Phoenix, Arizona



Lori Saldaña, Co-Chair 2001
Associate Professor, San Diego
Community College District
San Diego, California



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Johnson & Bowen Law Office
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Theresa Trujeque
Executive Director
Hispanic Culture Foundation
Albuquerque, New Mexico



Diane Takvorian
Executive Director
Environmental Health Coalition
San Diego, California



Roberto D. Ortega
Attorney at Law
Albuquerque, New Mexico



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Richard J. Gonzales
Gonzales Law Firm
Tucson, Arizona



C.P. Francisco Abel Treviño Cisneros
Co-Chair 2000 / Executive General Director
Universidad Mexico-Americana del Norte A.C.
Reynosa, Tamaulipas



Maria Josefina Guerrero, Co-Chair 2001
Center of Investigation and
Environmental Studies (CIEA) A.C.
Nogales, Sonora



Raul Mora
General Manager, Quality Assurance Systems
and Environmental Engineering Consultants
Saltillo, Coahuila



Dr. Arturo Limón
Chairman, Mexican Ecologist Movement
State of Chihuahua
Chihuahua, Chihuahua



Oscar Romo
Member, National Council for
Sustainable Development
Tijuana, Baja California



Carlos Yruretagoyena
Member, Regional Center for Environmental
and Socio-Economic Studies
Mexicali, Baja California



Manuel Flores Revuelta
President,
Universidad Tecnológica de Coahuila
Ramos Arizpe, Coahuila



José Andrés Suárez Fernández
Director, Unidad Académica
Multidisciplinaria Reynosa Rode
Reynosa, Tamaulipas



Manuel Ibarra Legarreta
Secretary of Urban Infrastructure and
Ecology, State of Sonora
Hermosillo, Sonora

The BECC is an unprecedented model in U.S./Mexico relations, operating in a region with some of the most unique characteristics and challenges in the world.

The BECC addresses environmental infrastructure problems on the border from a regional perspective, which allows for comprehensive solutions to problems. The BECC has initiated significant changes in the way projects are conceived and developed.

The BECC has identified the most pressing needs along the border in the basic sectors of environmental infrastructure. This assessment is the foundation for developing a comprehensive strategic plan for addressing environmental infrastructure needs on the border.

The BECC has ninety-five projects under development in as many different communities along the border. These projects represent approximately \$3 billion in construction costs.

BECC is committed to evaluating and streamlining the project certification process. This reorientation will include establishing a quality control and value-engineering program, standardization of scopes of work for projects, achieving greater efficiencies in the engineering consultant selection process and overall simplification of the process, which will reduce the project certification timeframes.

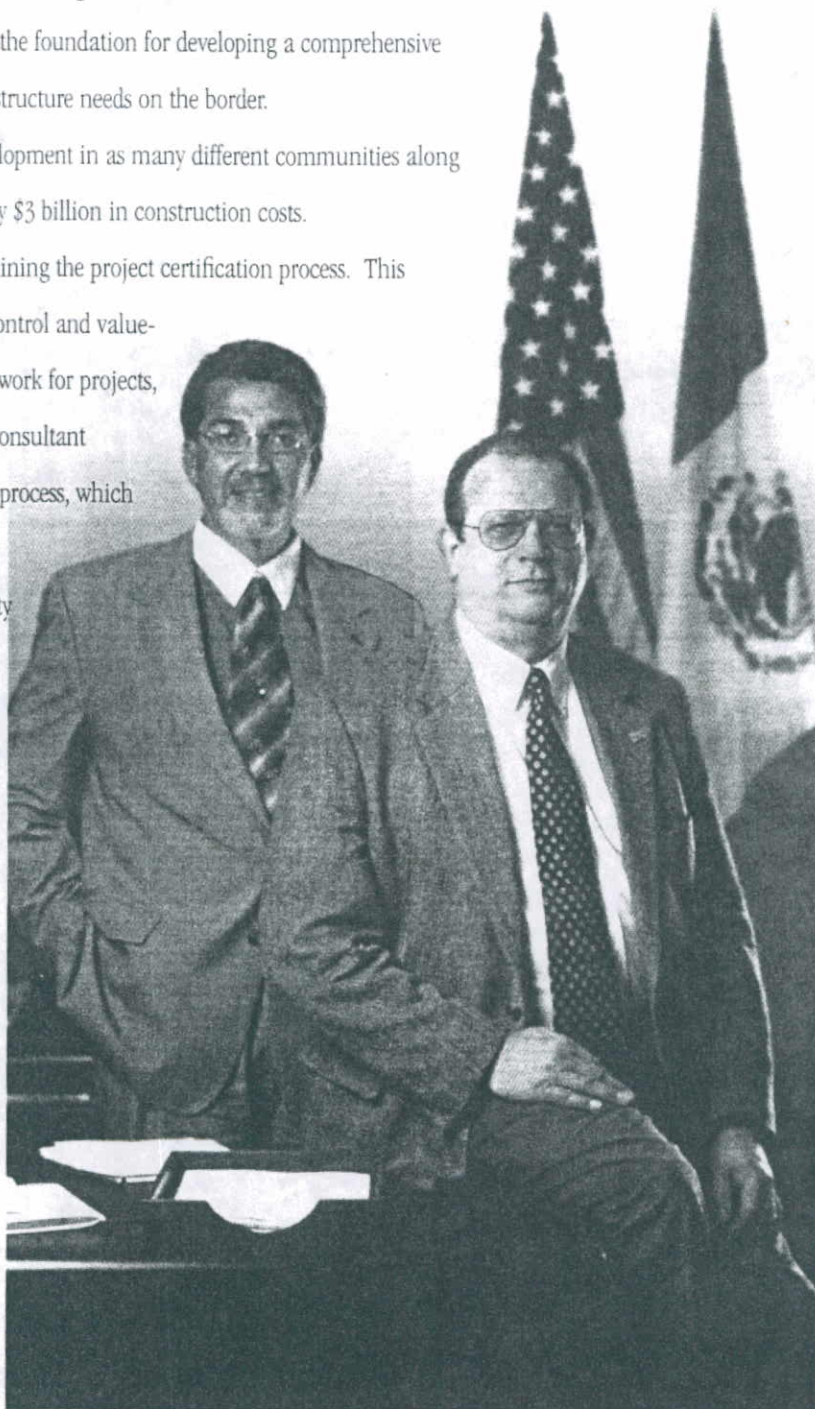
These efforts will result in the unquestioned quality in the development of infrastructure projects.

The BECC will promote the development of public/private sector projects as a means of addressing environmental infrastructure needs. The BECC will work to strengthen its relationships with the ten border states to better integrate their efforts into the development of projects.

Although the challenges are numerous, the commitment to achieve is in place.

Fernando R. Macias, General Manager

Javier Cabrera, Deputy General Manager





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Together we are working to bring the necessary environmental infrastructure that will help address important needs along the border. The future holds a promising opportunity to work to improve the quality of life for our border communities.

The Staff of the Border Environment Cooperation Commission

BORDER ENVIRONMENT COOPERATION COMMISSION

Statement of Financial Position

As of December 31, 2000

(U.S. Dollars)

ASSETS**Current Assets****Cash & Cash Equivalents**

Bank & Cash

34,638

Short-term Investment

756,828

Total Cash & Cash Equivalents

\$791,466

Accounts Receivable

Value Added Tax

83,265

Accounts Receivable—Other

29,083

Accounts Receivable—Due from EPA's "PDAP"

113,968

Total Accounts Receivable

\$226,316

Total current Assets**\$1,017,782****Fixed Assets**

Office Equipment—Net

152,484

Computer Equipment—Net

43,436

Transportation Equipment—Net

58,047

Library Equipment—Net

16,657

Total Fixed Assets

\$270,624

Other Assets

Prepared Expenses

3,656

Total Other Assets

\$3,656

TOTAL ASSETS**\$1,292,062****LIABILITIES & FUND EQUITY****Current Liabilities**

Accounts Payable

412,437

Employee Loan Repayments—Retirement Plan

0

Employee Contributions to Medical Plan

0

Employee Contributions to Retirement Plan

0

Total Current Liabilities

\$412,437

Fund Equity (Excess of Revenues over Expenditures)

Results from Previous Years

938,222

Current Year Activity (Revenues Over/(Under) Expenses)

(58,597)

Total Fund Equity

\$879,625

TOTAL LIABILITIES & FUND EQUITY**\$1,292,062**

Note: The financial statements were audited by Mancera, Ernst & Young. The audited financial statements are available on our website www.cocof.org.



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S P E C I A L R E C O G N I T I O N

There are many individuals who worked during calendar year 2000 to advance local community development along the U.S.-Mexico border. They are highly dedicated people who go largely unrecognized in public for their efforts to improve the quality of life for border residents.

Many within state and local governments, non-governmental organizations, academia, consulting firms and research institutions are not mentioned because they are too numerous. However, they have our most heartfelt thanks for their tireless efforts.

The following are given special recognition because of the support they have provided BECC as an institution:

John Bernal, Former Commissioner, International Water and Boundary Commission, U.S. Section and BECC Board Member

William A. Nitze, Former Assistant Administrator, Office of International Activities, Environmental Protection Agency

Lic. Hugo Guzman, General Director, Hemispheric and Bilateral Affairs, Secretariat of Environment and Natural Resources

Alan Hecht, Principal Deputy Administrator, Office of International Activities, Environmental Protection Agency

Alfred W. Lindsey, Deputy Director, Office of Wastewater Management, Environmental Protection Agency

Marico Sayoc, Coordinator, Mexico-North American Programs, Office of International Activities, Environmental Protection Agency

Gregg Cooke, Regional Administration, Region 6, Environmental Protection Agency

Robert Ortega, Interim Commissioner, International Water and Boundary Commission, U.S. Section

Lic. Leonora Rueda, Director, Border Affairs, Secretariat of Foreign Relations

William V. McLeese, U.S.-Mexico Border Environmental Affairs Officer, United States Department of State

Peter Silva, Former BECC Board Member and Deputy General Manager

Bobby Ybarra, Secretary, International Water and Boundary Commission, U.S. Section

Ing. Jaime Tinoco, Border Affairs Coordinator, National Water Commission

Debra Little, Principal Engineer, International Water and Boundary Commission, U.S. Section

Lic. Jesus Luevano, International Water and Boundary Commission, Mexican Section

Ing. Luis Antonio Rascon, Principal Engineer, International Water and Boundary Commission, Mexican Section

Ing. Ramiro Lujan, Coordinator, Wastewater Projects, International Water and Boundary Commission, Mexican Section

Ing. Jose Maria Hinojosa, Deputy Manager, Office of Border Affairs, Northwest Region, National Water Commission

Ing. Jose Gutierrez, Deputy Manager, Office of Border Affairs, Northern Region, National Water Commission

Ing. Jaime Sancho, General Director, Infrastructure and Equipment, Secretariat of Social Development

Ing. Gustavo Rosiles, Director of Solid Waste, Secretariat of Social Development

Elliot Tucker, Manager, Border Program, Office of Water, Environmental Protection Agency

Billy Black, Project Manager, Region 6, Environmental Protection Agency

Oscar Cabra, Former Regional Coordinator for Water, U.S.-Mexico Border Program, Region 6, Environmental Protection Agency

Nancy Woo, Chief Southern California Office, Water Division, Region 9, Environmental Protection Agency

Evelyn Wachtel, Environmental Protection Specialist, Southern California Office, Water Division, Region 9, Environmental Protection Agency

Lorena Lopez-Powers, Director, San Diego Border Liaison Office, Environmental Protection Agency

Darrin Swartz-Larson, Director, El Paso Border Liaison Office, Environmental Protection Agency

Andrew Velthaus, Internal Economist, United States Department of Treasury

Mary Kelly, Director, Texas Center for Policy Studies

Cyrus Reed, Director, Border Trade & Environment Project, Texas Center for Policy Studies

Andrea Abel, NAFTA Program Specialist, National Wildlife Federation

Bob Gray, P.E., Coordinator, Information Technologies, Texas Center for Border Economic Development and Center for Environmental Resource Management, University of Texas at El Paso

Rick Van Schoik, Managing Director, Southwest Center for Environmental Research and Policy

Mark J. Spalding, Lecturer, Internal Environmental Policy & Law, Graduate School of International Relations and Pacific Studies, University of California, San Diego

John Dawson, Director of Mexican Affairs, State Department

Jonathan Parks, Office of Management and Budget, State Department

David Randolph, Coordinator, US/Mexico Border Affairs, State Department

Alfonso Blanco, Environmental Engineer, U.S./Mexico Office, Environmental Protection Agency

Carlos Rincon, Director of Environmental Defense Fund, El Paso, Texas

Victor Miramontes, Former Managing Director, North American Development Bank

Victor A. Mireles, Creative Director, Mireles & Company, El Paso, Texas



Border Environment Cooperation Commission

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