

## USEPA Region 9

### US-Mexico Border Water Infrastructure Program

# Prioritization Process

**for Selecting Projects Located in Arizona, California, Baja California and Sonora**



June 2017

# US-Mexico Border Water Infrastructure Program



## AGENDA

1. Welcome and Introductions
2. BECC - NADB Overview
3. Project Pipeline
4. Prioritization Program 2017-2018
  - a) Eligibility Criteria
  - b) Prioritization Methodology
  - c) Project Selection Process
5. Questions and Contact Information

# BECC – NADB Overview



Agreement Signed in November 1993 (side agreement to NAFTA)



**Border Environment Cooperation Commission (BECC)**



**North American Development Bank (NADB Bank)**

“Preserve, protect, and enhance US-MX border region by identifying, developing, implementing and overseeing **environmental infrastructure projects**”

A project that will “**prevent, control or reduce** environmental pollutants or contaminants, improve the drinking water supply, or protect flora and fauna so as to improve human health, promote sustainable development, or contribute to a **higher quality of life**”

“... through a transparent bi-national process, in close coordination with **NADB Bank, Federal, State and Local governments, the private sector and the civil society**”

Projects certified by BECC are financed by NADB and/or other institutions

# BECC – NADB Overview



## Bi-national Board of Directors

BECC and NADB are governed by a 10-member bi-national Board of Directors, with five members from each country. The chairmanship of the Board alternates between the U.S. and Mexico each year.

### México

### United States of America



Mexican Border State Representative

Mexican Border Resident Representative



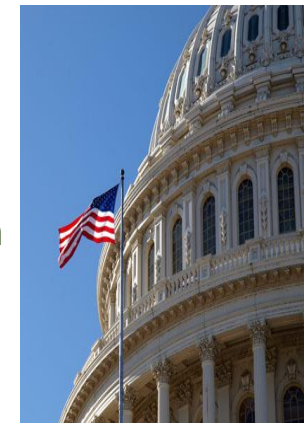
Department of the Treasury



Department of State



Environmental Protection Agency (EPA)



US Border State

US Border Resident Representative

# BECC – NADB Overview



## U.S.- Mexico Border Region

Eligible projects must be located within **100 km north** and **300 km south** of the U.S.-Mexico border

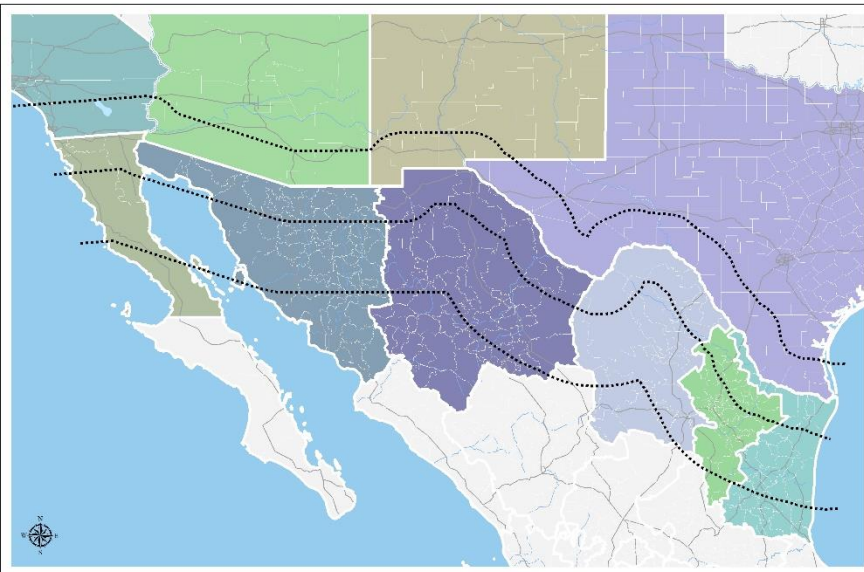
### ◆ U.S. Border

- 37 counties in four states
- Population: 9.6 million (3.1% of U.S. population)

### ◆ Mexican Border

- 213 municipalities in six states
- Population: 16.6 million (14.8% of Mexican population)

### Geographic Jurisdiction



### Population within Jurisdiction

| United States |            |
|---------------|------------|
| State         | Population |
| Arizona       | 1,354,780  |
| California    | 5,459,482  |
| New Mexico    | 268,736    |
| Texas         | 2,559,239  |
| Total         | 9,642,237  |

| Mexico          |            |
|-----------------|------------|
| State           | Population |
| Baja California | 3,155,070  |
| Chihuahua       | 3,094,944  |
| Coahuila        | 1,832,232  |
| Nuevo León      | 4,610,918  |
| Sonora          | 1,650,527  |
| Tamaulipas      | 2,243,135  |
| Total           | 16,586,826 |

# BECC – NADB Overview

## Services, Programs and Projects

### Development

- ◆ Certification of technical and financial viability of projects and their environmental impacts
- ◆ Project structuring services

### Financing

- ◆ **Loan Program:** Competitive rates; up to 85% of total project cost, with tenors of up to 25 years
- ◆ **Grant Programs:** Limited grants for communities where debt financing is not a viable option

### Technical Assistance

- ◆ Support project development with regards to:
  - Design and related studies
  - Financial closing
  - Procurement
- ◆ Provide capacity-building through seminars & workshops

## Eligible Sectors

### Water and Sewage

- ◆ Water treatment and distribution
- ◆ Wastewater collection, treatment and reuse
- ◆ Water conservation
- ◆ Storm drainage

### Residential, industrial and hazardous waste

- ◆ Sanitary landfills
- ◆ Collection & disposal equipment
- ◆ Dumpsite closure
- ◆ Recycling & waste reduction
- ◆ Site remediation
- ◆ Toxic waste disposal

### Air Quality

- ◆ Street paving and other roadway improvements
- ◆ Ports of entry
- ◆ Public transportation
- ◆ Emissions reduction

### Clean / Renewable Energy

- ◆ Solar
- ◆ Wind
- ◆ Biofuels
- ◆ Biogas/ methane capture
- ◆ Hydroelectric
- ◆ Geothermal

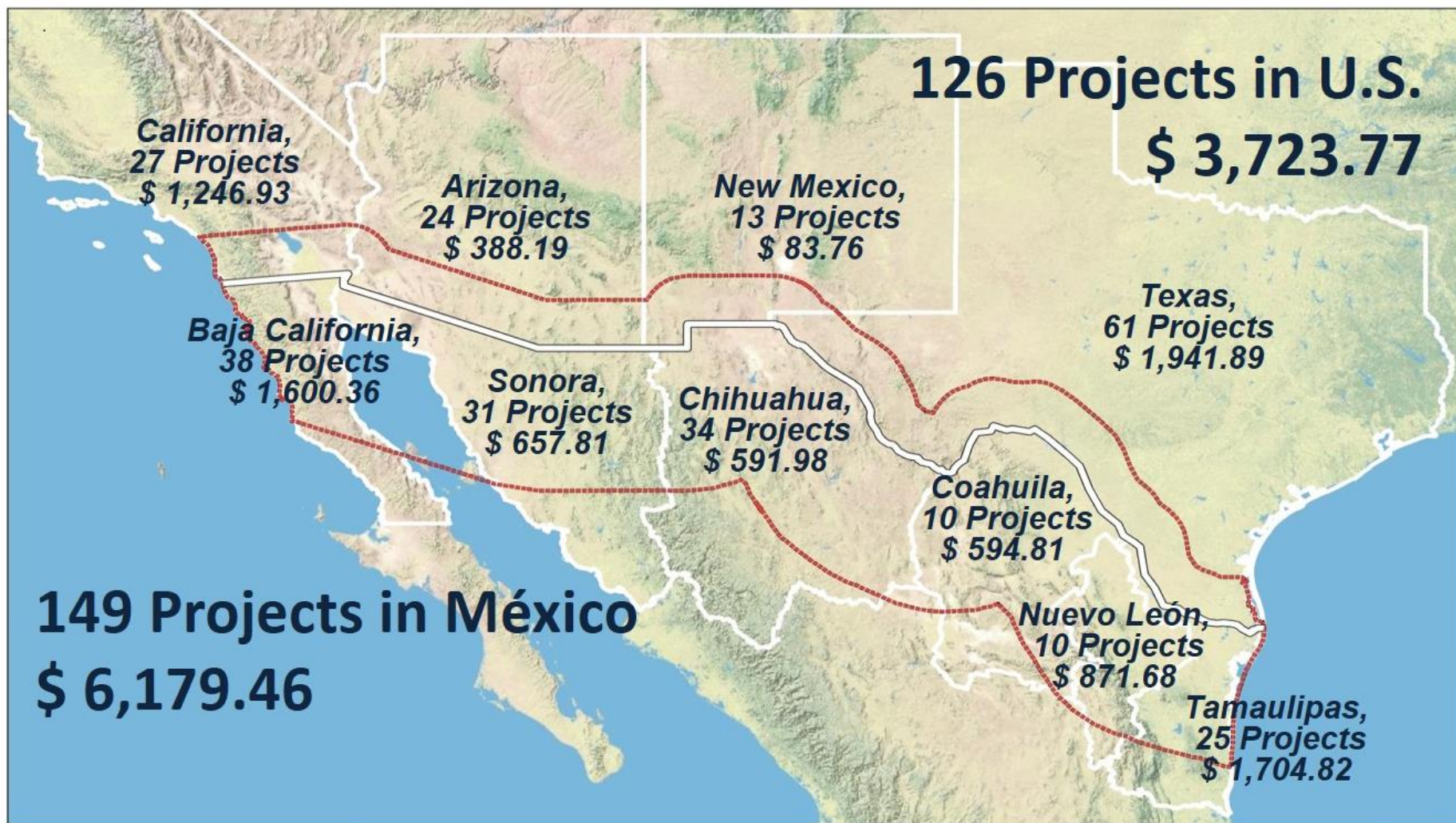
### Energy Efficiency

- ◆ Public lighting
- ◆ Building retrofits
- ◆ Equipment replacement
- ◆ Water utilities

# BECC – NADB Overview



## BECC Certified Projects



## Social and Environmental Benefits

### 147 Water and Wastewater

Providing improved drinking water treatment/distribution as well as wastewater collection/ treatment for the benefit of more than **13 million border residents**, most significantly impacted by new capacity to eliminate more than **468 MGD** (20.5 m<sup>3</sup>/sec) of untreated or inadequately treated sewage.

### 26 Water Conservation

Estimated annual water savings of **330 MGD** (456 million m<sup>3</sup>/year). As a comparison, this quantity is sufficient to serve the average daily drinking water demands of **4 million** people.

### 28 Solid Waste Management

**3.4 million** residents with improved waste collection and disposal services, resulting in the capacity to properly dispose of more than **2,000 tons of waste per day**.

### 13 Air Quality Projects

**7.5 million** residents benefited from reduced exposure to air pollution from vehicular traffic on unpaved streets. Approximately **170,000 tons per year of PM<sub>10</sub>** anticipated to be eliminated.

### 29 Energy

Offset demands of traditional fossil-fuel based energy production, avoiding nearly **2.86 million metric tons** CO<sub>2</sub>-e per year and annual generation of **5,432 GW-h** of energy from renewable sources.

# BECC – NADB Overview

## Services, Programs and Projects

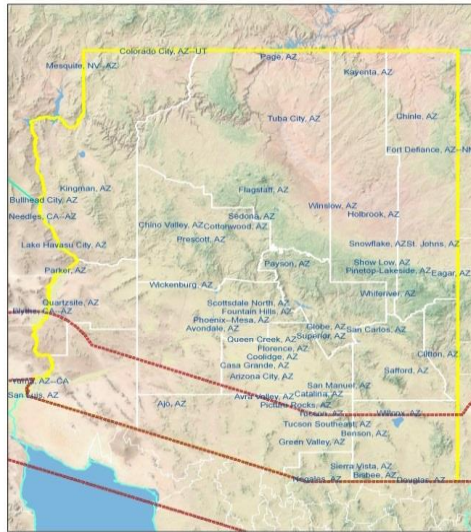
- **NADB's Loan Programs:** Competitive rates; up to 85% of total project cost, with a tenure of until 25 years. Includes Bank's role as financial and institutional advisor and as investment banker.
- **US-Mexico Border Program (EPA-funded):**
  - **PDAP and BEIF** - Water and Wastewater Projects
  - **Border 2012 -2020 and Special Grants** - Address Border 2020 objectives
- **Community Assistance Program (CAP):** Financed with NADB's retained earnings; funding priority for water, wastewater, and solid waste projects in economically-distressed communities; \$500,000 maximum grant.
- **Technical Assistance Programs** for all sectors BECC and NADB provide grant assistance to project sponsors for institutional strengthening and project development studies.
- **Institutional Capacity Building:** BECC and NADB provide training to project sponsors for institutional strengthening through Sector workshops and Utility Management Institute. BECC supports capacity building during project development

# Project Pipeline



# Project Pipeline

## Arizona Certified Projects



|                      |                  |
|----------------------|------------------|
| Certified Projects   | 24               |
| Water and Wastewater | 18               |
| Water Conservation   | 2                |
| Solid Waste          | 1                |
| Expanded Sectors     | 3                |
| Total                | \$388.19 million |
| Technical Assistance | \$6.9 million    |
| Benefited Population | 1,262,381        |

Drinking Water System Improvements,  
Tombstone, AZ



Wastewater Collection system for the Community of  
Tintown, City of Bisbee, AZ



# US-Mexico Border Water Infrastructure Program



## EPA Region 9 Initial Eligibility Filter - DRAFT

### Program Eligibility Filter

- ◆ **Project Types:** Community drinking water and/or wastewater infrastructure
- ◆ **Project Objective:** Address an existing human health or environmental condition related to inadequate infrastructure or the absence of access to proper water and/or wastewater service.
- ◆ **Project Location:** 100 kilometers north/south of the U.S.-Mexico border. Projects located in Mexico must provide a US-side benefit.
- ◆ **Project sponsor must** (at time of selection or anytime during development):
  - **Be in compliance with funding program requirements for any active BECC or NADB project.** Project sponsors located in Mexico must also be in compliance with any CONAGUA funding or administrative requirements.
  - Demonstrate financial need through an affordability analysis conducted by BECC/NADB.

# US-Mexico Border Water Infrastructure Program



## EPA Region 9 Prioritization Methodology - DRAFT

### Potential Ranking Parameters – 100 points

- ◆ Environmental / Human Health Objective – 25 pts
- ◆ Institutional Capacity Documentation – 15 pts
- ◆ Project Development Status – 20 pts
- ◆ Degree of US Benefits – 15 pts
- ◆ Sustainable Development Component – 10 pts
- ◆ Addressing Regional Priorities – 15 pts

# US-Mexico Border Water Infrastructure Program



## EPA Region 9 Prioritization Methodology - DRAFT

### ◆ Environmental and Human Health Objective – 25 pts

Immediate or  
Direct impacts  
to Public  
Health

- 25 pts – Health impacted by no access to DW; Exposure to untreated WW; Untreated WW discharges in/to US; addresses US-declared public health emergency.
- 20 pts – DW non-compliance for primary water quality standards; Untreated/inadequately treated WW contaminating DW supply

Immediate adverse  
environmental  
effect or potential  
health effect

- 15 pts – WW infrastructure (on-site or centralized systems) conditions threaten environment; Improves WW effluent quality to US impaired water bodies; Non-compliant WW discharges impact ESA-listed species
- 10 pts – Intermittent DW service; Reduces untreated WW discharges in transboundary watershed; Reduces demands on potable water resources

Reduces risks  
to health and  
environment

- 5 pts – DW treatment/distribution to address non-compliance of enforceable standards; Non-compliance with discharge requirements; Improves WW treatment in transboundary watershed; Reduces demands on energy consumption

# US-Mexico Border Water Infrastructure Program



## EPA Region 9 Prioritization Methodology - DRAFT

### ◆ Institutional Capacity Documentation – 15 pts (cumulative)

3 points will be awarded for each of the following for a maximum of 15 pts:

- Audited Financial Statements (previous year) and Current Year Budget
- Reserve accounts for O&M, Repair/Replacement, and/or capital improvements are established and maintained
- Rate structure along with billing and collection efficiencies data for previous fiscal year or 12 month period
- Organizational Structure including summary of qualifications/ experience of key management and operations personnel.
- Operational performance documentation (i.e. sanitary surveys, influent/effluent data, NPDES permits, annual reports, water production/use; pre-treatment program activities)
- Utility applies sustainable development practices (high efficiency equipment, implementation of leak detection or other water conservation programs, tiered rate structures, existing reuse practices, etc)

Documentation will be collected during the “Pre-selection” project review process.

# US-Mexico Border Water Infrastructure Program



## EPA Region 9 Prioritization Methodology - DRAFT

- ◆ **Project Development and Funding Status – 20 pts maximum**
  - 10 Points:** Design documents available<sup>1</sup> and/or a completed Facility Plan, Preliminary Engineering Report, or similar document.
  - 5 Points:** Planning document (Alternative Analysis) available and/or the applicant can provide clear documentation of the conditions to be addressed by the project
  - ADD**
  - 10 Points:** Formal commitment of funds from another source for anticipated project development or construction costs
  - 5 Points:** Application submitted for other funding source(s) and/or the applicant can provide proof of land ownership for facilities to be addressed by the project.

<sup>1</sup>Design is used here as an indicator of technical development and is not expected to meet standard requirements for certification and funding.

# US-Mexico Border Water Infrastructure Program



## EPA Region 9 Prioritization Methodology - DRAFT

### ◆ Degree of US Benefit – 15 points

#### ■ 15 points –

- Project is located in the US and provides new DW and/or WW connections;
- Project is located in Mexico and addresses untreated WW discharges to transboundary water body.

#### ■ 10 points –

- Project is located in the US and addresses non-compliant WW discharges;
- Project is located in Mexico, within a transboundary watershed, and reduces untreated WW discharges or improves US water quality

#### ■ 5 points –

- Project is located in the US;
- Project is located in Mexico, within a transboundary watershed, and improves WW treatment, discharge quality, and/or provides first-time access to WW or DW services

#### ■ 0 points – Project is located in Mexico and in a community contiguous to the border.

# US-Mexico Border Water Infrastructure Program



## EPA Region 9 Prioritization Methodology - DRAFT

### ◆ Sustainable Development Component – 10 pts

**10 Points:** Integral SD element (anaerobic digestion/cogeneration, use of alternative energy to power processes, or efforts resulting in a decrease on the demand for potable water use or depletion of important water resources)

**5 Points:** Incidental SD element (solar power for power needs such as facility lighting, installation of high efficiency equipment for operations, or reuse of water at the respective facility)

# US-Mexico Border Water Infrastructure Program



## EPA Region 9 Prioritization Methodology - DRAFT

### ◆ **Addressing Regional Priorities – 15 pts** (if more than 1 applies, use highest)

**15 Points:** Eliminates untreated or inadequately treated discharges from Mexico to the US; US-declared health emergency

**10 Points:** Influences US water quality in transboundary water body

**2 Points:** Project will address a B2020 program objective (new connections; reduced operating costs; energy efficiency; water efficiency; climate change adaptation)

# US-Mexico Border Water Infrastructure Program



EPA Region 9 Project Application and Selection Process - DRAFT

## Project Application Process

### ◆ Program Initial Call for Applications

- Announce initial application cycle

TARGET: May 2017

- Application Deadline: August 1, 2017

- On-line program application is available 24/7

- Evaluate applications and apply ranking methodology

TARGET: September 30, 2017

### Project Application Process

- ◆ Place applications into an appropriate list: Pre-Selection; Ranked Application Pool; Rejected/Ineligible
  - For projects in Mexico, confirm CONAGUA participation/support prior to pre-selection
- TARGET: November 30, 2017
- ◆ Notify sponsors and publish process results.
- TARGET: December 15, 2017

# Thank you

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