



SMART BORDER COALITION™

SAN DIEGO-TIJUANA

BOARD OF DIRECTORS LUNCHEON

September 14, 2017, Leidos

**ENVISION THE BORDER AS IT SHOULD BE:
ONE PEOPLE, ONE REGION , ONE ECONOMY**

Executive Director's Report

– July meeting highlights and follow up:

- Thank you Gregorio Goldstein and Salomon Cohen for their hospitality at Tijuana WTC!
- SBC Interaction with the City of Tijuana through CCE.
- **Economic Development Secretariat:** Funding for signage and access roads; Export corridor donation and partnerships; *Calle 12* changes: major infrastructure repairs.
- **Russ Jones / BTA:**
 - **NAFTA Commentary Period:** fair, open and transparent trade rather than “free trade”. Avoid non-tariff barriers, such as anti-dumping actions. Rules of origin need to be modified -- people have gamed the system. Greater facilitation of worker movement. Memorialization of security protocols. Harmonization of *de minimus* amounts for what constitutes a transaction; use more comprehensive tariff codes (more than 6 digits); North American COAC (Commercial Customs Operations Advisory Committee) to respond to threats and opportunities much faster and trilaterally.
 - **Single window** should become very important on a trilateral basis; **Unified Cargo Processing** is all the rage in AZ ports. Why not use it for Otay Mesa II?



Executive Director's Report

– July meeting highlights and follow up:

- **Talent Project:** H1B Visas in US are not being renewed; quotas are small. Tijuana could have an advantage by hiring these people.
- **Effect of Sewage spills on Imperial Beach:** Closed out 3 of the last 10 years! Status: working with Senator Feinstein and County mayors for appropriations from Congress to support CESPT and BC plan to upgrade sewage system. Concern is that process will take 10 years!
- **Mark Watton, Otay Water District and Ruben Sanchez on Presidential Permit / Rosarito Desal Plant:** \$500 million project. Plant will satisfy all of TJ water demands first before it gets exported. Permit process took 3 years and was granted on May 16. Financing likely through NADBANK. **Ruben Sanchez:** Consolidated Water is main sponsor (100 million gallons per day of desal water); 2 stages: first one completed at the end on 2019; second stage by July 2024; Construction starts in November.



Goal List and Progress

– **Wait Times:**

- Commercial Crossing Information System and Cargo
- Metropia for monitoring continuous wait times for POVs

– **Access Roads**

- AIMO and CANACINTRA
- Coordination with City of Tijuana for knowledge and funding

– **Signage**

- CCE-Mayor coordination
- Funding challenges
- Lane signage phase

– **No Tags**

- Consistently low percentages
- City of Tijuana route maps for Google

– **Ped West**

- Opening
- Issues



Goal List and Progress

– **Joint Inspection:**

- Ineffective so far
- Federal level MOU
- U.S. possibility?

– **Cargo Pre-Clearance**

- Funding
- City of Tijuana sign off on last mile parcel
- SBC coordination with AAA, AIMO, CANACINTRA and Carriers

– **Puerta de Mexico**

- 8 new lanes at SY and INDAABIN

– **SENTRI Cars**

- Backlog locally worked out by end of 2017

– **Railroad**

- Regional CBP leeway and State of BC involvement
- Federal SAT and CBP conversations for UCP compound in Mexico
- Concession payment, BC Government purchase of 40% of land for El Sauzal-Tecate connection.



Goal List and Progress

– Commuters

- Otay Mesa Chamber and CBP support
- Employer Program



Executive Director's Report

– **Financial Statements**

- YTD revenues are in line with budget and expenses are \$21,000 below budget. Loss for August based on low revenue level in summer months.

– **Port of San Ysidro Southbound lane closures -- SBC Forum in July.**

- The City of Tijuana has designated 7 critical routes in the Otay POE area. There will be 15 sign changes and 2 new signs to guide travelers to Rosarito, Tecate and downtown Tijuana. Police officers will be posted in 18 key stop lights.

– **Northbound SENTRI Lanes using westernmost lanes upon ingress.**

– **Border Mayors' Association Meeting – Border Infrastructure panel.**

– **Upcoming trips: #OneBorder Laredo and San Diego Regional Chamber of Commerce Delegation to Washington, D.C.**



Next meeting is the Holiday Party in Tijuana on December 7.

2018 meeting schedule in your packets.

Thank You!



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Executive Director's Report

– July meeting highlights and follow up:

- **Thank you Gregorio Goldstein and Salomon Cohen for their hospitality at Tijuana WTC!**
- **SBC Interaction with the City of Tijuana through CCE.** Kurt Honold stated that SBC's agenda falls in line with CCE's. It is important that we attend the monthly Mayor meetings.
- **Economic Development Secretariat:** Funding for signage and access roads: City wants to share the investment with State of BC (via Tourism Ministry), CDT, SBC. Export corridor donation needs to be officially concluded by end of July. *Calle 12* changes: major infrastructure repairs; partnering with Omex and Smurfitt Kappa to better understand truck transit to export corridor.
- **Russ Jones / BTA:**
 - **NAFTA Comments:** fair, open and transparent trade rather than “free trade”. Recognize benefits of trilateral cooperation and competitiveness; avoid non-tariff barriers, such as anti-dumping actions. Greater facilitation of worker movement in their industry. Memorialization of security protocols -- what does a secure border look like? Rules of origin need to be modified -- people have gamed the system. 3 countries must have harmonized *de minimus* amounts for what constitutes a transaction; use more comprehensive tariff codes (more than 6 digits); North American COAC (Commercial Customs Operations Advisory Committee) to respond to threats and opportunities much faster and trilaterally.
 - **Single window** should become very important on a trilateral basis; **Unified Cargo Processing** is all the rage in AZ ports. Why not use it for Otay Mesa II?



Executive Director's Report

– July meeting highlights and follow up:

- **Talent Project:** H1B Visas in US are not being renewed; quotas are small. Tijuana could have an advantage by hiring these people. This is a Knowledge and Tech transfer platform out of Tijuana. Migration Law in Mexico must be changed to allow more knowledge workers in companies as a percentage of the overall workforce.
- **Effect of Sewage spills on Imperial Beach:** Closed out 3 of the last 10 years! Status: working with Senator Feinstein and County mayors for appropriations from Congress to support CESPT and BC plan to upgrade sewage system. Concern is that process will take 10 years! Needs for SBC to work with CONAGUA and federal authorities to make them understand that this is a huge issue.
- **Mark Watton, Otay Water District and Ruben Sanchez on Presidential Permit / Rosarito Desal Plant:** \$500 million project. Plant will satisfy all of TJ water demands first before it gets exported. Permit process took 3 years and was granted on May 16. Financing likely through NADBANK. **Ruben Sanchez:** Consolidated Water is main sponsor (100 million gallons per day of desal water); 2 stages: first will be completed at the end on 2019 and second stage by July 2024; water delivered in 2 locations in Tijuana. Construction starts in November 2017.



Goal List and Progress

– Wait Times:

- Commercial Crossing Information System (CCIS): SBC met with 8 Tijuana carriers on 8/22 thanks to Board members Fidel Gutierrez-Cetto and Eduardo Acosta. We explained how the cargo wait time project will work. We are in the process of signing up several carriers.
- SBC spoke with Metropia about monitoring continuous wait times for POVs.

– Access Roads

- SBC has been in talks with AIMO (Otay Mesa Industrial Association) and Canacindra (Manufacturing Industry Association) about their plans for routing cargo and repairing streets. The City of Tijuana is aware of these plans and, along with the State of BC, has done substantial work on Canacindra's plan (<https://www.google.com/maps/@32.5488789,-116.949704,1163m/data=!3m1!1e3>).
- SBC will follow up with the City of Tijuana for coordination and funding aspects. SBC wants to (1) have a comprehensive understanding of the city plan and (2) establish a working relationship with both business associations to hold the City more accountable.

– Signage

- 8/10 CCE-Mayor coordination to convene SEDETI, Urban Development, CDT, SBC and COTUCO to establish process for a unified plan using current Urban Development Plan as baseline but adding COTUCO plan, SENTRI, Ready, All Traffic and Ped West signage (short, medium and long term milestones).
- There is money to fund the executive project for the first phase of signage in downtown Tijuana and the San Ysidro POE (\$12 million pesos) but no resources to make the signs. For Otay there are no funds yet for the executive project (\$450,000 pesos) or for the signage manufacture.



Goal List and Progress

- Ready, SENTRI and All Traffic signs will be part of an upcoming phase (unrelated to the 57-hour closure plan) to help travelers cross the border in Otay. Need for at least 11 SENTRI signs, 9 Ready and at least 4 signs for All Traffic. We will add signage on the actual pavement to better guide drivers.

– No Tags

- Decreases have been consistent, with over 50% at San Ysidro and 16% at Otay Mesa POE. There is need to install much better signage near the Tijuana side of Otay Mesa POE to improve results.
- The City of Tijuana will provide SBC with route maps to and from the Otay POE to various destinations so that SBC can convey correct information to Google. This includes Ready and All Traffic lanes. SENTRI lane should no longer be an option for Google maps.

– Ped West Southbound:

- Opened on July 31st. Average of 2,000 users, open from 6am to 10pm, 2 shifts, 20 employees. It will be open 24/7 during SY POE Southbound closures.
- Key issues we see are an unclear, roundabout way for tourists to get to downtown Tijuana, lack of enough police officers and poor infrastructure and image (Viva Tijuana Plaza, bridge connecting to downtown).

– Joint Inspection:

- Meeting with DFO Pete Flores on 8/14: pilot has been ineffective so far. It has limited processing capability; important to establish a true mechanism to expedite trade. Key is to sign up exporters.
- MOU at federal level to increase scope.



Goal List and Progress

- Possibility for the joint inspection program to be changed into a unified cargo processing option in the United States.

– **Cargo Pre-clearance:**

- SBC is in talks with a TX company that may partially fund this project. We anticipate funding this fall. If this is not achieved, SBC will look into other options.
- City of Tijuana signed off on parcel return for export corridor on 6/29; awaiting Mayor's signature for official return.
- SBC will be working with the Association of Customs Brokers (AAA), AIMO (Otay Mesa Industrial Association) and several carriers to push project forward. The SBC's Commercial Cargo Information System project will be critical piece.

– **Puerta de México:**

- SY POE closure signals start of 8-line Northbound project as part of final phase of construction. SBC will meet with local INDAABIN Director, Salvador Lamas to take close look at time frame for Mexico.

– **Sentri Cars:**

- DFO Pete Flores stated on 8/14 that they are now working locally on the backlog. Will probably resolve by end of 2017. Start from a much shorter lead time in 2018.



Goal List and Progress

– **Railroad:**

- CBP in Washington has given local CBP leeway to decide whether to move the initiative forward.
- The State of Baja California through SIDUE (Carlos Alfaro in charge of Special Projects) and ADMICARGA (Architect Maceira) will now be involved in any interaction with CBP and SAT. Baja Rail would like to involve Carlo Bonfante, Economic Development Secretary.
- Both SAT and CBP have been consulting with each other to develop the project to create a unified cargo processing compound on the Mexican side of the border.

– **Commuters:**

- CBP provided critical information about the Commuter program to SBC and Otay Mesa Chamber on 7/14.
- OMCC and SBC have consulted with immigration attorneys and had meeting with Jensen Meats and Emerald Textiles executives on 8/17 and 9/6 to describe project, outline a strategy and fine tune messaging. Jensen will present to their employees on September 12 and 13 to gauge interest. SBC and OMCC will be present.



Executive Director's Report

- San Diego and Imperial counties' manufacturing exports to Baja California are \$1 billion per year.
- Employees involved in manufacturing exports take home over \$100 million in wages each week.
- State of Baja California sent letter (diplomatic note) signed by Governor Vega to Secretary Videgaray requesting the need for diplomatic support to reestablish the cross border commercial relationship at the Tecate rail crossing and the shared customs facility.

