CHAPTER 12: THE STATE OF BORDER TRANSPORTATION AND SECURITY

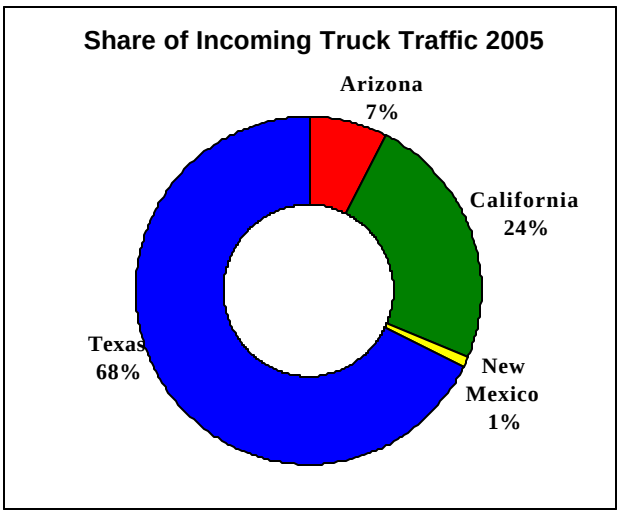
In the 21st century Texas economy, the border will be recognized as the state's greatest geographically manifested asset. Sealing the border and denying Texans access to this resource would have the same impact this century's state economy as capping the oil wells would have had in the last. The border is what gives Texas a strategic advantage over other states in attracting new types of businesses and jobs. Border related activity not only helps the state's economy to soar higher during periods of economic growth but also helps Texas avoid economic stagnation during low growth periods. The growth of international trade has given Texas greater control over its own economic future.

Without efficient and reliable transportation linkages, however, the advantages of this asset will whither while the negative attributes such as congestion and air pollution will increase. Creating a reliable and productive transportation network along the border presents a host of challenges that are not encountered in other locations. The infrastructure component, the policy component and the public information component all must work in tandem with each other. This chapter presents an update on the current state of border transportation for both freight and passenger movements and describes how Texas is striving to balance transportation fluidity with border security.

The United States shares 2,000 miles of Border with Mexico, of which 1,254 miles are along the Texas Border. Of the 309 official ports of entry (POE) in the United States, 166 of these are land POE's. The southern border's 43 POE's contain 86 pedestrian lanes, 216 lanes for personally owned vehicles (POVs) and 70 lanes for cargo carrying vehicles.[1] In Texas, 23 international crossings serve as overland ports-of-entry for trade with Mexico. Two of the fastest growing metropolitan areas of the country are the Texas border cities of Laredo and McAllen.[2] There are multiple facets to border transportation activity which are typically divided into Commercial Truck, Personally Owned Vehicle (POV) and Pedestrian Crossings. One common assumption is that commercial truck crossings alone constitute international trade. In fact, personal vehicle and pedestrian crossings are integral to international trade and often have a greater impact on the Texas economy than commercial crossings. This is especially true in border cities but not exclusively. For example it is estimated that almost 10% of shoppers at Rivercenter Mall in San Antonio made the trip directly from Mexico.[3] For reasons such as these, congestion and delays at the border for commercial or personal vehicles can severely hurt the Texas economy. Delays also hurt those seeking to visit friends and family and the thousands of children who cross the border to attend school everyday in the United States.

U.S.-Mexico Commercial Crossings

There is no reason to see Texas border ports as less critical to the economy than are major seaports. In fact, the volumes of cargo handled by Texas land ports equal or eclipse that of some of the country's larger marine container terminals. In 2005 68% of the trucks that entered the United States from Mexico came through Texas.



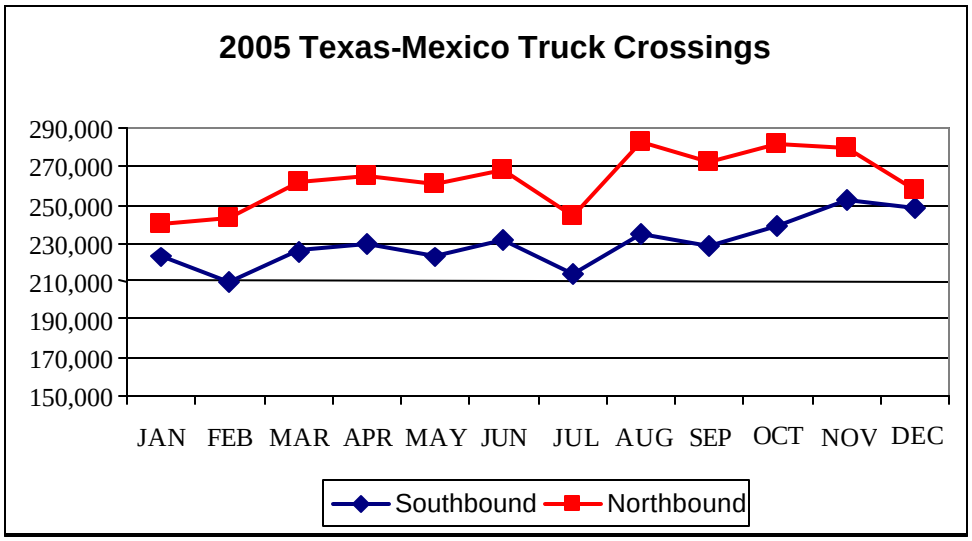
Graph 1: Texas holds the dominant market share of cross border truck shipments
Data Source: http://www.nascocorridor.com/

As shown in the following table, the largest commercial border crossing locations in Texas registered a slight increase from 2003 to 2004. Average wait times at the Laredo World Trade Bridge are far higher than those in other commercial POE's

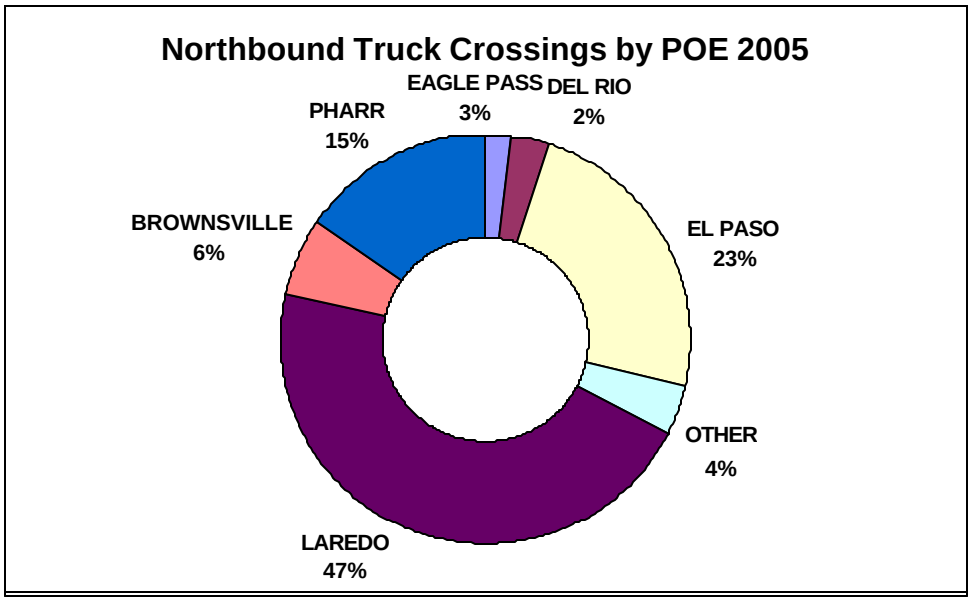
Table 1 : Wait Times at United States–Mexico border Commercial Crossings

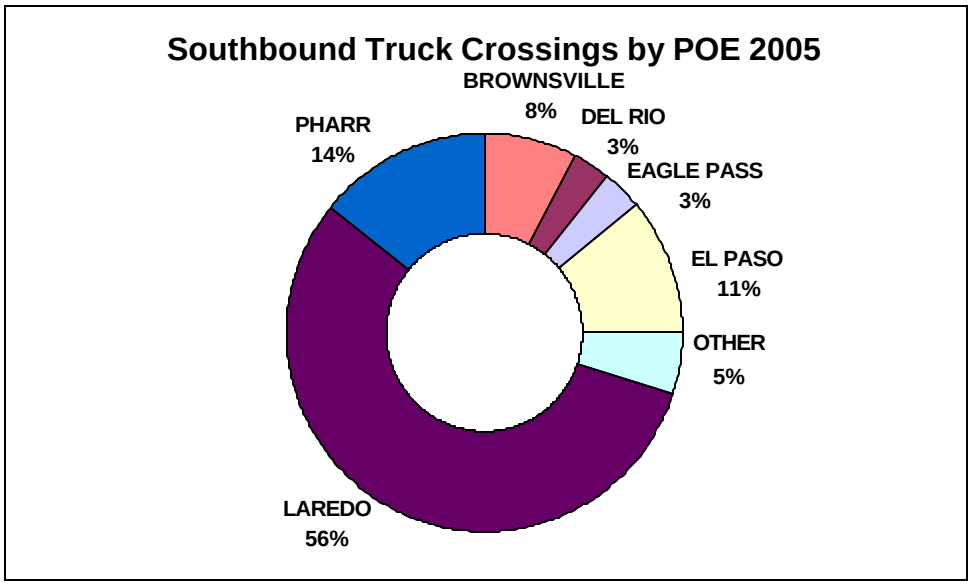
	2003	2004
Laredo-World Trade Bridge, TX	17.2	20.5
El Paso-Ysleta, TX	8.3	11.0
Brownsville-Veterans International, TX	8.8	10.0
Hidalgo/Pharr, Pharr, TX	7.8	8.8
El Paso-Bridge of the Americas (BOTA), TX	6.1	5.9
Laredo-Colombia Solidarity, TX	4.9	3.7
Del Rio, TX	3.0	2.6
Rio Grande City, TX	3.1	2.5
Brownsville-Los Indios, TX	1.5	1.3
Progreso, TX	0.7	0.8
Presidio, TX	1.6	0.5
Eagle Pass–Bridge I, TX	1.6	
Texas Average	**5.4**	**6.1**
Average for all US-Mexico Crossings	**6.2**	**7.2**

Source: Bureau of Transportation Statistics



Graph 2: Border truck congestion varies throughout the year.
Data Source: http://texascenter.tamiu.edu/texcen_services/truck_crossings.asp?framepg=datatruck





Graph 3 and 4
Data Source: http://texascenter.tamiu.edu

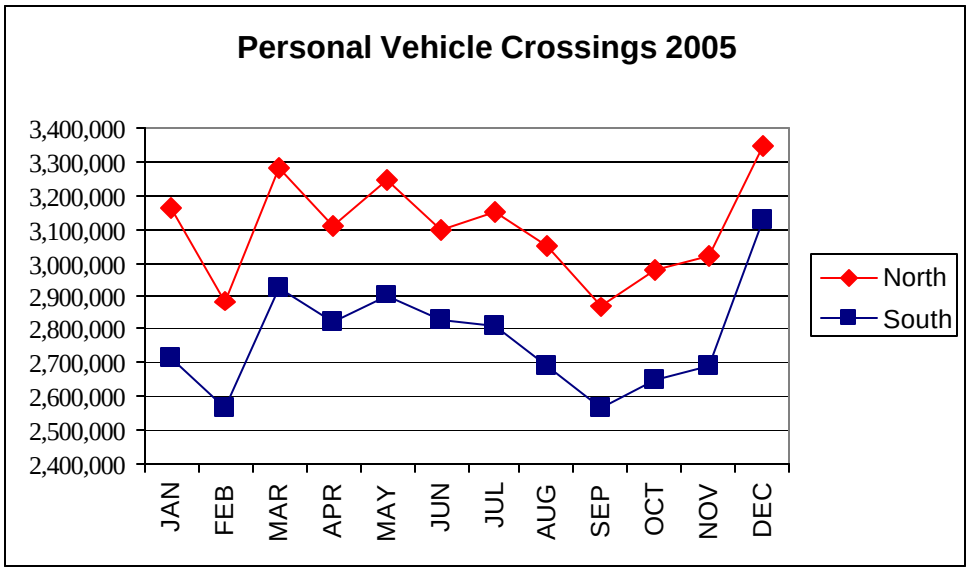
Personally Owned Vehicles (POVs)

In 2005, over seventy million vehicles legally crossed the Texas border. Many of the crossers use border crossing cards which do not allow them to travel beyond a 25 mile border zone The increased congestion has imposed an enormous strain on an already over-burdened border infrastructure. The sheer volume of traffic means that any decrease in processing speed can lead to cascading delays that can occur without warning. On average, POV wait times are twice as long on the US-Mexico border as the US-Canada Border.[4] In Texas, the highest wait times are encountered at the El Paso Bridge of the Americas (BOTA). The BOTA did, however, see a substantial improvement in border crossing times in 2004. These statistics do not fully represent the full picture of delay at the border since they are only averages and do not show the short term peaks that afflict many of the higher volume crossings. One key to enhancing the border crossing experience would be to find more effective ways of communicating likely or actual wait times to crossers prior to arrival thereby allowing some crossers to avoid attempting to cross at during the busiest periods.

Table 1: Average Wait Times at the Texas Mexico Border		
	2003	**2004**
El Paso-Bridge of the Americas (BOTA), TX	35.4	23.8
Laredo-Bridge II, TX	16.6	19.4
Laredo-Bridge I, TX	12.8	18.4
Hidalgo/Pharr, Hidalgo, TX	21.6	17.2
El Paso-Ysleta, TX	17.1	16.8
El Paso-Paso Del Norte (PDN), TX	17.2	16.0
Hidalgo/Pharr, Pharr, TX	12.6	12.3
Brownsville-Gateway, TX	12.8	11.0
Brownsville-B&M, TX	13.2	11.0
Del Rio, TX	11.1	10.9
Brownsville-Veterans International, TX	12.0	9.5
Eagle Pass-Bridge I, TX	7.7	7.7
Andrade, CA	3.9	7.1
Eagle Pass-Bridge II, TX	6.8	6.1
Brownsville-Los Indios, TX	6.0	4.7
Roma, TX	4.5	4.3
Rio Grande City, TX	3.9	3.9
Presidio, TX	6.0	0.9
Texas Average	**12.3**	**11.2**
All US-Mexico Crossings Average	**14.5**	**14.6**

Source: Bureau of Transportation Statistics[5]

The following graph shows how the volumes of personal vehicles varied throughout the year in 2005.



Graph 5
Data Source: http://texascenter.tamiu.edu

In this age of terrorist threats, the U.S. has begun to approach the concept of border transportation with a national level focus where anti-terrorism efforts are added to the mix of pre-existing law enforcement and regulatory issues. While achieving adequate security is a crucial issue along the border, these policies must not transform the U.S.-Mexico Border into a fortified barrier that impedes the legitimate flow of commerce and people. Because U.S.-Mexico ports-of-entry face these new challenges, effective regulation at our borders will require the coordination of state and national resources, as well as international cooperation.

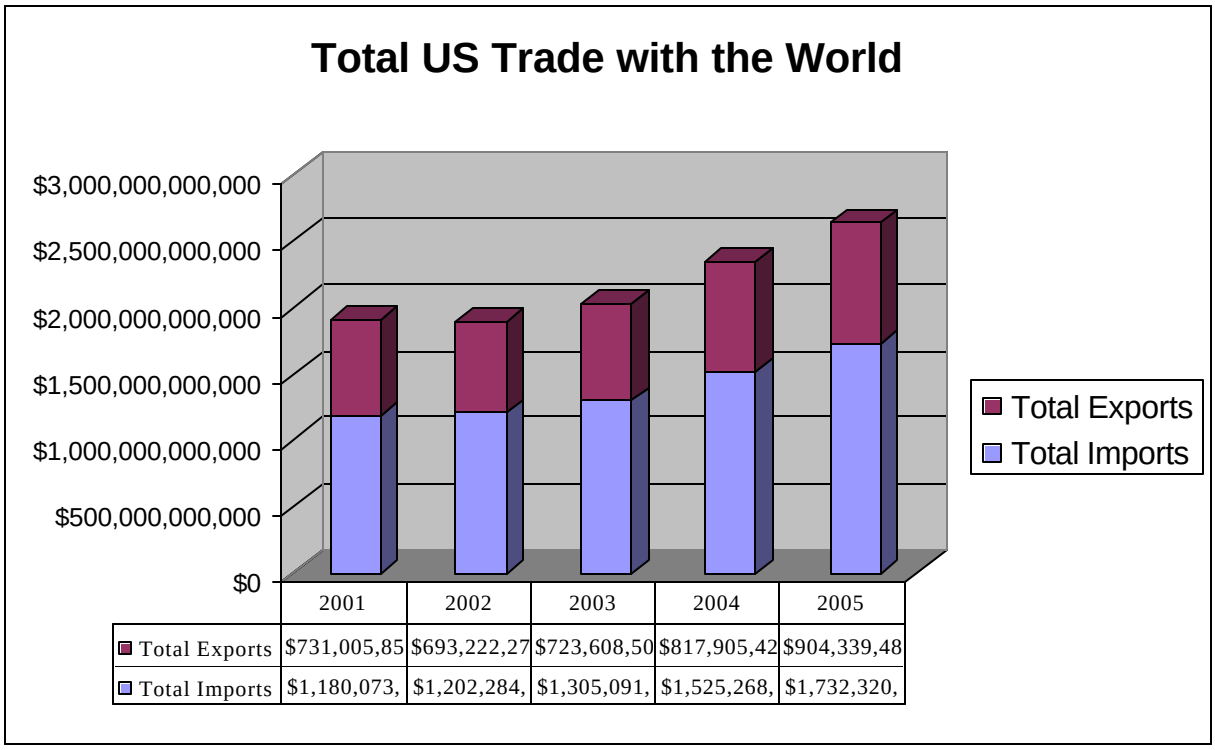
The United States' focus on safeguarding its citizens from further barbaric acts of terrorism is appropriate. However, the war on terrorism must not undermine our nation's confidence or dictate its destiny; rather, it must be integrated into the nation's vision for expeditious and enhanced trade. Any policy changes proposed for the shared border and our ports-of-entry must take into account that the overwhelming majority of people and goods cross the Border for legitimate purposes. U.S. efforts to increase homeland security must be made alongside equal efforts to facilitate trade.

NAFTA and its Role in the Nation's and Texas' Economy

Trade

In the 1990s, the value of U.S. international trade more than doubled when adjusted for inflation, rising to $2.2 trillion in 2000. In that year, nearly one-third of U.S. merchandise trade was with Mexico and Canada.[6] Most of this change in share can be attributed to trade with

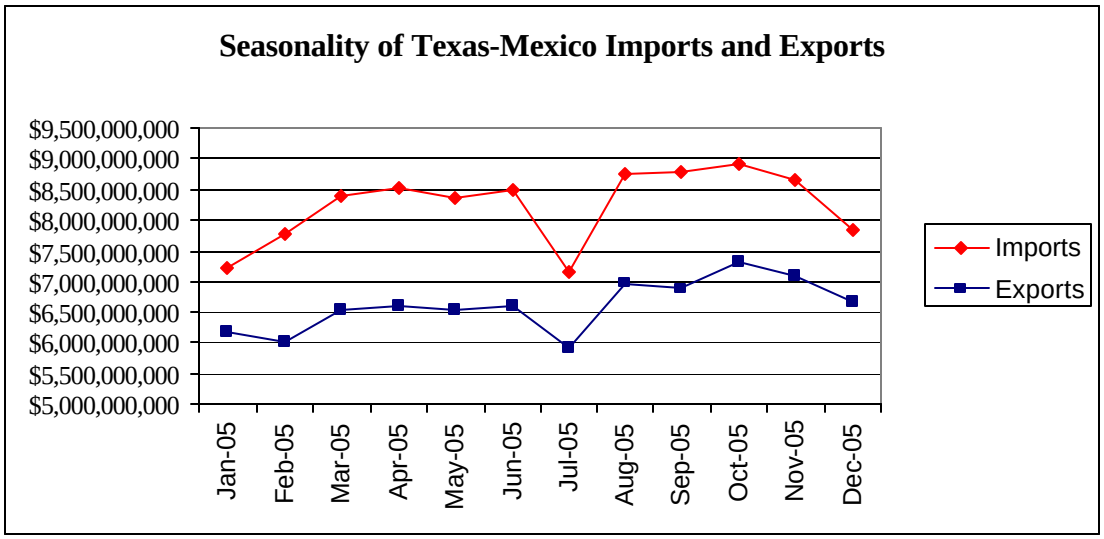
Mexico, which grew from 8.5 percent to 12.4 percent of total international merchandise trade during this period.[7] In 2005, the value of imports from Mexico to Texas that entered via land border crossings was $99,004,282,552, up from $83,462,948,740 of imports in 2001. Exports in 2005 stood at $79,252,135,168 when compared with $67,849,297,155 in 2001.



	2001	2002	2003	2004	2005
Total Exports	$731,005,85	$693,222,27	$723,608,50	$817,905,42	$904,339,48
Total Imports	$1,180,073,	$1,202,284,	$1,305,091,	$1,525,268,	$1,732,320,

Graph 6: Most US trade growth in the last five years has been in imports
Source: UN-COMTRADE Database

In 2000 nearly one-half, or 47 percent, of all Texas exports went to Mexico and eighty percent of all U.S. trade with Mexico passes through Texas' ports-of-entry, making Mexico the state's most important trading partner.[8] Trade with Mexico accounted for one in every five jobs in the state, and exports make up approximately 14 percent of the state's gross product.[9] Enhanced trade increased the number of northbound commercial vehicle crossings from 2.7 million in 1994 to more than 4.3 million in 2001.[10] However, for the first decade after the passage of NAFTA, neither Mexico nor the United States made the infrastructural or institutional adjustments necessary to handle the surge of international traffic that this agreement produced.[11]



Graph 7
Data Source: http://texascenter.tamiu.edu

Mexico is still the largest single destination for Texas exports, however as a percentage of the total, Mexico now accounts for only about 40% of total exports. Research by the Federal Reserve Bank of Dallas has shown that exports to Asia, and in particular China, now account for a much more significant percentage of total Texas exports than was the case in the year 2000.

The growth of China on the world trading market has also dramatically impacted the maquiladora industry in recent years. In the traditional maquiladora model, manufactured inputs would be produced in the United States and exported to Mexico where they would be assembled into finished or semi-finished products and re-exported back to the United States. This system meant that the growth of the maquiladora industry was limited to a large extent by the growth of US suppliers. Mexico's international trade used to depend almost exclusively on the United States, however this is no longer the case. Between 2000 and 2004, Mexico's trade with the US fell from 81% to 72% of its total trade with the world. Almost of this loss has occurred on the import side. The US is still the destination of 90 percent of Mexican exports, however Mexican imports from the US have dropped from 73% in 2000 to 56% in 2004.[12] Alternatively, Mexico's imports from China have grown from $1.3 Billion in 1997 to over $17 Billion in 2005.[13] Research by Jesus Canas and Roberto Coronado at the Federal Reserve Bank of Dallas, El Paso Branch has shown that maquiladora inputs are a significant reason for this increase in Asian trade. In 2001 90 percent of maquiladora inputs were from the United States and 9 percent were from Asia. By 2004, the US share of maquiladora inputs had fallen to 59 percent while the Asian share had grown to 36%.[14]

In all border states crossers face congestion and long waiting times usually associated with government inspections and customs processing. These factors contribute to increased traffic congestion, which impedes commercial and non-commercial traffic in Border communities and at Border ports-of-entry. Given the significance of this trade to the nation and our state, federal and state regulators must determine how commerce and law enforcement should interact at the Border, and what policies should be adopted to facilitate the movement of people and goods in order to maintain productive trade patterns.

Problems Associated with NAFTA

Since the time NAFTA was ratified, the United States and Mexico have taken a number of steps to achieve closer economic integration. However, despite a strong trade relationship and other ties, cross-Border transportation issues continue to be a challenge. In addition to the damage caused by trucks, increased commercial traffic generated by NAFTA-related trade with Mexico has also led to increased congestion along key trade corridors such as I-10 and I-35, and particularly at crossings at the Border itself. This congestion will only become more prevalent as trade between both nations increases, and as the Mexican economy, which recently eclipsed one trillion dollars (PPP), continues to invest in its transportation system and improve its own standing in the global trade arena. In addition to the negative effect on travel times and drivers' tempers, congestion delays the shipment of raw materials and finished goods, curtailing the growth of the Texas and Mexican economies. Some economists assert that failure to invest in public works amounts to a "third deficit," after budget and trade imbalances. Delaying investment in infrastructure hinders production and shipping and hampers economic growth. For the El Paso/Ciudad Juarez metroplex, the cost of vehicle maintenance and delays for the 15 million vehicles stalled at the international bridges in 2000 exceeded $100 million every year.[15]

On both sides of the U.S.-Mexico Border, the sheer volume of commercial vehicles has overwhelmed government agencies charged with inspections and exacerbated inefficiencies in outdated inspection processes. In its December 2001 Border transportation report, the General Accounting Office (GAO) found that five primary factors contribute to northbound congestion at the Border:

1. Multiple inspection requirements;

2. Staffing and human resources problems;

3. Limited use of automated management information systems for processing commercial traffic;

4. Insufficient roads connecting ports-of-entry; and,

5. Limited coordination and planning among U.S. inspection agencies and between the U.S. and Mexico.[16]

The GAO report noted that the lack of coordination among agencies within countries, as well as between countries, stands in the way of reducing shippers' transaction costs. Depending on the type of load, commercial vehicles have to pass through customs, agriculture, drug, immigration and safety inspections. Further, with 50 to 100 percent increases in commercial vehicle traffic between 1994 and 2001, government funding for additional staff and facilities had fallen behind. Despite new "intelligent transportation" technologies that could drastically reduce processing times, federal agencies had been slow to incorporate these technologies, and most processing is still paper-based. The bottom line was that the cumbersome processing of northbound shipments could be improved by better cooperation among U.S. government agencies and greater use of available technology.

While this report was released shortly after September 11th, it did not take into account some of the protocols such as US-VISIT that were only rolled out in 2004 and 2005. The growth of RFID use in the border inspection process has the potential to reduce paperwork and eventually improve border crossing times, however it also puts an even higher premium on ensuring that the border is staffed with officers well trained in the proper uses of these new technologies. Furthermore, some policymakers may believe that the addition of new technologies can substitute for investments in traditional infrastructure, however this is clearly not the case. In 2003 the Data Management Improvement Act Task Force concluded that 70% of the 166 land ports of entry had inadequate infrastructure. Of these:

- 64 ports have less than 25% of required space
- 40 ports have between 25 and 50% of required space and
- 13 ports have between 50 and 75% of required space.[17]

These alarming statistics show that the problems at the border are not something that can be tweaked or easily corrected. Rather, they require a long-term program of sustained and strategic investments.

One-Stop" Border Inspection Facilities

A "Smart Border" bi-national trade system uses technology to help streamline the passage of low-risk goods and people into the United States. At the same time, the system seeks to prevent dangerous or illicit goods from entering the country. To that extent, smart border innovations have been in progress for some time.

To cope with NAFTA's strain on Border infrastructure and to expedite the flow of commerce at our ports of entry, Senator Shapleigh authored S.B. 913 in the 76th Legislative Session to require the Texas Department of Transportation (TxDOT) to build one-stop Border inspection stations in the cities that have experienced the greatest increase in commercial traffic, Laredo, El Paso, and Brownsville.

The 76th Legislature passed S.B. 913, which has five goals: (1) to facilitate the flow of commerce, (2) improve federal efforts aimed at interdiction, (3) protect our public health, (4) conserve our environment by decreasing the idling time of commercial vehicles, and (5) protect our already severely overburdened highways along the Border by preventing overweight trucks from traveling on Texas' roads.

In response to the passage of S.B. 913, former Texas Secretary of State Elton Bomer, working in conjunction with TxDOT, directed the Center for Transportation Research (CTR) of the University of Texas at Austin and the Texas Transportation Institute (TTI) of the Texas A&M University System to examine the feasibility of an expedited Border process that would facilitate trade while permitting federal and state agencies to maintain their inspection responsibilities. In addition, CTR and TTI were directed to determine the potential to enhance security through improved automation and screening. The final product envisioned was the "one-stop" Border inspection facility prototype. The one-stop model can be viewed at: www.bordercross.tamu.edu.

Co-locating the myriad state and federal agencies with inspection and regulatory responsibilities at the Border and integrating the various processes into one streamlined and cohesive approach is critical if we are to succeed in expediting U.S.-Mexico overland trade. For example, using devices that enable communication from electronic container seals to a PDA Network will improve security and facilitate trade by incorporating the processing of commercial vehicles, rail freight and crews, and addressing inland pre-clearance/post-clearance, international zones, and pre-processing centers at the Border. Creating this standardized platform is achievable, but will require strong direction from our state and the federal government.

The Role of RFID Technology

The "one-stop" Border inspection facility would combine the use of a Radio Frequency Identification (RFID) system, which transmits data back and forth from truck to Border processing agent. RFID is a Federal government information technology initiative to implement an integrated, government-wide system for the electronic collection, use, and dissemination of international trade data. It will reduce burdens for the trade community and the government by eliminating duplicative information requirements and the collection of excessive data. The initiative will also improve enforcement of and compliance with government trade requirements. RFID promises to create a government that works better and costs less by:

1. Reducing the cost and burden of processing international trade transactions for both the private trade community and the government;

2. Improving the enforcement of and compliance with government trade requirements such as public health, safety, and export control; and

3. Providing access to international trade data and information that are more accurate, thorough, and timely.

By digitizing the paper trail, the system promises to significantly reduce delays without compromising the objectives of U.S. law enforcement and other government agencies involved in the regulation of commerce. By providing users "dedicated trade lanes" in the "one-stop" Border inspection facility, it will ensure expedited clearance and passage in approximately 12 minutes. According to researchers and Mexican government officials, technological and other innovations, such as an automated clearance system requiring carriers to provide documentation electronically would also encourage the development of cross-Border trucking beyond the commercial zones by reducing the need for time-consuming paperwork reviews at the Border. [18]

The key to implementing the "one-stop" Border inspection facility is to bring cost-effective technology into the process. In particular, Texas must focus and expand the use of RFID. Presently, U.S. Customs will not share RFID with other law enforcement groups as they claim that it is a proprietary technology and can not be shared. Thus, the only option available

for local law enforcement groups stationed at ports-of-entry is to purchase their own form of technology. From a public policy perspective of saving precious and few resources, duplication should always be avoided, especially when technology is already available. In Texas, DPS officials at the Border inspect trucks for safety concerns. If they had access to driver and truck safety data, they could determine in advance if approaching trucks need inspection. Ideally, the RFID transponders would be linked to the Federal Motor Carrier Safety Administration's query central information system, providing DPS officials with this information.

RFID technology will not only improve inspection and enforcement, but will also speed the flow of commerce. The use of transponders, weigh-in-motion scales, existing federal and state agency databases, and Internet connectivity will also expedite trade in Texas. RFID technology must also be incorporated as a key part of the physical design and layout of each "one-stop" Border inspection facility. In addition, the implementation of the "one-stop" should include provisions for co-location of all federal and state agencies with responsibilities at our ports-of-entry and include key Mexican counterparts through "virtual" connectivity.

Immediate action is necessary to head off congestion that is choking trade, increasing product cost, and adversely impacting the quality of life at our key ports-of-entry. The need, the will, the funding and the technology exist now to make the "one-stop" a reality. When Texas-Mexico trade increases, the entire state will benefit.

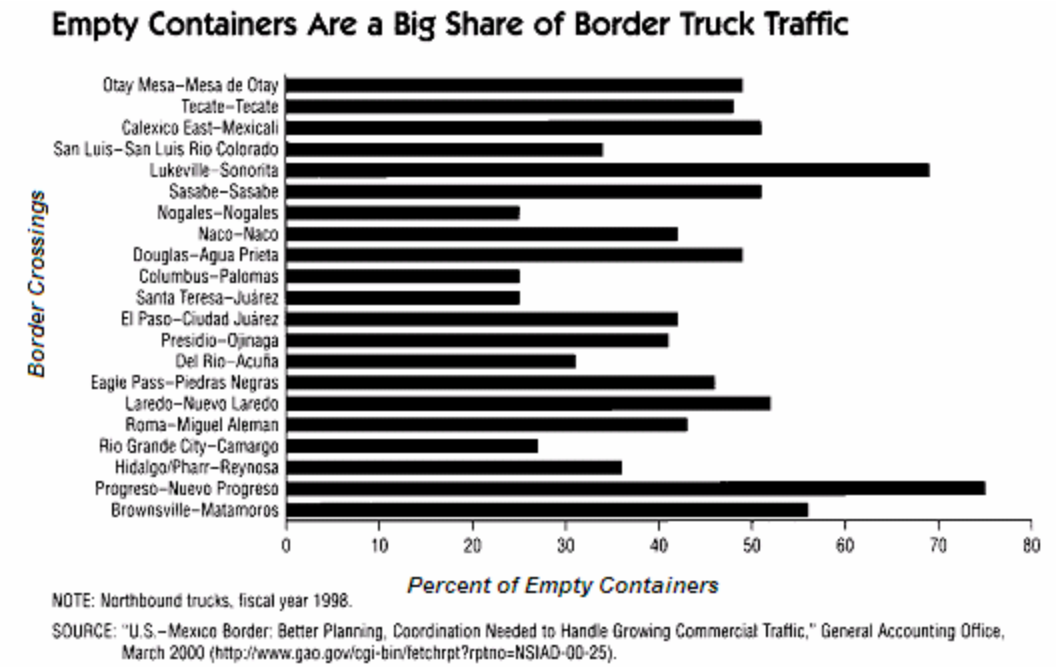
Other Barriers to Facilitating Commerce

Although emerging technologies exist to address trade and safety, barriers to trade persist and even increase as new obstacles are erected. The restricted movement of commercial vehicles across the Border, Mexican customs broker practices, inadequate staffing and inspection facilities, and outdated U.S. customs processing and inspections all cost shippers time and money. These transactions costs reduce the volume of trade and increase the price of goods.

In the current system, restrictions on cross-Border commercial vehicle traffic mean that, on average, three trucks are necessary to carry goods from the interior of Mexico to the U.S. interior. For example, a long-haul truck carries freight to the Mexican Border from an interior Mexican state, where it is transferred to a short-haul drayage truck that carries the goods across the U.S. Border into the commercial zones. To move a shipment beyond the commercial zones, it must be transferred to a third truck based in the United States. The time required to complete these transfers within the Border commercial zones hinders the preferred "just-in-time" work process principles of many maquiladoras.

The system is cumbersome and inefficient, according to the Office of the U.S. Trade Representative, as well as trucking industry representatives, businesses, and academic researchers. They point out that a single commercial vehicle transport system would be more efficient, practical, and less costly.[19]

Furthermore, Mexico exports a lot more to the U.S. than it imports. As a result, a March 2000 General Accounting Office (GAO) study found that 47 percent of 3.6 million containers that crossed the Border to Mexico in 1998 were empty.[20] As shown in the chart *Empty Containers are a Big Share of Border Truck Traffic*, for northbound shipments, all major ports of entry had at least 25 percent empty trucks and most had greater than 40 percent.



Graph 8
Source: www.gao.gov

In its Border transportation study, the GAO points out that government officials must process empty trucks using the same criteria as they use for loaded ones to ensure compliance with U.S. laws and regulations. The large number of empty trucks slows down cross-Border trade. These empty trucks are mainly drayage carriers, either returning from or on their way to shuttling a load across the Border. The end result is that surface trade with Mexico continues to be markedly more expensive than trade with Canada, our other NAFTA partner.[21]

If Mexican trucks are allowed to transport goods directly into the United States and vice-versa as was originally intended by NAFTA, this change will have numerous benefits, including an increase in the incidence of direct lining and reduced demand for drayage, which will lower costs to shippers and, since these carriers normally do not backhaul (return with a load), reduce congestion along the Border.

Safety of Mexican Commercial Vehicle Fleet- Drayage vs. Long Haul

The most widely cited claim that cross-Border trucks are unsafe is based on a 36 percent failure rate of Mexican "short-haul" trucks chosen for inspection at border crossings in 2000.[22] For several reasons, it would be faulty to assume that a similar percentage of all trucks would fail under a policy of allowing Mexican long haul trucks into the US interior. Trucks currently

inspected at the Border are short-haul drayage trucks that are not representative of the quality of Mexican trucks in general. Short-haul trucks, which due to the political restrictions mentioned earlier, can only shuttle cargo a few miles and may spend a great deal of their day waiting in queue, tend to be older and more polluting than long haul trucks. The GAO study stated that many of these dray vehicles, according to Mexican government officials, would no longer meet safety standards in Mexico.[23] Also, because inspections are non-random, the trucks most likely to fail are singled out, skewing the failure rate for inspected trucks. Trucks not chosen for inspection would have lower failure rates if inspected, than those that are selected. In California, for example, where a higher percentage of all commercial vehicles are inspected, the failure rate is only 26 percent. This number is comparable to a 24 percent nationwide failure rate for U.S. trucks.[24] Finally, Mexican commercial vehicles that enter the U.S. interior actually have lower failure rates than U.S. trucks: 19 percent versus 24 percent.[25] Thus, the argument that Mexican trucks would represent a safety hazard on U.S. roads is exaggerated at best. The Texas DPS has been inspecting border dray vehicles since 2003 and currently has eight weight and safety inspection stations.[26] In fact, with the implementation of the new DPS border inspection stations, dray trucks entering the United States are possibly the most frequently monitored group of commercial vehicles operating in Texas.

Federal Initiatives

"Smart Border Plan" and Related Technology - a Means to Facilitate the Free Movement of People

Homeland security and improved trade processes are not mutually exclusive and can be accomplished simultaneously. To accomplish both, existing or new pre-screening programs should be considered to allow the federal and state governments' to have advance knowledge of the people, freight, and vehicles crossing our borders. To be able to identify, in advance, the overwhelming majority of the individuals who cross the Border as law abiding and low-risk crossers, innovative technology with precise filtering devices can be used so that law enforcement personnel can focus on high-risk movement. Improving the capacity of Border inspection agencies to validate legitimate cross-Border pedestrians should be the basis for implementing new models of risk management.

The high volume of persons and vehicles crossing the Border may make the implementation of new technology appear daunting. However, it is not as difficult a task as it might appear. Aggregate border crossing numbers are somewhat misleading since so many of the vehicles, drivers, and pedestrians are local, frequent travelers. For example, the 4.2 million recorded commercial vehicle southwest border crossings in 2000 were made by only 80,000 trucks. If even one-half of these trucks, or 40,000 were found eligible for low-risk crossing, it is conceivable that federal and state workloads would decline significantly, representing ongoing annual savings after an initial investment.

To address these issues and expedite the use of new technologies at Border ports-of-entry, the following priorities for implementing a U.S.-Mexico "Smart Border Plan" should be addressed.

- Develop common biometric identifiers in documentation such as permanent resident cards, NEXUS, and other travel documents to ensure greater security. Use innovative technology to develop and deploy a commuter or secure identity card for permanent residents that includes a biometric identifier to allow for the timely determination of legitimate crossers,

- Support pilot programs to experiment with prototypes for low risk travelers, such as Dedicated Commuter Lanes (DCLs), and frequent traveler cards for U.S. citizens. The concept of "Frequent Traveler Cards" is an example of ways that technology at ports-of-entry can be used to expedite the inspection process. Biometrics can be embedded in the card, such as a digitized photograph, handprints, or facial or retina recognition that will verify the individual's identity,

- Promote and encourage manufacturers and the trade community to enroll in the U. S. Customs' pre-clearance programs—the Border Release Advance Screening & Selectivity (BRASS), the Business Anti-Smuggling Coalition (BASC), and the Carrier Initiative Program (CIP), by encouraging dedicated trade lanes with expedited crossing for those who participate in these programs,

- Realign the federal border inspection agencies within the Department of Homeland Security, and

- Support the acquisition and use of non-intrusive technologies by Border inspection agencies, such as Pulse Fast Neutron Analysis (PFNA) inspection facilities.

Steps to Secure Infrastructure

1. Long Term Planning - Develop and implement a long-term strategic plan that ensures a coordinated physical and technological infrastructure that keeps peace with growing cross-border traffic,

2. Relief of Bottlenecks - Develop a prioritized list of infrastructure projects and take immediate action to relieve bottlenecks,

3. Infrastructure Protection - Conduct vulnerability assessments of trans-border infrastructure and communications and transportation networks to identify and take required protective measures,

4. Harmonize Ports of Entry Operations - Synchronize hours of operation, infrastructure improvements, and traffic flow management at adjoining ports-of-entry on both sides of the U.S.-Mexico Border,

5. Demonstration Projects - Establish prototype smart port-of-entry operations,

6. Cross-Border Cooperation - Revitalize existing bilateral coordination mechanisms at the local, state, and federal levels with a specific focus on operations at border crossing points, and

7. Financing projects at the Border- Explore joint financing mechanism to meet essential development and infrastructure needs.

Steps to Secure Flow of People

8. Pre-Cleared Travelers - Expand the use of the Secure Electronic Network for Traveler's Rapid Inspection (SENTRI) dedicated commuter lanes at high-volume ports-of-entry along the U.S.-Mexico Border.

9. Advanced Passenger Information - Establish a joint advance passenger information exchange mechanism for flights between Mexico and U.S. and other relevant flights.

10. NAFTA Travel - Explore methods to facilitate the movement of NAFTA travelers, including dedicated lanes at high-volume airports.

11. Safe Borders and Deterrence of Alien Smuggling - Reaffirm mutual commitment to the Border Safety Initiative and Action Plan for cooperation on border safety, established in June 2001. Enhance authorities and specialized institutions to assist, save and advise migrants, as well as those specialized on curbing the smuggling of people. Expand Alien Smuggling and Trafficking Task Force. Establish a law enforcement liaison framework to enhance cooperation between U.S. and Mexican federal agencies along the U.S.-Mexico Border.

12. Visa Policy Consultations - Continue frequent consultations on visa policies and visa screening procedures. Share information from respective consular databases.

13. Joint Training - Conduct joint training in the areas of investigation and document analysis to enhance abilities to detect fraudulent documents and break up alien smuggling rings.

14. Compatible Databases - Develop systems for exchanging information and sharing intelligence.

15. Screening of Third-Country Nationals - Enhance cooperative efforts to detect, screen, and take appropriate measures to deal with potentially dangerous third-country nationals, taking into consideration the threats they may represent to security.

Steps to Secure Flow of Goods

16. Public/Private Sector Cooperation - Expand partnerships with private sector trade groups and importers/exporters to increase security and compliance of commercial shipments, while expediting clearance processes.

17. Electronic Exchange of Information - Continue to develop and implement joint mechanisms for the rapid exchange of customs data.

18. Secure In-Transit Shipments - Continue to develop a joint-in-transit shipment tracking mechanism and implement the Container Security Initiative. In this new system, all containers brought into the U.S. would have to be registered 24 hours before their arrival and pre-screened for suspicious content.

19. Technology Sharing - Develop a technology sharing program to allow deployment of high technology monitoring devices such as electronic seals and license plate readers.

20. Secure Railways - Continue to develop a joint rail imaging initiative at all rail crossing locations on the U.S.-Mexico Border.

21. Combating Fraud - Expand the ongoing Bilateral Customs Fraud Task Force initiative to further joint investigative activities.

22. Contraband Interdiction - Continue joint efforts to combat contraband, including illegal drugs, drug proceeds, firearms, and other dangerous materials, and to prevent money laundering.

Rail as a Means of Relieving Traffic Congestion

Steadily increasing traffic congestion has become one of the most important concerns cited in public opinion polls and public policy for the U.S.-Mexico Border. When deciding how to reduce congestion, policy should focus on the most cost-effective solutions available. The use of rail to move cargo should be a key consideration in transportation planning.

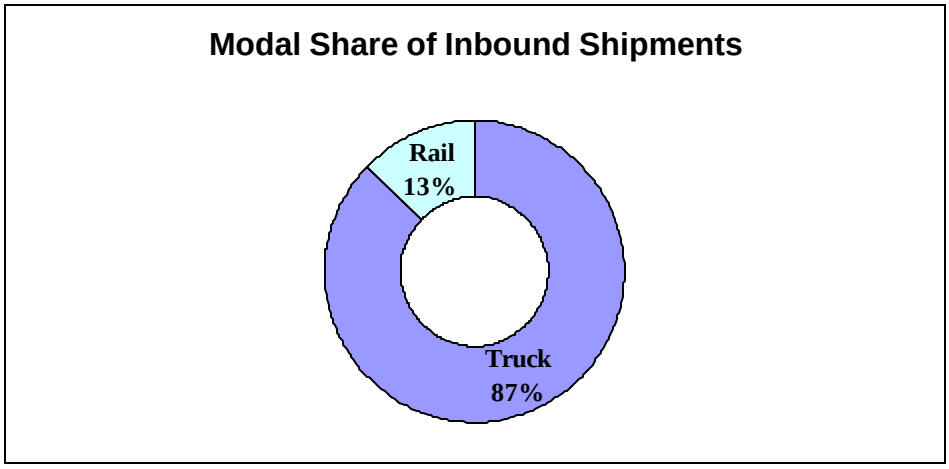
Commercial vehicle traffic volume has been rising considerably faster than other traffic. The share of US-Mexico trade for non-agricultural goods handled by rail has historically been small. There are several reasons for this including the deteriorated condition of the previously state owned Mexican rail system and the close proximity of many maquiladoras to the Border. Since the mid 1990s when the major corridors on the Mexican rail network were privatized, substantial investments have been made to modernize freight rail transportation. There are two main rail corridors that link the Mexican Pacific ports with the main land ports of entry on the US side. The Kansas City Southern de Mexico route runs from the Port of Lazaro Cardenas through Monterrey and on to Laredo or the Brownsville. The Ferromex route, on the other hand, runs from the Port of Manzanillo through Guadalajara to El Paso or Eagle Pass. Both of these routes now permit highly efficient double stack container trains, which are the preferred means to transport consumer goods, along the entire route. As truck congestion on the Mexican side increases, the incentives to rely on rail to transport cargo to the United States will grow. Furthermore, greater use of rail would produce substantial air quality benefits to border cities. There are significant environmental consequences to focusing on commercial vehicles as the

primary means for transporting goods. Trucks emit four times more pollutants per ton-mile than railroads, and commercial vehicles contribute exceedingly more to traffic volume. It is estimated that the average commercial vehicle occupies approximately 3.8 times the road space of an automobile.[27]

Freight railroads, on the other hand, have many advantages over commercial vehicle freight. They are able to move large volumes of freight comparatively inexpensively, and with a lesser expenditure of energy. As the rail freight charts indicate, there are several advantages to rail, including:

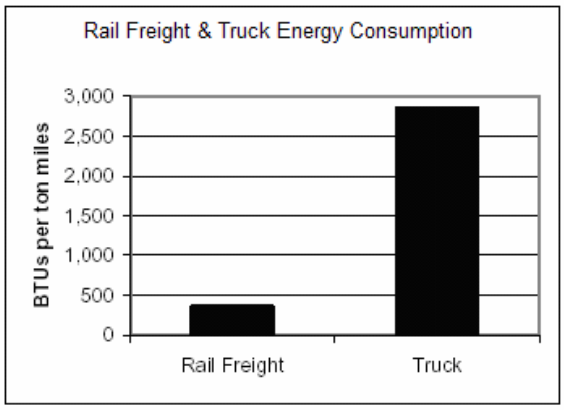
- rail moves freight with less energy;
- rail results a lower fatality rate than trucks;
- rail generally pollutes less than commercial vehicles; and,
- rail freight rates are lower than those of trucks, lowering ultimate product prices.

The Texas government should take steps to encourage efforts of the Mexican government to enhance the profile of rail transportation. Under the new administration of President Felipe Calderon, Mexico is expected to spend $20-$30 billion dollars per year in combined public and private transportation funding projects for the next few years, much of which will be dedicated to intermodal transportation.[28]

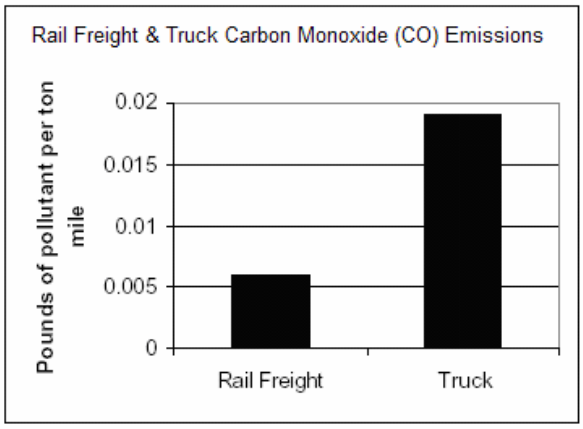


Graph 9: Rail currently constitutes a moderate share of shipments from Mexico
Data Source: www.nascocorridor.com

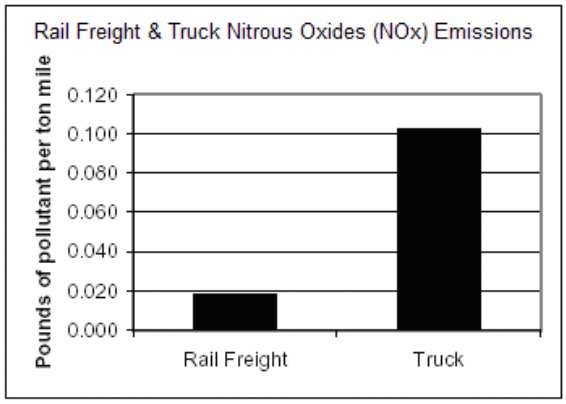
Source: Texas Public Policy Foundation; Calculated from Bureau of Transportation Statistics and the U.S., Department of Transportation Fatality Analysis Reporting System data.



Source: Texas Public Policy Foundation; Calculated from Bureau of Transportation Statistics data.



Source: Texas Public Policy Foundation; Calculated from C. Jake Haulk, *Inland Waterways as Vital National Infrastructure: Refuting "Corporate Welfare Attacks,"* Allegheny Institute, 1997.



Source: Texas Public Policy Foundation; Calculated from C. Jake Haulk, *Inland Waterways as Vital National Infrastructure: Refuting "Corporate Welfare Attacks,"* Allegheny Institute, 1997.

Graph 10
Source: Texas Public Policy Foundation

The Potential of High-Speed Rail

The subject of co-locating high-speed rail facilities within high priority transportation corridors is a very important topic that has garnered the interest of many within state government. Several high-speed rail (HSR) technologies are currently being considered due to the maximum speed that each can achieve. HSR "bullet trains" are modeled upon the European or Japanese style HSR bullet trains that operate at approximately 200 mph in very flat and straight rights-of-way. For the most part, these trains are almost always powered by overhead electrical catenary systems. Major, high-performance freeways built to more exacting standards could reasonably be added along the same corridor, although this has not yet been done in practice. While traditional passenger rail service was discontinued in Mexico in the 1990s, there

has recently been substantial discussions of establishing high speed routes connecting Mexico City to Guadalajara and possibly also connecting to and interlining route at the border. This would be one area where the plans for the multimodal Trans-Texas Corridor may complement Mexico's strategic transportation plan.

Development of a Border Corridor System

A trade corridor is an area that facilitates the national and international movement of goods, services, people, and information, often linking economic centers and projects of regional significance. A "smart" corridor anticipates delays due to weather, crashes, construction, and backups along the Border. In addition, a smart corridor provides safety with integrated traveler and emergency response systems, and provides complete cell coverage and broadband access. The result is the safest and most efficient mode of transportation for the movement of freight. Key U.S.-Mexico border ports-of-entry are located on international trade corridors linking Mexico, the United States, and Canada. The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) emphasizes continued federal interest in identifying and promoting key international highway trade corridors in the United States. U.S.-Mexico border states should continue to expand efforts at border corridor planning coordination. These plans should include strategies and projects to aid the exchange of commerce related to NAFTA through the use of multiple transportation modes. In doing so, border corridor plans should recognize the role of border ports-of-entry on selected international corridors and ensure that their contributions to transportation effectiveness and efficiency is explicitly recognized. In the future, trade corridors may qualify for a variety of federal transportation funding, and the border region needs to be clearly recognized as part of the U.S. corridor program. By clearly stating the case for new trade corridor investment along the Border, we will establish the foundation to support future requests for federal funding for the Border Region.

In addition, a corridor analysis of trade flow can produce substantial benefits for both planners and users. Corridor planning considers the overall efficiency of a transportation corridor by analyzing how efficiencies along the corridor benefit the corridor overall. Evidence supports the separation of trade flows and transportation flows because the two can differ so extensively. Enhancing our understanding of how corridors work will lead to a better use of resources, while a regional analysis of transportation flows will make a stronger case for federal support. Finally, the bi-national nature of U.S.-Mexico will allow us to synchronize investment plans with the Mexican Ministry of Transport.

Dedicated Commuter Lanes (DCL's) and SENTRI - a Means to Relieve Congestion

In many border communities, residents on both sides of the border work on the opposite side and often spend long periods of time waiting in line at border crossings. Dedicated Commuter Lanes (DCLs) at major crossings would help eliminate delays and related vehicle congestion. DCLs are designated traffic lanes at border ports-of-entry that are restricted to the vehicles of drivers that have passed a background check qualifying them for expedited entry and minimal inspection. These automated lanes encourage commerce and strike an effective balance between the importance of law enforcement and the free movement of people and trade. In

addition, fewer vehicles waiting in traffic also mean lower emissions. DCLs have been in place at ports of entry on the U.S.-Canada Border for many years and are currently being used on the U.S.-Mexico Border in Otay Mesa, California, and in El Paso, Texas.

In 2006 "frequent-crossers" lanes were open in Laredo and El Paso and in the planning stages for Brownsville and Hildlago. The SENTRI (Secure Electronic Network for Travelers' Rapid Inspection) lane allows selected motorists to avoid long waits at international ports of entry. SENTRI was first implemented at Otay Mesa, CA, in 1995, and in El Paso, TX in 1999. SENTRI lane users will have their vehicles equipped with a transmitter that sends identifying information to an inspector's computer. SENTRI users can expect to wait no more that 15 minutes at even the heaviest commuting hour. The program will initially be available only to Mexican motorists entering the United States.

FAST Lanes

FAST (Free and Secure Trade) have been opened in El Paso, Laredo and Brownsville. These pre-clearance lanes are high volume manufacturers who are certified (CTPAT) as having secured their supply chain, employees, facilities, etc. Currently a public private infrastructure project is being implemented for Nogales, Arizona and the Department of Homeland Security has arranged for $2 million in grants to the Border Trade Alliance (BTA) Foundation from the Federal Highway Administration and Arizona Department of Transportation. BTA will be the program manager and organize private stakeholders to contribute and expand the Port of Nogales (CYBER Port) to include a FAST lane.

Trans-Texas Corridor

The Trans-Texas Corridor Plan outlines a new vision for transportation in Texas. Specifically, it provides a design concept, identifies four priority corridor segments, details the financial tools that will make it happen and addresses the importance of public-private partnerships. Finally, it presents an action plan for the first steps in implementation.

Vision

To advance Texas on a new multi-use, statewide transportation corridor that moves people and goods safely, efficiently and more reliably, improving our quality of life.

Challenge - To prepare Texas for the future by:

- Providing a safer, faster and more reliable means for people to travel across the state and reduce congestion
- Safely transporting hazardous materials
- Reducing air pollution
- Creating a transportation system to support economic growth

Elements

- Roadway
    - Passenger vehicle lanes - three separate 12-foot lanes in each direction

    - Truck lanes - two separate 13-foot lanes in each direction
- Rail component (each has two tracks, one in each direction):
    - High speed passenger rail
    - Freight rail
    - Commuter rail
- Dedicated utility zone - water, electric, natural gas, petroleum, fiber optic and telecommunications
- Dimensions - the corridor will be approximately 4,000 miles in length and up to 1,200 feet wide

Financing Options

- Exclusive Development Agreement
- Toll Equity
- Regional Mobility Authority
- Texas Mobility Fund

Trans Texas Corridor Activity

Since this report was last issued activities to develop the Trans Texas Corridor have moved forward. Firstly, two priority highway corridors were identified in the Trans Texas Corridor Action Plan as requiring congestion relief. These are TTC -35 which will parallel the heavily congested I-35 corridor from Oklahoma to Mexico/Gulf Coast area and TTC-69 which will run from Texarkana /Shreveport to Laredo and the Rio Grande Valley. The TTC-69 will form a segment in the national I-69 project which runs from Canada to Mexico which has been in the planning stages for over 15 years and is designated as a congressional high priority corridor.

Environmental reviews on these two corridors that were identified began under the National Environmental Policy Act of 1969. The first environmental review on TTC-35 was released in 2006 and TTC-69 is expected to be released during 2007. Public meetings have been held by TxDOT throughout the State and these will continue as the project progressive through successive environmental reports that further narrow the corridors foot print. TxDOT created a website dedicated to provide information on the TTC and it continues to accept public comments on an ongoing basis. The Transportation Commission also created a 22 member TTC Advisory Committee which will advise the Department of Transportation on issues to be addressed in planning the corridors. The Committee's first report was issued in December 2005 and it has met regularly throughout 2006.

In December 2004 Cintra Zachary was awarded a Comprehensive Development Agreement (CDA) by the Transportation Commission to develop a master development plan which will describe the overall phasing and financing of the TTC-35 component. In June 2006 two groups submitted unsolicited proposals to the Department expressing interest in developing TTC-69. It is expected that TxDOT will select the strategic partner in late 2007. Cintra also

submitted an unsolicited proposal indicating an interest in developing a freight rail corridor from the DFW area to the border. Franchise for facilities on the Trans Texas Corridor can not exceed 50 years.

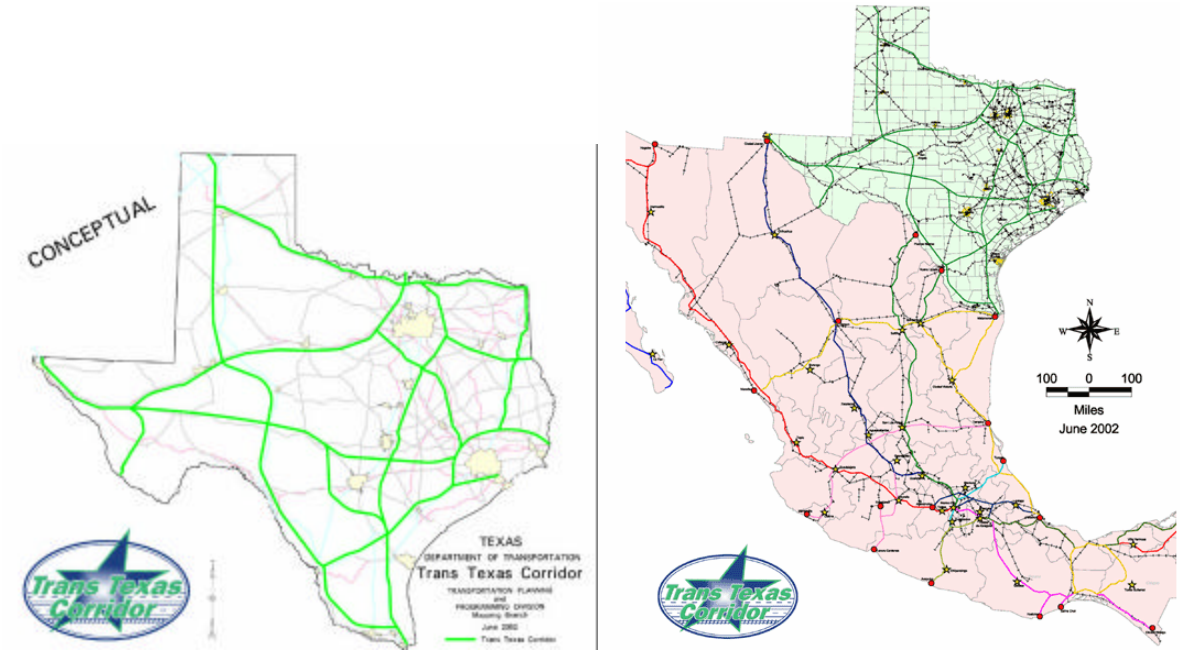


Image 1: The TTC will interline with major Mexican land and rail corridors

Source: Texas Department of Transportation

Policies for Investment in Border Infrastructure

Adequate transportation infrastructure along the Texas-Mexico Border is critical for a prosperous state economy. The Texas-Mexico Border region's ports-of-entry and highway infrastructure are being strained by increasing international trade, the continuing growth of the maquiladora industry, a growing population, and the accompanying expansion in commercial and commuter traffic. Some estimates show that truck traffic is expected to increase by 85 percent during the next three decades.[29] According to TxDOT officials, one fully loaded 18-wheel truck causes as much damage as do 9,600 cars. International trade through the three TxDOT border districts will only continue to increase as a result of Mexico's free trade policy, new transportation infrastructure in Mexico's northern region, and continued growth of direct foreign investment in Mexico. This increase will further strain already inadequate Border transportation infrastructure.

If the Border Region is to realize its economic potential and compete successfully in the global economy, the roads and bridges that support this trade— the greatest volume of overland trade in the U.S.— demand the state's increased attention. In response, the Texas Department of Transportation Commission should consider the Department's districts adjacent to the Border with Mexico to be a distinct category to be given preference in relation to the amount and importance of international trade using state transportation infrastructure in those districts. Additional resources in terms of increased funding for infrastructure and for planning and capacity will recognize the special challenges that the districts have in addressing these problems and will enable district staff to work more efficiently with Mexican federal and state highway entities. The latter becomes more crucial with the opening of the U.S.-Mexico Border to Mexican truck traffic, which will almost certainly cause changes in flow patterns and will add to the stress that is now being experienced in trade movements.

Revising Funding Formulas to Address Damage Done by NAFTA Truck Traffic

While the sizable increase in commercial truck traffic alone is sufficient to cause increased road wear, the effect of overweight trucks traveling on our state roads results in millions of dollars in accelerated road and bridge deterioration annually. A TxDOT task force has made recommendations to make formulas for preservation/rehabilitation funding categories more responsive to the needs and roadway conditions in corridors with heavy truck volumes. While NAFTA-related truck traffic has significantly increased wear and tear on highways, roads and bridges in Border communities and on our state's major trade corridors, funding formulas used by the Texas Department of Transportation to allocate maintenance funds may not adequately reflect the current cost of repairing road and bridge damage caused by NAFTA-related truck traffic. TxDOT should study factors that cause road damage and revise its funding formulas to reflect and address damage done by NAFTA-related truck traffic.

Intermodal Hubs as a Means of Economic Development

By providing a central location where cargo containers can be easily and quickly transferred between trucks, trains, and planes, intermodal hubs at key locations on the Border would boost NAFTA-related trade. In addition to being more efficient, intermodalism is cheaper for shippers than using ordinary trailers or railroad cars. Well-designed, strategically located intermodal hubs outside of cities' congested urban centers would help speed the flow of raw materials and finished goods across the Border. By reducing shipping times, such hubs would make local manufacturers more competitive and help attract new businesses engaged in value-added processing.

The City of El Paso is already working on a proposed joint-use intermodal facility to be located at Biggs Army Airfield on the grounds of Fort Bliss. The project is part of a Department of Defense pilot program that encourages development and joint use of facilities on military reservations by the public and private sectors. Locating an intermodal hub at Biggs Field would allow ready access to border crossings, major highways, the Union Pacific railroad, and the El Paso International Airport. According to El Paso officials, the proposed facility would cost about $500 million and will require both state and federal funds. In addition to the private sector, the Mexican government would be asked to contribute to such a facility.

The proposed intermodal hub would serve as an economic catalyst to help develop El Paso's potential as a key player in international trade. Instead of moving products through El Paso, the new infrastructure would circumvent the crowded city-center and attract new industries to currently underdeveloped areas. This manufacturing growth, along with enhanced cargo handling capabilities, will strengthen the regional economy. Finally, the proposed intermodal hub would also enhance the strategic value of Fort Bliss, White Sands Missile Range, and Holloman Air Force Base as "power projection platforms" for the rapid deployment of troops, equipment, and supplies, thus making those installations less vulnerable to future base closing efforts. The state should help Border communities such as Brownsville, Laredo, and El Paso plan and develop intermodal hubs and related infrastructure. In 2005, the Transportation Equity Act allocated $14 million for the regional intermodal rail project to enhance intermodal service in El Paso and relocate rail yards from the downtown.[30]

Foreign Membership on Border MPO's

Metropolitan Planning Organizations (MPO) are the policy advisory boards that direct the future of transportation projects and systems in urbanized areas. The majority of MPOs across the state have the ability to plan throughout a "360-degree" radius of their respective MPO regions. In contrast, MPOs along the Texas-Mexico Border region can only plan throughout a "180-degree" radius of their respective region, because the areas covered by these MPO's share borders with Mexico. El Paso, for example, must coordinate planning efforts with two nations (U.S. and Mexico), three states (Texas, New Mexico and Chihuahua, Mexico), and two cities (El Paso, Texas and Ciudad Juarez, Mexico). The combined populations of El Paso (570,000) and Ciudad Juarez (1.3 million) form the largest international metroplex in the world, both dependent on a regional transportation system that is safe, efficient and effective.[31] In the case of the Laredo TxDOT district, planners must coordinate their projects with two different Mexican states (Tamaulipas and Nuevo Leon). Although international coordination between Texas and Mexican planners does occur, this joint planning is not officially recognized by the Texas Department of Transportation (TxDOT). Instead, TxDOT simply serves as a cooperative entity with regional planners.

Under current federal law, MPO membership is limited to local elected officials, officials of local public transportation agencies, and certain state officials. We must work with the United State Congress to amend federal law pertaining to membership on MPO policy committees to include foreign representatives. This will enable MPOs along the Border to work closely with their counterparts in Mexico.

US-VISIT Program

The US-VISIT program is a computerized entry and exit inventory for all non-immigrants that will eventually require them to swipe an electronic laser visa identity card that records the time of their entry and departure from the United States. Under current regulation, most Mexicans use machine-readable laser visas to enter the United States. Only those who intend to travel beyond the border zone must obtain an I-94 and enroll in US-VISIT. The laser visa, which includes fingerprints and a digital photo, is distributed by U.S. consulates to

Mexicans who have cleared U.S. State Department background checks and have economic ties to Mexico. The entry phase of US-VISIT program has been fully implemented at U.S. airports, seaports, and land ports since December 31, 2005.[32] Exit procedures are still being implemented.

When the program was originally proposed, laser visa holders entering the country from Mexico would only be allowed to enter the country for a 72 hour time period. Thereafter, visa holders who wished to stay longer than 72 hours were required to pay a $6 fee to obtain an I-94 card at the port of entry. In August 2004, the U.S. Department of Homeland Security announced that Mexican visitors carrying laser visa card would be able to stay in the United States up to 30 days, rather than the previous 72 hours. This compares to a six month period for Canadian visitors. This 72-hour restriction on Mexican visitors with laser visas has long been considered a double standard. As a practical matter many stay longer than three days, and these visits are a boost to local U.S. Border economies. This disparity is one example of a considerable flaw in the current US border policies.

The foundation for US-VISIT rests on the capacity to apply biometric technology at land ports of entry. Some biometric experts have taken an adverse public position and criticized this program openly. Important stakeholders like the Federal Reserve Bank of Dallas cautioned that actual application of US-VISIT at land ports could create economic disruptions for many sectors of our economy, while threatening American jobs. US-VISIT's return on investment is currently uncertain in terms of security while bringing many unknowns to the trade and commerce equation. The General Accounting Office believes the US-VISIT program will cost between $7 and $22 billion to implement, with no assurance that it will greatly enhance security from terrorist attacks.

Recent research by the Texas A&M International University indicates that the adoption of US-VISIT has not significantly impaired border crossing times. In fact, crossing times at Laredo for entry decreased significantly in the year after US-VISIT entry procedures were implemented.[33] It should be noted, however that the full impact of US-VISIT can not be judged until exit procedures are fully implemented.

Security improvements must be deployed on both the northern and southern borders with entry parity. With Mexico now Texas' largest trade partner, we must work to increase trade and travel, not decrease it. Currently, many Mexicans fear traveling to the U.S. and inadvertently overstaying their visa. It will also keep the flow of tourism and retail dollars coming to Texas and the rest of the nation.

107th, 108th and 109th U.S. Congress: Developments in Transportation Funding & Planning

On August 10, 2005 President Bush signed into law the reauthorized transportation bill, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users commonly known as SAFETEA-LU.[34] A culmination of many years work SAFETEA-LU

replaced the Transportation Equity Act for the 21st Century known as TEA21 which expired on September 30, 2003.

SAFETEA-LU contains a number of provisions related to border infrastructure development, freight intermodalism and border enforcement that the State should be able to utilize to enhance international trade, border congestion and help to facilitate international trade across our border with Mexico. SAFETEA-LU provides funds for the expansion of border facilities and the development and construction of infrastructure in Mexico where it will help to strengthen. of international trade and multi-modalism.

Title 1 Subtitle B Section 1303 created an coordinated border infrastructure program which requires the Secretary of Transportation to implement a program to improve the safe movement of motor vehicles at or across borders between the US and Canada and Mexico. States can use funds appropriated under this subjection for improvements to existing infrastructure and the construction of new infrastructure to facilitate international trade and cargo movements. The Secretary is to apportion among border states authorized sums based on a ratio that the number of incoming vehicles within boundaries of a border state bears to total number of incoming vehicles that will pass within the boundaries of all the border states.

Section 1306 created a freight intermodal distribution pilot grant program under which the Secretary is required to establish a program to facilitate and support intermodal freight transportation initiatives at state and local levels to relieve congestion and improve safety as well as provide capital funding to address infrastructure and freight distribution needs at inland ports and intermodal facilities. In selecting projects the Secretary is required to give priority to projects that will reduce congestion into and out of international ports located in the United States, demonstrates ways to increase the likelihood that freight containers movements involve freight containers carrying goods and establish or expand intermodal facilities that encourage the development of inland freight distribution centers.

SAFETEA-LU also permits projects in Canada or Mexico proposed by border states that will facilitate or expedite trade to be constructed using funds apportioned to the state subject to the Secretary's review of construction standards and that the facility will properly maintained

SAFETEA-LU continued to provide funding under Title IV Section 4110 for border enforcement grants to carry out border commercial motor vehicle safety programs and related enforcement activities and projects.

78th and 79th Texas Legislative Sessions - Recent State Developments in Transportation Planning

H.B. 3588, passed during the 78th Legislative Session, addressed a wide range of transportation issues facing the state today. The bill created new financing tools to generate the funding required to attempt to maintain a working transportation system. These include the use of bonds to generate immediate cash flow, mechanisms for funding the Texas Mobility Fund,

and an increase in fines and fees levied for traffic violations. Additional cash flow will be generated by increased reliance on turnpikes, both those funded by tolls paid by motorists and those built by local authorities and funded over time by the state. TxDOT is given the authority to encourage increased reliance on rail transportation. In addition, it will begin to plan and construct a new set of intermodal transportation facilities that will be known as the Trans-Texas Corridor and that will integrate highway, rail, and utility components. Regional Mobility Authorities will give localities greater flexibility in addressing their local transportation needs.

H.B. 2702, passed during the 79th Legislative Session, amended H.B. 3588 re-codifying turnpike law and integrating it into transportation code and addressed concerns that has been raised after the passage of H.B. 3588. The bill amended the new financing tools allowing CDAs to be used on non-tolled projects, repealing the cap on toll equity usage, required toll revenue and concession fees are deposited to the state highway fund, required that toll revenue was spent on transportation or air quality projects. The bill amended the Interlocal Cooperation Act to allow local governments to enter into and make payments with another local government for the design, development, financing, construction, maintenance and operation of tolled and non-tolled highway facilities. This allows local governments to work together to develop much needed infrastructure. H.B. 2702 also provided new definitions for transportation projects to include tolled and non tolled highways, rail facilities, ferries, aviation projects and passenger rail of another governmental entity. Finally, the legislation allows political subdivisions greater flexibility in determining how their property can be used for highway purposes.

In transportation, as in other areas of state government services, the need is great. The Texas Metropolitan Mobility Plan has indicated that there is an $86 billion shortfall in funding over the next 25 years to reduce congestion and achieve an acceptable level of mobility.[35] TxDOT has also indicated that maintenance of the Texas network is consuming more and more of its standard budget resources.[36] The 2004 bridge report noted that there was still a need for improvement in bridge rehabilitation with 21% of Texas bridges classified as structurally deficient or functionally obsolete.[37] According to Schrank and Lomax demand for roads has outstripped growth with traffic growth more than 30% faster than road development in the 52 largest metropolitan areas in the United States.[38] El Pasoans spent 6,491 hours of extra time sitting in congestion and wasted 4.1 million gallons of fuel in 2003.[39] Real-time trucking data being collected by the Federal Highway Administration in conjunction with the American Transportation Research Institute has highlighted freight congestion on critical corridors in the U.S. For example data being collected on Interstate 10 shows that El Paso average speeds during rush hour as can be seen in Image 2 sit between 0-40 miles per hour.[40]

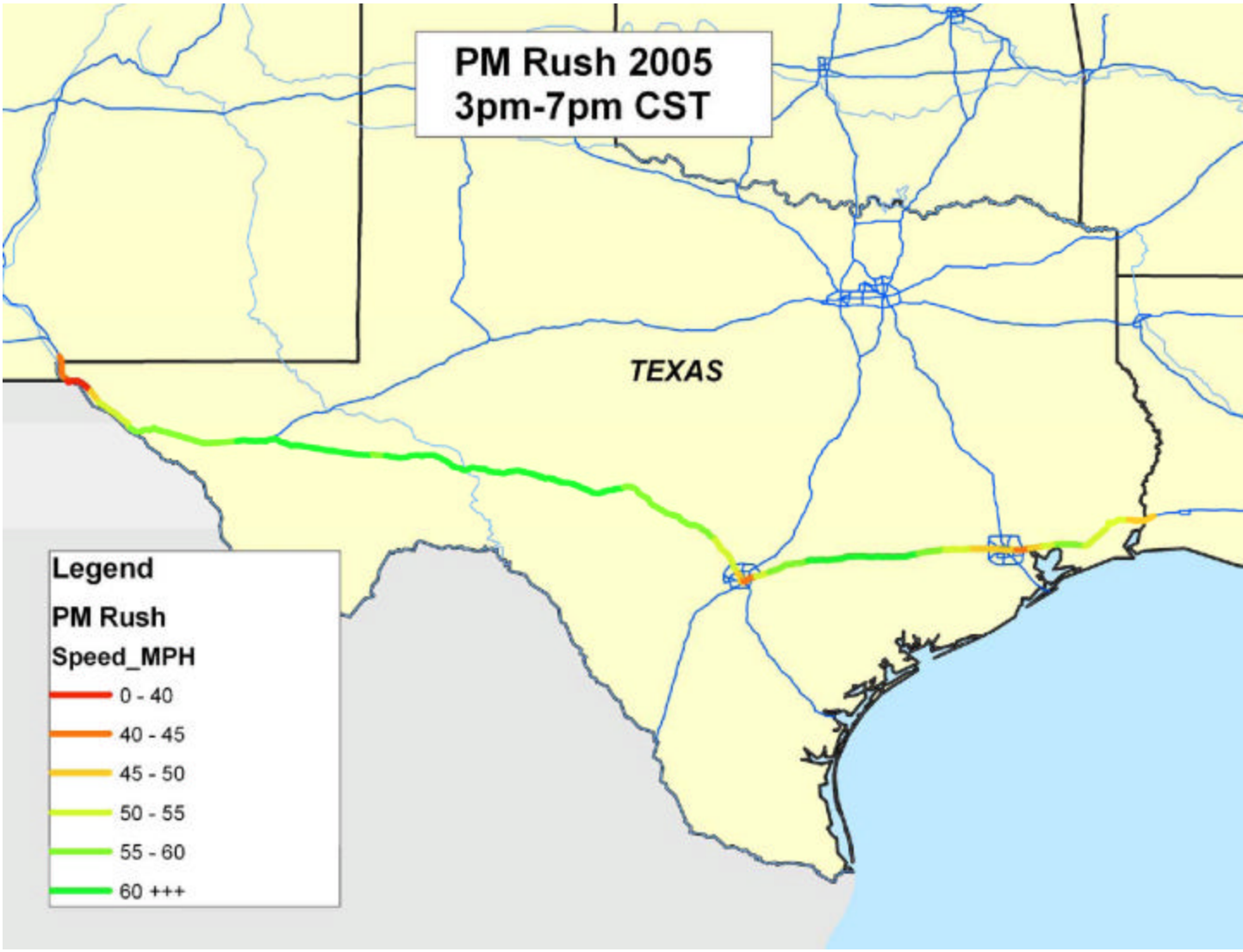


Image 2: Freight Performance Metrics on the I-10 Corridor

Source: TxDOT Report 0-5410, Harrison et. al *Developing Freight Highway Corridor Performance Measure Strategies in Texas*

Together these two major legislative bills have changed the face of transportation in Texas, providing new mechanisms for the development of much needed infrastructure that our State will require to stay competitive in the global market.

Border Trade Advisory Committee

Senate Bill 183 of the 79th Congress called for the establishment of a Border Trade Advisory Committee (BTAC) and authorized its formation with a charge to define and develop a

strategy and make recommendations to the Transportation Commission and Governor for addressing the highest priority border trade transportation challenges.

The BTAC has met twice throughout 2006 and goals and strategies. It has 30 members. Its primary goal is develop short-term recommendations that could be addressed in the next legislative session and secondary goal will develop long-term recommendations to address at the federal level and with Mexico.[41] Ten principles were developed by the committee:

- Promote ample and expandable transportation trade corridors
- Effectively coordinate with Mexico to ensure through-trade corridors
- Promote efficiencies at the border
- Demonstrate statewide, national and international benefits of trade
- Optimize operations
- Develop ports of entry for use of new technologies
- Support improvements to President Permit process
- Look for policies to facilitate trade at both state and federal levels
- Promote cooperation and understanding of polices with Mexico
- Leverage safety and security measures to enhance trade efficiency

These were then consolidated into four categories:

1. Trade Transportation Corridors
2. Coordination with Mexico
3. Safety and Security Measures
4. Economic Benefits of International Trade

The committee issued its first report in November 2006.

Trans Texas Corridor

H.B. 2702 refined provisions surrounding the Trans Texas Corridor. It prohibited the department from limiting access to the corridor with the intent to benefit the economic viability of ancillary facility. It requires the department if it enters into agreements with private entities that include collection of tolls to set and approve a methodology for setting of tolls, increase of tolls and plans to collect tolls including penalties. The statute requires any change in the methodology to be approved by TxDOT. H.B. 2702 prevents the department from agreeing to non-compete clauses in CDA contracts unless exceptions are made for projects on the UTP of local governments and that are for the safety of pedestrian and vehicular traffic.

H.B. 2702 also reviewed land planning activities surrounding the Trans Texas Corridor. The statute limits ancillary facilities to a location between the main lanes of a highway or between a highway and department rail facility. These are to be limited to gas station, convenience store or similar facility and cannot be located within ten miles of an intersection with an interstate. When acquiring property the department is encouraged to purchase options and offer leasebacks to allow property owners to occupy land not immediately necessary for

department purposes. The statute also prohibits the department from condemning property contiguous to an existing or planned segment of the corridor for an ancillary facilitate.

The statue repealed the expenditure cap for non-highway facilities and provided that the department may not spend money from general revenue fund for these facilities except as pursuant to a line-item appropriation.

Regional Mobility Authorities

A regional mobility authority (RMA) can study, evaluate, design, finance, acquire, construct, maintain, repair and operate transportation projects, including a turnpike project. TxDOT approval is required for the construction of all RMA projects that connect with the state highway system. A regional mobility authority may also construct, maintain, and operate rail, air, and public utility facilities, but no State Highway Fund money or general revenue may be used for these non-roadway projects. Earmarked federal funds may be used. The prior statute primarily limited RMAs to developing turnpikes.

Under H.B. 3588 the commission's was granted the authority to authorize RMAs; Commission's approval of a projects that will connect to the state highway system or a Department rail facility; establishing design and construction standards for those projects; establishing minimum audit and reporting requirements and standards; establishing minimum ethical standards for authority directors and employees; governing the authority of an RMA to contract with Mexico; and governing other commission approval required by the RMA statute, such as the transfer of a department highway to an RMA.

H.B. 2702 authorized TxDOT to delegate oversight and development of pass-through toll projects to RMAs.

To date seven RMAs have been created in Texas: Alamo County RMA, Cameron County RMA, Central Texas RMA, Grayson County RMA, Hidalgo County RMA, North East Texas RMA, and the Camino Real RMA in El Paso which was authorized for formation by the Transportation Commission in June 2006.

Rail Facilities

As previously noted in this chapter, rail service is critical in Texas. The amount of freight currently carried by railroads in Texas is the equivalent of some 13 million annual truckloads. Over $1 billion in wages are paid to Texas railroad employees annually. However, between 1981 and 1995, more than 2,270 miles of tracks were abandoned in Texas.[42]

Article 4 of H.B. 3588 authorized TxDOT to plan, construct, maintain and operate rail facilities or systems, including the acquisition and development of existing facilities. If rail service is to be provided on state-owned facilities, TxDOT must contract with an operator. The Department may use any available funds to implement the new chapter, including funds from the

State Infrastructure Bank. However, the Legislation placed a $12.5 million cap on the level of funding for rail infrastructure.

The cap on rail expenditures by TxDOT severely limited the agency's ability to move freight off state highways and to promote rail relocation away from our city centers. TxDOT identified actual present needs on state-owned rail facilities that exceeded $45 million. There are additional needs throughout the state in the private sector that easily run into the billions of dollars. Failure to address rail needs could result in negative impacts to the state's highway and rail infrastructure as freight volumes and movements increase. Article 1 of H.B. 2702 repealed this cap on expenditure but also stipulated that the department could not use general revenue to implement the new chapter unless it was appropriated as a line item.

H.B. 2702 Article 1, authorized TxDOT to enter into Comprehensive Development Agreements (CDAs) to provide plan, construction, maintain and operate rail facilities or systems including the acquisition and development of existing facilities. TxDOT can also combine into CDA rail and road facilities or systems. The department issued new rules for accepting unsolicited proposals for rail CDAs that mirrored the rules promulgated for CDAs on turnpike or tolled projects after the passage of H.B. 3588.

H.B. 3588 limited the Department's financial participation in the Trans Texas Corridor, including a $25 million cap on non-highway facilities. Rail would be considered a non-highway facility, and is a capital intensive industry.

H.B. 2702 allows the use of pass through fares for provision of rail facilities in the same manner that they can be used on highway facilities. These pass through fares are a per passenger or per passenger mile fee or a fee determined based on carloads or tonnage for freight rail, that is used to reimburse a public or private entity that acquires, designs, develops, finances constructs, relocates, maintains or operates a passenger or freight rail facility. The department can use any available funds for this including the State Infrastructure Bank. These new provisions should assist TxDOT in its strategic plan goals and provide mechanism for much-needed capital influxes into the States rail network.

Finally, H.B. 2702 transferred all powers and duties of the railroad Commission of Texas that relate primarily to railroads and the regulation of railroads to TxDOT. All personnel, property, assets, and obligations, and rules of the Railroad Commission that relate to railroads and the regulation of railroads were also transferred to the department.

Bonds and Public Securities

Article 5 of H.B. 3588 authorizes the Transportation Commission to issue bonds and other public securities secured by a pledge of and payable from revenue deposited to the credit of the State Highway Fund. The aggregate principal amount of the bonds and other public securities issued may not exceed $3 billion and total $1 billion per year. Revenues must be used to fund highway improvement projects, with at least $600 million of the proceeds being used to

fund highway safety improvement projects that correct or improve hazardous locations on the state highway system.

As per the provisions of H.J.R. 28, the authority to issue bonds under this article was subject to voter approval of Proposition 14 on September 13, 2003. Proposition 14 was adopted by a vote of 61 percent to 39 percent.

These bond proceeds may not be used for projects on the Trans Texas Corridor. The bill provides that bonds and other public securities must mature not later than 20 years after their dates of issuance, subject to any refunds or renewals. And annual expenditures may not exceed 10 percent of the amount deposited to the credit of the State Highway Fund in the immediately preceding year.

The Commission adopted rules prescribing criteria for eligible projects at its March 2004 meeting. Two categories are created – State Highway Improvement Projects and Safety Projects.

Eligible projects, as per TxDOT's Unified Transportation Program, would be accelerated if proceeds are made available. In selecting projects, one or more criteria must be used: the project's potential to improve mobility; the project's potential to maintain and preserve the existing transportation system; the time needed to complete the project; and adherence to design standards, feasibility, and traffic volume. TxDOT issued calls for safety projects in 2004, 2005 and 2006 and guidelines and instructions can be found on TxDOTs website.

Safety projects include those designed to reduce the number and severity of traffic accidents, widen narrow two-lane highways, expand undivided Texas Highway Trunk System roads, construct highway and railroad grade separations, install median barriers, improve rail/highway grade crossings, install sidewalks and intersection improvements for pedestrian safety, treat or remove roadside fixed objects, improve intersections through such techniques as signal timing and turn lanes, install traffic control devices and safety appurtenances, and converting two-way frontage roads to one-way. Selection criteria include accident data, traffic volume, pavement geometry and other conditions; and one or more of the following: the potential of the project to correct identified safety problems, the time needed to complete the project, adherence to design standards, and project feasibility.

Although the new bonding authority does not provide "new" money, bond proceeds make it possible for the Texas Transportation Commission to afford more transportation projects by offering the Commission the option of accelerating some construction. This would be accomplished through the issuance of debt, which is then retired by existing revenues to the State Highway Fund

Private Activity Bonds

H.B. 2702 authorized the use of Private Activity Bonds (PABs) for highway and surface freight facilities if such a program was enacted by the Federal Government. PABs allow investors to issue tax-exempt bonds for projects that improve public infrastructure. The Attorney General was tasked with monitoring federal legislation for the purposes of this article. Once the Attorney General has made a determination that the federal had enacted enabling legislation

TxDOT was charged to establish a program to utilize PABs and create a process by which the department and Bond Review Board could receive and evaluate applications for the issuances of these bonds.

In 2005 SAFETEA-LU establish the use of PABs for federal projects, and in October 2006 TxDOT received approval to use $1.86 billion in tax-exempt private activity bonds (PABs) to improve mobility in the Dallas area by accelerating development of State Highway 121. TxDOT was allowed to apply for the funding on behalf of prospective private investors under the proviso that the private companies become the ultimate borrowers and arrange to repay the PABs with toll revenues.[43]

The Texas Mobility Fund

Voter approval of Proposition 15 in 2001 and enactment of enabling legislation by the 77th Legislature created the Texas Mobility Fund. The Texas Transportation Commission can issue bonds that are secured by the Texas Mobility Fund. Funds can be used to finance road construction on the state-maintained highway system, publicly owned toll roads, or other public transportation projects. HB. 2702 further provided that bond obligations could not be issued if TxDOT requires that toll roads are included in regional mobility plans.

H.B. 3588 redirects certain transportation-related fees that had been going to the General Revenue Fund to the Texas Mobility Fund. Deposits to the fund are expected to leverage highway bonds to produce up to $3 billion in new funding, which in combination with other tools will enable projects to begin sooner.

The Texas Transportation Commission administers this fund to finance acquisition of right of way, along with design, construction, reconstruction, and expansion of state highways. Further, the Commission administers the fund to provide participation in the costs of publicly owned toll roads and other public transportation projects.

As of November 2006 TxDOT had issued over $1.6 billion in bond issuances. Statute regulates the issuance to no more than $1 billion in any fiscal year and TxDOT noted that there was approximately $1.4 billion left in account. TxDOT planned to issue another billion dollars worth of bonds in September 2007 and the remainder in 2008.[44]

Dedicating additional transportation related fees to the Texas Mobility Fund would allow the Department to accelerate the delivery of much needed transportation projects in Texas. More revenue dedicated to the fund would reduce congestion on the state highway system, provide safety improvements, increase economic development opportunities, and maximize limited transportation dollars. Some examples are: motor vehicle certificate of title fees, motor carrier permit fees (oversize / overweight permit fees), motor carrier registration fees, single state registration fees, motor carrier proof of insurance, salvage dealers license fees, and personalized license plate fees.

Pass Through Tolls

H.B. 3588 allowed TxDOT to utilize pas-through tolls to fund infrastructure projects. Pass through tolls provide a per vehicle fee as reimbursement of development and construction of highways. In this way municipalities and counties could decide to build infrastructure and then get reimbursed by TxDOT on a per vehicle use basis. Similarly TxDOT could provide funding that would then be paid back by the counties. H.B. 2702 further refined p ass through tolling legislation so that private entities' could reimburse TxDOT for the construction of highway facilities on a per vehicle or per mile basis. TxDOT can also delegate authority and oversight of the development of pass-through financing projects to municipalities, county RMAs and to Regional Transit Authorities. According to TxDOTs Strategic Plan for 2007-2011, by May 2006 19 pass-through toll financing projects had been approved for negotiation by the Commission and 12 pass through financing agreements had been executed with local entities. Pass through tolling has been an extremely successful program developed under the provisions of H.B. 3588 and H.B. 2702.[45]

Pass-Through Toll Financing offers benefits to users of the transportation system and the state. Projects can be financed using private funds or combinations of public and private capital on highway and rail projects. Payments are based on the use of the facility, so developers are incentivized to conceive projects which will generate sufficient revenue to cover their investments. Additionally, use-based fees are implemented without charging drivers and without the subsequent effect on roadway demand. For the state, the added incentive to choose worthwhile projects is built into selection processes and through the financing mechanism. Pass through tolls share the risk between the contractor and/or, operator and the state. According to TxDOT because the contractor/operator assumes the initial traffic risk (the risk that there will be sufficient traffic on a road to cover the cost of financing its construction), the state can more effectively calculate its total project cost in advance.

Toll Roads

H.B. 2702 allows TxDOT to enter into Comprehensive Development Agreements with the private sector for the design, construction, maintenance and operation (including expansion and repair) of:

1. Toll projects
2. Facility or combination of facilities on the Trans Texas Corridor
3. State highway improvements projects involving tolled and non tolled lanes
4. State highway improvements in which private entities have an interest
5. State highway improvements financed wholly or partly with the proceeds of private activity bonds.

The department can authorize investment of public and private money including debt and equity participation. Toll equity is capped to 40 percent of the obligation authority under the

federal-aid highway program that is distributed each year. Previously, H.B. 3588 capped this limit to an amount not to exceed 30 percent of the obligation authority under the federal-aid highway program or an amount not to exceed $800 million. Toll equity helps stretch limited state dollars by allowing state highway funds to be combined with other funds to build toll roads. This combination of funds makes toll roads more feasible since the entire cost of the project does not have to be repaid with tolls. The increase in the level of toll equity that the department can use toward toll projects frees state highway funds for other highway improvements around the state, especially in areas that cannot support tolls.

TxDOT can receive unsolicited proposals from private entities for comprehensive development agreements. The department was charged under Article 2 of H.B 2702 to develop rules and procedures to accepting unsolicited proposals. The Department is required to publish a notice advertising requests for competing proposals and qualifications in the Texas Register that outlines the criteria to be used in evaluating such proposals. The Commission adopted rules and procedures regarding comprehensive development agreements in 2005.

HB.2702 recodified and clarified comprehensive definitions of toll projects as follows:

One or more tolled lanes of a highway or an entire toll highway constructed, maintained, or operated as a part of the state highway system and any improvement, extension, or expansion to the highway, including:

(1) a facility to relieve traffic congestion and promote safety;

(2) a bridge, tunnel, overpass, underpass, interchange, entrance plaza, approach, toll booth, toll plaza, service road, ramp, or service center;

(3) an administration, storage, or other building, operations center, maintenance

or other facility, equipment, or system the department considers necessary to operate the project;

(4) property rights, easements, and interests the department acquires to construct, maintain, or operate the project;

(5) a parking area or structure, rest stop, park, and any other improvement or amenity the department considers necessary, useful, or beneficial for the operation and maintenance of the project; and

(6) a nontolled facility that is appurtenant to and necessary for the efficient operation and maintenance of the project, including a connector, service road, access road, ramp, interchange, bridge, or tunnel..

H.B. 2702 furthermore ensured that toll revenues and concession fees are to be deposited to the State Highway Fund. The statue allows CDA payments to be used for transportation projects *and* air quality projects in the region from where the tolled facility funds were fathered.

Toll Conversion and Conveyance

Finally, H.B. 2702 provided further clarification on toll conversion and conveyance of non tolled and tolled facilities. It prohibits the department fro converting a nontolled highway to a tolled highway unless:

- The project was designated a toll project before the contract to construct was awarded;
- The highway was open to traffic as a turnpike before September 1, 2005
- The project was designated a toll project in the MPO plan prior to September 1, 2005
- The project expands capacity without eliminating existing non tolled lanes;
- The highway was open to traffic as a high occupancy vehicle lane by May 1, 2005; or the department conducts a public hearing and obtains county and voter approval of the conversion.

El Paso Fast Plan - 2015

Based on the 2000 U.S. Census, El Paso is the poorest MSA with a population of over 500,000 in the US., with a per capita income of $13,421 (1999). As such, El Paso political leaders have resisted commuter tolls as a tax on families that can not afford to pay although some have indicated a willingness to toll pass through traffic.

Under the "El Paso Fast Plan 2015", El Paso would create an RMA at the City of El Paso to toll at U.S 54, Anthony and Tornillo to capture revenue from approximately 63,000 cars and trucks per day. Projected toll revenue by the year 2015 could be as much as $80 million. The "El Paso Fast Plan 2015" will require new federal legislation and FHWA approval. A non-tolled alternative for I-10 would be required. The frontage roads, other parallel routes or Loop 375 would fill that requirement. Using the projected Interstate 10 toll revenue and the Texas Mobility Fund allocation, and assuming some toll equity to be provided by the Commission, there would be enough funds to cover the cost of building the Northeast Parkway and constructing the interchange at Loop 375 and I-10 on the East side, at a total value of $450 million. Although there would not be sufficient funding to complete a proposed rail relocation, it could be completed sometime later than 2015.

Conclusion

A commitment to expediting the movement of legitimate goods and people across our Border is the best way to ensure both homeland security and the equally important goal of economic growth for the Border Region and the state. With Mexico as our largest trading partner, no other state has a greater stake in improved trade processes with Mexico than Texas, whose ports-of-entry the vast majority of NAFTA trade. However, the rest of the nation also stands to benefit from improved commerce with our Southern neighbor, with much of the

commercial vehicle traffic that crosses at Texas ports-of-entry destined for points throughout the United States and Canada.

It is clear that the cost of building and maintaining infrastructure to facilitate international trade is high, presenting a challenge to both the state and federal governments. The increase in vehicle and truck traffic resulting from Mexico's entry into the General Agreement on Tariffs and Trade (GATT) in 1986, and the ratification of NAFTA in November 1993 have imposed a tremendous strain on Border infrastructure. With these agreements came economic integration and the lowering of trade tariffs, which have resulted in increased trade with Mexico and increased congestion at Texas ports-of-entry. The increase in traffic has caused and will continue to cause road and bridge damage, meaning costly repairs as well as expansion and upgrading of roads. As a result of this congestion, pollution is increasing in Border cities, especially in El Paso where air pollution exceeds air quality standards in many categories.

Texas' location on the border with Northern Mexico and its proximity to the Mexican maquiladoras makes our state the logical crossing point for the transport of northbound commerce from Mexico and Central and South America. With the expansion of international trade agreements, commercial vehicle traffic into Texas will continue to grow. Yet, much of this commerce will pass through Texas without providing any significant economic benefit. Given their inadequate tax bases, Border communities cannot and should not have to shoulder the responsibility for or cost of international trade infrastructure alone, simply by virtue of their location. El Paso, for example, is the nation's 19th largest city, but only has the 156th largest tax base. The city does not have an inner or outer loop or "bypass." In the lower Rio Grande Valley, the region still does not posses an interstate highway. Because NAFTA-related trade benefits both the state and national economies, the state *and* federal governments must assume a greater fiscal responsibility and invest in adequate trade infrastructure along the Texas-Mexico Border. These improvements are urgent and vital to the continued growth and health of Texas' economy and Border residents.

The passage of H.B. 3588 was a first step to financing the construction and renovation of the NAFTA corridors in the Border Region. However, solutions to the infrastructure deficit in the Border also will require changes in both government and business practices. NAFTA-related trade increased the need to create new commercial vehicle inspection facilities and procedures. The development of more sophisticated and efficient technology will enhance the Border's ability to participate effectively in the post-NAFTA world and benefit businesses throughout the state that increasingly rely on trade with Mexico. The need, the will, the funding and the technology exist now to make the "one-stop" Border inspection facility a reality. By further delaying Border crossings, we will adversely impact our state's global competitiveness in a "just in time" world, when trade that was once ours moves to China, or Korea, or any other manufacturer without these limitations.

Specifically, we must urge both our state and federal government leaders to set a strong agenda for U.S.-Mexico economic development by:

- Investing in a "one-stop" model at border ports of entry to cross commercial vehicles in 12 minutes, not six hours;

- Issuing "smart cards" to thousands of Border citizens who present no health or safety risk and who are the most frequent travelers across Border points-of-entry;

- Investing in Border rail routes to shift cargo from commercial vehicles and lines to rapid rail and just-in-time markets, and smart high priority corridors to move people and product in the most efficient mode of transport. Moreover, Border communities must integrate the input from their bi-national neighbors and pursue a regional approach by including bi-national non-voting members;

- Investing in strategic commercial Border infrastructure. We need to invest in the infrastructure to move the goods upon which our prosperity depends. We need to urge both the U.S. and Mexican governments to increase financial resources for transportation infrastructure in Border states with international bridges, Border crossings and transportation corridors, both for new projects as well as for expansions, modernization and improvements. The investments should include inspection services with increased funding for additional staff and state of the art technology to make Border crossings faster, safer, and more secure. Both countries should invest in broadband deployment along the corridors for at least 300 miles. Likewise, homeland security initiatives should be strengthened and designed to improve the operations of and flow of trade through all existing and future federal and state Border facilities. A regional approach to security should include regional GIS proposals for bi-national homeland security projects.

- Better coordination and cooperation among different national authorities at Border crossings is imperative as well as improvements in bi-national coordination. This must include synchronizing the operating schedules of U.S. and Mexican agencies at each individual port of entry and extending hours of operation where necessary. We should aim toward a single point of inspection for both governments. Additionally, we should create state commissions in all border states; hold bi-national conferences regarding the high priority trade corridors; develop a bi-national center for Border Education Excellence; and develop bi-national, bilingual financial literacy courses to help both business owners and consumers navigate the various finance issues facing Border crossers and Border residents.

The benefit—as local resources are put to more efficient use—will be reduced air pollution and congestion and a competitive edge in attracting new industry and shippers to the Region. Ultimately, increased investment, greater government cooperation, the use of innovative technologies, and general business process improvements will benefit all U.S. and Mexican consumers.

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