BORDER TRADE ADVISORY COMMITTEE

UTEP CAMPUS, UNION BUILDING EAST
3RD FLOOR, ROOM 308
UTEP - TOMAS RIVERA CENTER
EL PASO, TEXAS  75205

SEPTEMBER 7, 2016

Reported by Ruth Aguilar, CSR, RPR
COMMITTEE MEMBER APPEARANCE

SOS Carlos H. Cascos, Chair
Caroline Mays
Rafael Aldrete
Gabriel Gonzalez
Andrew Cannon
Paul Cristina
Ed Drusina
Veronica Escobar
Josue Garcia
Cynthia Garza-Reyes
Jake Giesbrecht
Lisa Loftus-Orway
Oscar Leeser
John B. Love, III
Brenda Mainwaring
Matthew McElroy
Julie Ramirez
Ramsey English Cantu
Pete Saenz
Gerry Schwebel
Tommy Taylor
Sam Vale
Juan Olaguibel
MR. CASCOS: Good morning. I'm glad everybody made it well. It's great to be in El Paso again. I love coming to the city not just because the mayor and the judge are here, but this is like my fourth or fifth time I've been here and I'm going to be back again in a couple of weeks and then I think Mr. Drusina is telling me like we're trying to schedule or is scheduled for another meeting in November to come back.

MR. DRUSINA: All right.

MR. CASCOS: Okay. That's great. I can't get used to the time change, but I like it. Get up at 4:00 in the morning. Let's -- let's get going. It's great. Thank you very much.

Before we get started, I do want to introduce a few new members that we have. I'm just trying to get the -- I know one of them. I know two of them.

First of all let me introduce Cynthia Garza-Reyes with the Pharr Economic Development Corporation. This is her first official meeting. She's been participating in the past by -- by attending and after I saw that she was always trying to ask a question and no one acknowledged her, I decided to put her on the team.

And, Cynthia, welcome. And it's glad to have you here and when we go around, introduce yourself if
you will say a little bit about yourself quickly.

And then Bret Erickson. Where's Bret? He's not here?

UNIDENTIFIED SPEAKER: (Speaking sotto voce.)

MR. CASCOS: Okay. All right. Well, Bret is a new member. He's with the International Produce Association. And when we started this, we -- we figured that it'd be good to have somebody from the produce arena since we are doing a lot of produce crossings.

And then the last member is -- I just met him -- Tommy Taylor from Fasken Oil and Ranch Limited.

And, Tommy -- I just saw him early on when we were walking over here -- good to have you.

MR. TAYLOR: Thank you.

MR. CASCOS: Thank you for joining us and thank you for taking the time.

You know for now just a couple of housekeeping things. One is make sure that your cell phones are on -- on vibrate or mute.

Secondly, is as you introduce yourselves for the record, just so we know that you're here, make sure that you speak clearly into the microphone. As we engage during the day and you have a question or commentary, I know everybody knows who you are, but people that are --
that are listening to this may not recognize the voice so always introduce yourself and state your name before you ask a question or you make a comment. Even when you take a vote on something, make sure that -- that you introduce yourselves. All right?

Okay. Did everybody sign in? We have a sign-in sheet. Did everybody sign in, please? Copy of that so we can --

It gives me great pleasure to introduce the honorable mayor of El Paso. I've known -- I've gotten to know him since I've become Secretary, Oscar Lesser and/or Leeser (different pronunciation). And is it Lesser or Leeser (different pronunciation)?

MR. LEESER: Leeser.

MR. CASCOS: It's Leeser? Because you're not the Lesser. We get to know each other better. He's been a great -- I mean he's been a great -- he's been the best mayor of El Paso I've known and the only mayor of El Paso that I've known so he's the greatest mayor that I've ever met. It gives me great, great pleasure to introduce him and he's got some words to say us.

Mayor?

MR. LEESER: Well, thank you and you know, I've had a -- I've had people come up from out in the public and they'll walk up and tell me that I'm actually
the best mayor in the city of El Paso and I do explain to
them that I'm currently the only mayor too. So I'm glad
I'm the best you've met. But, no, you're right. First of
all I want to thank you for -- for being here and I want
to thank UTEP for hosting this. It's -- it's important to
our community. But the Secretary's been here, what, four
times now?

MR. CASCOS: At least that.

MR. LEESER: Four times since I've been in
office and he's become a -- not only a good friend of mine
but really a good friend of the community and that's
really when you take office, you want to create
relationships but not for yourself, for your community,
community that you -- you represent. And, Secretary,
you've been a great friend to El Paso.

When we had our FAM (phonetic) tour and our
FAM tour is when we've actually brought companies to
El Paso to actually get them familiarized and give us our
guest speaker as one of the FAM tours and show up. His
flight was delayed, but we saved him a steak and lobster
and he did a great job of eating it and speaking.

But, no, I -- it's important when we bring
companies that not only they know that they have the
representation and -- and support of the city but also the
state and that's so important and you've been able to --
to give us that and we -- and when I was sick -- and thank
goodness I'm fine -- you were texting me all the time
checking on me to make sure. And those little texts mean
a lot.

And, Judge, you were no different.

So, you know, they mean a lot as you
continue to recover so you did a great job, you're a great
friend. Thank you for being here. I know you're going to
be here for the Army/UTEP game and you'll be here and
touring Fort Bliss which is a great part of our community
where, you know, it represents 35,000 men and women
that -- that support our country and also -- so it's great
to have you here and representing the state and also being
part of that -- that huge part of our community. So thank
you again for being here.

I want to thank everybody for -- for being
here and making El Paso your home for the next couple
days. Thank you.

MR. CASCOS: Thank you, Mayor.

Our second special guest is the Honorable
Veronica Escobar, the El Paso County Judge. And the one
thing that we have in common aside from being, you know,
judges at one point, she's still a judge, is that we're
not on the ballot.

MS. ESCOBAR: Thank God.
MR. CASCOS: That's so great. Right? Great honor. I've had the pleasure of meeting Veron- -- I like first-name basis -- meeting Veronica several times and she's been a good friend as well. And the last time I was here, I was -- I had the honor of being in her office and we -- we chatted a little bit.

So with that, let me introduce to you the Honorable Veronica -- Veronica Escobar, the county judge of El Paso County.

MS. ESCOBAR: Thank you so much, I appreciate it. And I'd like to echo the mayor's gratitude to each and everyone of you for being here with us today and for spending time with us in El Paso. I'm not sure -- I'm not certain how many of you have never been here. Can I just see by a show of hands whose first time this is to El Paso, anybody?

Okay. Well, welcome to the Sun City. Sorry about the lack of sun today, but we are really a tremendous community and if you have any time to explore, I hope that you take the opportunity because this is really one of the most beautiful communities in the country, one of the warmest communities in the country and with just some of the best people that you will ever meet, people who will wrap their arms around each and every one of you and embrace you as friends and family every time.
you're here.

And to the Secretary, so grateful that you're leading this -- this organization, this group, this body.

As the mayor mentioned, we are doing a lot of work in El Paso and I think it mirrors very much the work that this board is doing. Each and every one of us, whether we represent a community, whether we represent the private sector, whether we are in government, we are always looking for ways to try to advance our interests and ensure that we protect what it is that makes us strong and unique. And for many of us on the border, that is our proximity to the border, that is border trade, that is transportation infrastructure, that is collaboration on many levels. And boards and bodies like this are so important. The -- the city and the county and our economic development partners here in El Paso, we are consistently looking for better ways to collaborate with our partners in Mexico because we know that it is that one voice -- speaking with one voice and working as one group, as one region, that is what will help us get what we need out of Mexico City, out of Austin, out of Washington, D.C. And I think the more that all of us can work together, those of us who have shared interests, those of us who have shared challenges and look for ways to overcome those
challenges, create opportunities from them and continue to
advance our interest, the better off we all will be. And
instead of looking at each other as competitors, seeing
each other as partners and collaborators. And so events
like these are really critical to that because as we all
know, when it comes to border issues, border trade, there
are major challenges. All you have to do turn on the
Today Show or Good Morning America and see what is being
said at the national level about communities like El Paso,
communities like other border communities and so as if we
did not have enough challenges on our plate, we also have
a lot of misinformation and a lot of myths out there so
there's a lot of work for all of us to do. But again it
is a tremendous opportunity and we're so so glad that
we're having this dialogue and these discussions here in
El Paso today.

Welcome, we're so glad to have you.

MR. CASCOS: Thank you very much. Thank you
very much Judge and Mayor. Of course you're welcome to
stay the whole meeting or whenever you-all need to scoot
out, I understand that -- that you have a busy day ahead
of you.

So let's -- as we do all meetings, let --
let's go around -- let's go around the room.

Oh, I'm sorry. Larry Garduno?
MR. GARDUNO:  Sorry, Mr. Secretary.

MR. CASCOS:  There you are.

MR. GARDUNO:  Good morning, everybody.

Thank you for letting me speak at the introduction of your -- your opening meeting today.  The -- Caroline asked that I say -- asked to say a few words to kind of talk about the TxDOT's transportation partnership as Senator Cos- -- Secretary Cascos and this Border Trade Advisory Committee and we are -- Caroline and her staff have -- will continue to work real hard with the Secretary's office in trying to make sure that we capture the -- the needs and the issues of the border, of the stakeholders on the border.

The way this plays out for us is of course is that we -- we continue to develop and deliver transportation program for you-all across the state of Texas and we need to make sure we capture the needs of the border, you know, and that's a big role that you-all will play as we try to build out our transportation system.

So thank you for letting us be a partner with you, Secretary Cascos, in this -- this meeting and -- and we'll continue to support you guys and your initiatives and what you're trying to do.

MR. CASCOS:  Thank you very much and welcome.
All right. Now can we go? You do that?
Let's go ahead and start at that end, just kind of briefly introduce yourself and let's go around the room.

MR. BOMBA: I'm Michael Bomba, I'm at University of North Texas.

MS. PROZZI: I'm Jolanda Prozzi, I'm with the Texas A&M Transportation Institute.

MR. VILLA: Good morning, my name is Juan Carlos Villa, with the Texas A&M Transportation Institute.

MR. CANNON: Andrew Cannon with the Hidalgo County MPO.

MR. TAYLOR: Tommy Taylor with Fasken Oil and Ranch, Limited.

MR. CANTU: Ramsey English Cantu, mayor for the city of Eagle Pass, the other EP on the border.

MR. DRUSINA: Ed Drusina, United States Commissioner for the International Boundary and Water Commission.

MR. GARDUNO: You need me to --

MR. CASCOS: Yes, sir.

MR. GARDUNO: Lauren Garduno, Director of Project Planning and Development TxDOT.

MR. BIELECK: Bob Bieleck, District Engineer, El Paso.

MR. ALVAREZ: Good morning. Pete Alvarez,
Laredo District Engineer.

MS. MAYS: Good morning. Caroline Mays with Texas Department of Transportation and your host today. And again I just want to welcome everybody. Thank you for being here in El Paso. We brought the rain from Austin so really glad and looking forward to the discussion this morning so I don't want anybody being shy today. Really, I think, you know, building on the last two meetings -- this is the third meeting of this committee -- a lot has happened. You'll hear a lot today so really we want to hear your feedback because we -- you know, Secretary probably going to say this again. This committee will only produce something good if everybody pitches in and -- and does their part. And I know we're going throw a lot of information at you this morning, but, you know, please work with us and help us, you know, develop this document that essentially will be yours.

Thank you again for being here.

MR. MARTINEZ: Hector Martinez, Trans-expedite 3PL here in El Paso.

MR. GARCIA: Josue Garcia with the Donna International Bridge.

MR. OLAGUIBEL: Good morning. Juan Olaguibel with the City of McAllen International Bridges.

MR. GONZALEZ: Gabriel Gonzalez, city of
Harlingen.

MR. VALE: Sam Vale, Starr-Camarago Bridge.

MS. MAINWARING: Brenda Mainwaring, Union Pacific Railroad.

MR. LOVE: John B. Love, III, city councilman for the city of Midland and chairman of the Permian Basin MPO.

MS. RAMIREZ: Good morning. Julie Ramirez. I'm bridge director for Progreso International Bridge.

MR. ALDRETE: Good morning. Rafael Aldrete with the Texas A&M Transportation Institute here in El Paso.

MS. LOFTUS-ORWAY: Good morning. Lisa Loftus-Orway with the Center for Transportation Research.

MR. CRISTINA: I'm Paul Cristina with BNSF Railway.

MR. GIESBRECHT: Good morning. I'm Jake Giesbrecht with Presidio International Port Authority.

MS. GARZA-REYES: Good morning. My name's Cindy Garza with the Pharr EDC.

And did you want to me to say a little bit about myself since I'm new or --

MR. CASCOS: If you want to.

MS. GARZA-REYES: Just FYI, I'm with the -- I'm with the Pharr EDC, I've been there for about a year,
but I'm overseeing their infrastructure projects along the port of entry. I have a federal background so I was with a member of Congress for about 11 years. And so I'm happy to be on this committee and -- and ready to get to work.

Thank you.

DR. PESTI: Geza Pesti, Texas A&M Transportation Institute from College Station.

MS. LOPEZ: Good morning. My name is Paulina Lopez, I work for Senator Jose Rodriguez.

MS. HARRISTON: Good morning. My is Kathryn Harriston, I work with the Secretary of State.

UNIDENTIFIED SPEAKER: Hello, I'm (inaudible) with Union Pacific. And don't believe anything Sam Vale says about me.

MR. RAMOS: Good morning. My name's Joe Ramos, I'm with U.S. Customs and Border Protection, Border Field Office.

MS. CARDONA: Good morning. I'm Anabel Cardona, chairwoman and acting executive director for the Rio Grande Valley Partnership.

MR. PASAN: Homer Pasan with TxDOT Pharr district.

MR. CARO: Good morning. Eduardo Caro with HNTB Corporation.

MS. VICTORIA: Good morning. My name is
Isabel Victoria with Cambridge Systematics.

MS. MORENO: Good morning. Taylor Moreno with the mayor's office.

MR. VOGT: Good morning. Welcome to El Paso. Ruben Vogt, Chief of Staff for County Judge Veronica Escobar.

MR. VALADEZ: Chris Valadez with the Secretary of State's office.

MS. WOLF: Lindsey Wolf with the Secretary of State's office.

MR. ARISTE: Good morning. Miguel Ariste, Hidalgo County MPO.

MR. BOCANEGRA: John Bocanegra, Hidalgo County MPO.

MS. BOYD: Marty Boyd. I'm advanced transportation planning director of TxDOT, El Paso District.


MS. MOTOMAYER: Good morning. I'm Alyssa Motomayer the district administrator for TxDOT Laredo district.

MR. URIBE: Tony Uribe, El Paso district design engineer with TxDOT.

MR. CASCOS: Did we miss anybody?
Oh, Manuela.

MS. ORTIZ: And I'm Manuela Ortiz with the Texas Department of Transportation.

MR. CASCOS: The carrier of the magic stick. We got everybody?

MR. HAGERT: Edward Hagert with the Texas Department of Transportation.

MR. CASCOS: Okay. All right. Well, thank you very much. And again thank you for being here today. And as Caroline prefaced a few minutes ago, this committee has been very very active at least -- at least since Caroline and I have been working together and so we're looking forward to it. And again this is not a --

For the new members, welcome. This is not a -- an organization or a committee that -- that is intended to pad a resume. It's intended for work, it's intended for participation and -- and feedback and the -- I've sat on a couple of committees through TxDOT with the Panama Canal and the Freight Advisory and they were good -- good reports, but they were based solely on the input of the members and a lot of the testimony that -- that we -- that we had.

The reason that we travel from city to city is because of that, because Texas is big state and I didn't want to have meetings, you know, strictly in
Austin, Texas, so we've been travel- -- the last meeting was in Dallas. Then I decided to come to El Paso. And our next meeting will be in Brownsville. Then after that we haven't decided, but I think we need to hit every area -- major area in the state. Everyone participates in border trade. Then, you know, to echo what the judge has said is exactly right. You know, I mean I want to be able to -- to enhance and -- and talk about the border and also take away from the -- some of the negativity that -- that people talk about the border that don't come to the border. And -- and sometimes people tend to say things about the border that have never set foot on the border and so that is not good.

So it's up to us as ambassadors, you know, of this great state to -- to follow that message through that the border is a front door and not -- and not a back door in Texas. And the importance of the border is such that, you know, it drives our economy. Texas is just as important to Mexico as Mexico is to Texas. And so as long as we have that, you know, that -- that in mind -- because it's a true -- it's a true statement -- then we should be fine.

So with that again, thank you very much and I know a lot of people have flights to catch and we have -- want to try to get out of here about between 2:00
and 2:30 so everybody can make their flights and so
let's -- let's move along quickly.

Okay. The next item on the agenda is -- is
the adoption of the minutes. Now, we did -- we did a
little bit better job of getting the minutes to you. I
hope everybody got the minutes before the meeting, get a
chance to review them. Okay? So if anybody has any
questions. If not I'd like to hear a motion to approve
the minutes as presented.

MR. LOVE: Move for approval.

MR. CASCOS: Okay. Move by -- by Mr. Love.

MR. LOVE: Sorry.

MR. CASCOS: Second by?

MR. GARCIA: Josue Garcia.

MR. CASCOS: By Josue Garcia.

All in favor say --

Any discussion?

All in favor signal by saying "Aye."

Any opposed?

Vote carries.

Welcome, Gerry.

MR. SCHWEBEL: To you, sir.

MR. CASCOS: I'm good. It's good to see you
again.

MR. SCHWEBEL: And you as well. Secretary.
MR. CASCOS: Carlos is fine. It's good to see you. Thank you very much for being here.

Please for the record, Mayor Pete Saenz has shown up. And Gerry Schwebel from IBC bank is also in attendance.

Okay. Next item on -- next item I think we are back on schedule. Next item on the agenda is Texas-Mexico border strategic transportation initiatives plan. First -- first member is going to speak is Michael -- Michael Bomba with UNT.

Michael.

Just a quick que- -- just a quick question to all the -- all the presenters. Is it okay during your presentation if people have an immediate question to interject at that point and ask a question so they don't wait till the end?

MR. BOMBA: Absolutely.

MR. CASCOS: Is that all right?

Okay. So the presenters know that.

MR. ALDRETE: If I may.

MR. CASCOS: Yes, sir.

MR. ALDRETE: We are going to switch the order of the presentations. I was listed as the third, but the person making the presentation for -- or for TTI will be Dr. Pesti so he's -- he's getting ready.
MR. CASCOS: Okay. That's fine. We're good. Did you get shy all of the sudden or what is it?

UNIDENTIFIED SPEAKER: Got shot.

MR. CASCOS: Shy.

UNIDENTIFIED SPEAKER: Shy.

MR. ALDRETE: No, no, he's really the --

MR. CASCOS: All right.

MR. ALDRETE: -- the guy, his project. He's the one who knows.

MR. CASCOS: Okay.

MR. ALDRETE: While he gets ready, what we are going to -- what Dr. Pesti is going to present is -- is a publication that we -- we issue every year where we look at -- it started about six years ago looking at the trends of trade -- trade crossing the border northbound. Over time we were able to start adding statistics of trade going southbound so now what we are going to show you is a picture of how that trade has evolved, where the trade -- where the traffic is going through which ports of entry on the entire border, which are the main destinations and also what are the trends out.

This year we incorporated a new -- new part of the report where we start to -- to match the dates on, you know, the -- for the data that we have as far as trade -- trade volumes with the wait times, with the wait times.
times that have been recorded by the RFI systems at TxDOT
with TTI systems has been deployed throughout the state.
So this is in sixth year and we are really trying to find
out if this is a -- this is work that should be continued.
So what we would really appreciate after you -- you look
at the presentation, we will appreciate your input as far
as this useful data for you because really we are doing
this for -- you know, for the use of the trade community,
the policy makers and so on so.

MR. CASCOS: Thank you, Rafa.

DR. PESTI: Hello, my name is Geza Pesti,
I've been working on this project with Rafael. Thanks,
Rafael, for describing it. I'm sorry for the delay, but I
didn't know that I would be first in the presentation
line.

Figure out how to switch this slide. Need
help. Can someone explain me [sic] how to use this
because it is not switching the slide.

Okay. So the objective for this project was
to look at across the border over the last 25-year period
and to determine the trade statistics and identify
potential trends and if there is any unexpected change
over the years.

The approach we used in analyzing the
freight detail over this 20-year period by board of
transportation, the ports and destination states, the different commodity types. We looked at 99 types of commodities which we grouped. And we always looked at average wait times of commercial vehicles which was measured by the team.

Go to the next one please.

This graph shows the -- if you look at the types in this graph, it shows the total trade, both export and import, in U.S. dollars since 1995. And on the top you can see the yearly changes in percent.

So can you click twice again.

Thank you.

So regardless of the two recessions -- the early 2000 recessions and the global financial crisis -- you could see that there is -- the total trade almost more than quadrupled during this time so that -- the -- separated export to import and this graph shows that the -- over this entire period, export was about 20-25 percent lower, but they follow the very similar trend. The export in average was about 44 percent of the total trade with the contribution of import was 56.

We also looked at the mode of transport so by -- for both the export and the import, we saw a very similar distribution that at least four or five times higher the volume of the traffic was -- of the trade was
moved by trucks. I'm talking here about values here, not volume. So the value of the freight which was moved by trucks was 80 percent -- 82 percent and by rail is about 18 percent on both import and export.

In addition to looking at the mode of transport and the exporting, we also look at where the freight goes, where -- which states are the most active in trading with Mexico and it looks like Texas is on the top. This graph shows color coded and there are numbers based on the first and third U.S. states and they are right. So Texas is the first, California is the second, Michigan is the third. And here we see the trend how the value of trade changed between Mexico and U.S. And you can see that California, Michigan, the other two major states, there was increase in the last two years, but in Texas you can see some decrease. In fact from 2014 to 2015, there was an eight percent decrease based on this average we looked at. But regardless of this, Texas is still -- the trade between Mexico and Texas is more the three other border states combined. You combine California, New Mexico and Arizona, Texas is still way ahead of them.

We also looked at the commodities again. There are 99 commodity types. They group that in six groups, you can see here. I think you have it also in the handout, although we have the side -- slide different from
this presentation because it is updated with new data. So we looked at the changes over time of these six -- these are the six commodity groups and you can see that over years, starting from 2007 to 2015, there is an increase in traffic. You can see everywhere the 2007 recession, but it is obvious that the manufactured goods are the main commodity group that traded with Mexico followed by minerals. And this is for export. But there is a very similar pattern for import, but here the manufactured goods are even more important compared to the other commodity groups. I don't have time to go into the detail of this graph, but we can talk about it later if anyone is interested.

We also looked at average waiting times again based on data which was collected by the TTI team and these data are for 2014. It shows the intakes for both the border and the -- the port of trade, as far as Brownsville, has the highest with the longest wait times, border crossing wait times, but the Bridge of the America and Zaragoza and Colombia has significantly lower delays based on the data measured in 2014. These are using the Bluetooth data that are Bluetooth data both side of the border. I assume anyone can talk about it much more.

Also we can look at what are the most congested most -- the longest delays, what are the days
and it looks like Saturdays were the longest delays at
almost all bridges except Wednesday and Friday in some
cases.

So in summary the trade has more than
quadrupled since 1995, the imports -- imports exceeded the
export about 20-25 percent during the entire time period.
Freight by trucks are four, five times higher than rail.
Trade at the Texas port of entry is more than the other
three states combined, other three border states combined.
Among the commodity groups, manufactured goods are the
highest -- highest rating commodities. In terms of wait
times, Saturday has the longest wait times so it's better
to avoid Saturday.

But thinking about what our -- what could
be -- who could be the potential beneficiaries of such
results if we continue this and if we go deeper, we think
the cheapest cost schedule or reroute freight will avoid
congestion. Policy makers can make more data-based
decisions and driving and the roads will benefit by
avoiding the times of the most congested time periods of
the -- of the freight movement.

I hope I was not too long.

Yes.

MR. VALE: Sam -- Sam Vale. These are all
interesting numbers, but working with people that give
services at the ports of entry, regardless of the way it comes, by rail or by truck, the staffing levels or the processes, this is way too late. We're working -- we're in '16 now and we're trying to project out two to three years. You're going up with 13 years so it's nice history, but what we need for both TxDOT and the trade is to be able to anticipate where we're going to be so I think these are good base informations, but I -- I criticize them in Washington, I might as well criticize them in Texas. We need to find mechanisms that have some reliability in projecting forward.

How can we ask Customs to implement a process that's going to speed things up based on something that happened in 2013? It's got to be what's happening now and going to happen in the next two years. Industry will tell you, if they talk to you privately, that they have the ability to project in their internal business plans accurate projections of growth or -- are decreased up to three years. Fourth year out it gets dicey, but they have enough data internally on what they're going to do. If they're going to move a production line, if they're going to make -- if they have a contract coming up for certain activities, they've got that information. How we go about it, it seems to me is the most vital thing for TxDOT and for the rest of those that have to provide
services.

DR. PESTI: Yes, I agree with you. By the way this 2015. This was one of the reason of the delay because I change the slides. Your handout only shows out to 2013, we went to 2015, but it's still late, I agree. One thing which we are considering, among others, there are variables such as diesel fuel prices and we are working on correlating these data with the changes of those. And projections in the price change and using the correlation, we might also be able to do with some kind forecasting. There are a bunch of other variables, I believe you, which we should consider, but this was a very small project. We just looked at what happened so far.

MR. ALDRETE: I might interject. We have every -- the reports that we have every year for -- with these statistics since 2009, those are available. But the most recent one will be available able in the next one month published with fresh data.

MR. CASCOS: Can you get that info to all the committee members?

MR. ALDRETE: Yeah, we will.

MR. CASCOS: Thank you.

MS. MAYS: I wanted to state one comment. I think, Sam, what really the point here is to look at historical as well, you know, to better tell the story and
then as we review, you know, can we look forward and, you
know, what he mentioned is that the projections that are
done. We've done our own projections on -- on the trade
flows. We have some of those numbers to 2040 where we're
looking at tremendous growth. So again I totally -- but
we need to have some of this historical data to be able to
project forward. But again also we need the stakeholders
to provide us with that data. Some of the data we have we
have to massage it a lot and then the time limit as of the
data is really really critical and I think the committee
can help us, you know, being able to access the data to
provide it to our -- you know, our -- our partners to be
able to help us and TTIs and help us to analyze that data
and really speak to your point. I think that's critical
for this committee moving forward.

MR. McELROY: This -- this is Matthew with
the city of El Paso. The -- the quality of data varies
significantly by port. The city of El Paso, for example,
you were asking for projections. About six months ago we
actually started doing projections. We can do projections
of volumes of wait times, of wait times by bridge, of
volumes by bridge, but it takes a significant investment
of time to come up with those econometric estimates going
into the future. And so we have the ability to do that,
we're happy to help any other port develop the kind of
information that you need to be able to do those
projections, but unfortunately there's not a standard way
or -- or at least conceptually a way of getting all of the
ports to begin to do that so that we all have that
information so that we can forecast better.

MR. VALE: What he needs is more private
sector input from the corporations in a way that they will
be comfortable in sharing. They're not going to put their
fingerprints on something that is going to make it
difficult for them to proceed because of competitive
grounds and other -- but they really do have -- I
guarantee you ask anybody in -- in the major corporation,
they know their plans for next three years and it's very
high for year one, little less for year two, but doesn't
go lower than 80 percent for year three so that -- we need
that to plan forward because it's just -- you can't
hire -- with learning already, you can't hire a Customs
officer when you need it, you have to start hiring them a
year before you need it. You can't build highways, you
can't build -- do the road infrastructure, the ports.
It's -- it's a complicated process so I -- I just think we
need to put more emphasis on taking the bases and not
trying to linear project because if linear projections are
part of the formula, but they're not the solution, you
have to take into [sic] what's really changing.
Two years ago, three years ago how many of us thought we'd be exporting oil to Mexico? Well, we're doing it now and they haven't even started to open up the thing. So these are the kinds of dynamics that we need to start. Just like the produce. All of the sudden, we got more produce than we know how to handle.

MR. CASCOS: And I want you to hold those thoughts and I want to come back with you on something. Gerry?

MR. SCHWEBEL: Mr. Secretary, I just wanted to also --

MR. CASCOS: Introduce. Introduce.

MR. SCHWEBEL: For the record I'm Gerry Schwebel of Laredo.

You know, I was sharing with our mayor a report that just came back from BTS, the Bureau of Transportation statistics, where it makes reference to our actual by value, the numbers really being down, the trends being down by modes of transportation. The only mode that is up is ra-- is air. Rail, truck, everything is down based on vol-- on value, it's for the record I'll submit it for -- for information.

But I think what we were looking at in Laredo is I tried to -- try look at the variables of perhaps programs like trusted shipper program. For
example in the World Trade Bridge, you know, we have the
congestion issues, but the 2,000 -- 2,000 out of 10,000
tucks that are crossing through the World Trade Bridge
are trucks that are involved in the trusted shippers
program that are blended into the overall trucks because
we don't have a dedicated lane for those -- those types of
programs. So I think that if we look at a key variable to
look at relief of congestion at our ports of entry that we
perhaps look at those ports of entry that have programs
that are -- that are including trusted shipper users or
trusted shipper program members, CT PAC, et cetera,
because we may not be capitalizing on those programs or
those initiatives, you know, enough and we need to work
with the private sector, the state as well as the feds
with those types of programs to make sure that we all
understand clearly that in El Paso they may have this or
in Pharr they may have this or in Laredo they may have
this.

And we're not talking general congestion.
Yeah, we know congestion is a problem, but if we have more
dedicated lanes with just those 2,000 trucks in Laredo so
we're working on, right, Mayor, that that would probably
be -- improve on the congestion issue perhaps.

MR. SAENZ: May I go?

MR. CASCOS: Yes.
MR. SAENZ: Yes, good morning. Pete Saenz, mayor of Laredo, Texas. Can you-all hear me?

Yeah, okay. Yes, just adding to that as well. We're in the process now of creating a fast lane at the World Trade Bridge which is basically going to be a dedicated lane or lanes that will take care of the CT PAC or the trusted shipper carriers, plus the empties. The fact that they all had our -- I guess intermingled and mixed with -- with the other traffic, you know, did give the privilege of the CT PACs to -- you know, to leave, you know, to exit the port quicker. So simple things like that, just delineating, being specific as to, you know, what you're carrying and -- and creating these efficiencies and also we're in the process of expanding our bridge from eight lanes to -- to 16 lanes now, but of course that's going to take a little time not through a -- an amendment of a Presidential program because we want obviously every -- every port of entry, our bridges in particular, to be as efficient as possible and not to lose commerce.

MR. CASCOS: Thank you, Mayor.

Yes, sir.

MR. LEESER: One thing that I think has been --

MR. CASCOS: Mayor Leeser.
MR. LEESER: One thing that I think is really important that, you know, we talk about things, you know, that are coming into the U.S., but return on investment's so important to all the companies we've been working with so really going back into Mexico is just as important because they have to continue to move those trucks around. So we've been working with -- with the bridges and we've been able to put a secondary x-ray machine for those empties. You were talking about the empties. The empties really going back into Mexico is as important as the freight coming into the U.S. So we -- we've been working with it and will continue to work with and I think you hit it dead on when you said you got to work with the private sector. We can all figure what we want, what we think it's great, but really at the end of the day, we have to know what their capacities are and what their cap- -- capacities needs are and if we don't determine that, we won't be able to become successful. And when you see eight percent down in the last slide is because we have not been proactive to forecast what's really going to be coming. But then, again, going back south. So it's not only north traffic, south traffic is equally as important.

MR. SAENZ: If I may, Mr. Secretary.

MR. CASCOS: Let's wrap it up.
MR. SAENZ: Okay. The other point that I do want to mention I think I mentioned it at -- the last time. The preinspection concept is being studied and I think we need to pay closer attention to it. Hopefully the results will come out and if it is that proves itself of worthy, then I think that's -- that's another step that we can have, a preinspections on the Mexican side before they enter the U.S. side and that should also make things more efficient for us.

MR. CASCOS: Thank you.

MR. DRUSINA: Question.

MR. CASCOS: Yes, sir.

MR. DRUSINA: Just a quick question for Dr. Pesti.

Ed Drusina.

The eight percent down that you indicated in the slide six for Texas --

DR. PESTI: Yes.

MR. DRUSINA: -- did you -- in your research did you focus that it was being caused because of congestion or were there other factors involved?

DR. PESTI: No, it was not --

MS. MAYS: Will you use the microphone?

DR. PESTI: -- it was not due to congestion and it was just over -- it was for the entire year. So
this was the reduction back in the previous year so -- and
if we could see that not only this year but previous --
last year, there was a 1.5 percent reduction compared to
2013 so it's not congestion related. It -- if congestion
they would use another port, I assume.

MR. DRUSINA: So what is causing it? Do you
have any --

DR. PESTI: You cannot figure out the --
based on the data, what was -- we didn't look at the
reasons, we looked at the data from the statistics data --
data base.

MR. SCHWEBEL: So you're basing it on value
on the import of -- aren't you? Aren't those numbers that
you're looking at, you know, in dollar figures based on
value?

DR. PESTI: Yes.

MR. SCHWEBEL: So, you know, this report
that I was referring to -- this is Gerry Schwebel again --
BPS attributes the price of crude -- of oil that having an
impact on some of those products that -- that have had an
impact, are being impacted by the price of oil in regards
to those dollar figures. That's what I'll submit it, you
know, for the record.

MR. DRUSINA: Mr. Secretary, Ed Drusina
again. It might be an area that the state should
investigate further to see if it is being driven by oil or other factors within the state that's driving this down.

MR. CASCOS: I would venture to say it is principally oil driven and I think that we also need to recognize that this -- this dip in oil's going to be a hiccup, I mean I think it's going to come back, it's already starting to make a little bit of movement. But any -- you know, let me go to Sam's point. I think this is exactly what we spoke about at the last meeting. When someone gives a presentation, perfect, and then we start with the feedback, that's a time that -- that I want to see some recommendations. I want to recommend that we do this, let's get it on the record because that -- that's what's going to drive this report. So if you don't want to recommend at this point, you got to give it some thought, then when you go back home, you put it in the form of an e-mail saying "regarding section" and you got the agenda, "this is what I'd like to recommend," then at some point bring it to the whole board and see if there's a consensus on that.

So those are good points, but now I want to hear not -- not right now, but I want to hear what's my -- you know, what's the recommendation. And then we take it from there because it's good dialogue, but if we don't get it back in terms of recommending something, it's going to
fall on deaf ears so I want to see something in writing.
Okay? You see what I mean? And don't have to do it
today, but I'm saying is as we talk and Gerry you had some
good points. "My recommendation is," whatever it is.
Okay?

MR. SCHWEBEL: May I explain fast?
MR. CASCOS: Yeah.

MR. SCHWEBEL: Well, fast lane's requested
shipper port.

MR. CASCOS: Whatever it is. I mean, you
know, and then when we -- when I had the other committees,
it was just like that. We'd make a recommendation and a
lot of it is we understand that it's -- it's fund driven,
it's money driven, you know, at the local, state or
federal level. But that's okay, that's not our chore.
Our chore is to come up with recommendations and it may be
even recommendations how we can solutionize those -- those
issues. Okay? All right? Okay.

If there's nothing else, let's move on to
the next presentation, Juan Carlos Villa.

MR. BOMBA: It's going to be Michael.
MR. CASCOS: Oh, Michael, you're going back?
Okay.

MR. BOMBA: Sorry, I need to adjust this a
little bit.
Good morning, everybody. This part of the presentation -- or this morning's work that we're going to be doing is the actual work component on the strategic transportation blueprint or strategic plan for the BTAC committee. And so what we're going to be doing today is we're going to be reviewing the proposed vision and mission statements and goals and objectives. What we've done to sort of get this thing rolling is to -- on the -- on the TxDOT side and in between UNT and TTI is to come up with some general ideas about what these things might say and have that presented to you as something that you can kind of beat up on and turn it into what it truly reflects what the committee -- you know, what they think. And so when you see these things, we need to know from you, are they on target, are they off target, do we need to add something, do you not like a word or something needs to come out. Just whatever we need to do to change things to reflect what you truly feel as a committee reflects your beliefs.

Okay. So how did we get here? Well, it's been 22 years now since NAFTA'S been implemented, there have been a lot of challenges and opportunities during that process. A lot of the -- the challenges have fallen on the local communities to deal with, particularly if they have ports of entry. And so for a long period of
time that's really at the state and local level, that's how these things were dealt with. Then the FHWA prepared these master plans in 2012 and -- between 2012 and 2015 or 2013? 2012 and 2013 they prepared these three master plans, but they still split up the border into three regions so we didn't have this sort of holistic approach for how to look at the border. So that's what this committee is going to do, they're going to finish the work. You're going to put together the final holistic approach for the border. Of course it'll be updated over time, but this will be the first time this has been done. And that will be used to -- to guide the state and federal expenditures along the border to promote trade.

Okay. So the first thing I want to show you is a vision statement and we're going to be using a bunch of terms. We're going to be using vision statement, mission statement, goals and objectives. I'm going to define what we mean by each of those because sometimes they sound like they mean the same thing, but really they have a specific purpose.

So the vision statement is basically what an organization or in this case an effort, what it wants to accomplish in the future. It should be inspirational, you don't have to cry when you read it, but it should make you kind of feel good about it, and it should be succinct, it
should explain exactly what it is you're going to do. So
the one that we came up with is to collaboratively foster
integrated and efficient trade across the Texas-Mexico
border and to promote economic development in the border
regions throughout the state of Texas and the nation.

And those number that we -- I'm sorry --
those words that we highlighted in red, those reflect the
key concepts that we've incorporated into this vision
statement based upon what you told us and what the charge
of the BTAC is.

So at this point this where I need you-all
to give us some feedback and to communicate with us. What
do you think about this as a vision statement? Is there
something missing? Is there something you want to add?
Is there a word you don't like or a different word you
want to swap out and put in its place?

MS. ESCOBAR: I have a suggestion just in --
in terms of ensuring that we communicate to the state and
to the rest of the country that what happens on the border
benefits everyone and so -- because that's frequently the
challenge. And that's part of why the border frequently
is used as a punching bag by, you know, politicians in DC
and Austin is -- is they don't either want to understand
or they don't have the capacity to understand that trade
at the border is beneficial to the state and national
economy. So with that as the context, the way that I would change this is at the latter end, to promote economic development in the border re- -- or to promote economic development that benefits the border region, the state of Texas and the nation so that they understand they're the recipients of the economic development that we're fostering.

MR. BOMBA: Right. Right. That's -- that's a very good point and that's something that we're trying to do as well is to make sure that that relationship between the border and the rest of the country is understood. That's one of our missions.

While we're getting the comments, Jolanda will be typing them in and rewriting it so I won't forget them because Jolanda's going to take care of them, edit as we go.

MS. MAYS: Yeah. And really we want to walk away here today, committee members, with, you know, a concrete vision statement so all the comments will -- Yolanda's going to revise it and then at the end, we'll throw it back out and make sure that we captured what you guys really are articulating here. We want this kind of done today so appreciate your -- your comments, Judge.

MR. LOVE: Well, this is John Love, city of Midland. I agree with everything that Judge just said. I
would add the word somewhere in there communities, Texas communities, national community, border communities to try to personalize it a little bit so that people can identify with it and -- and understand that it's benefiting them, not just some innocuous state or United States.

MR. BOMBA: That's a very good point. Especially in the current political climate.

Other suggestions, ideas, critiques?

Yes.

MR. RAMOS: Working with the federal government one of the things that we write documents that are going to go upwards towards the department or further if they are connected with any type of other foreign country, it's either -- it's either domestic or international. And here you're talking about international traffic so, you know, by Texas-Mexico border, you're isolating this thing here. And you put that in front of the federal folks, they look at it at a region. You want this to be holistic and as -- you know, to be up there in regards to any other international trade, whether it be with the European nations or with the, you know, Asian countries or whatever, you want to bring it up to that level. It's only a suggestion.

MR. BOMBA: Thank you. I think we'll have to think about how to incorporate that or --
MR. SAENZ: Along those lines I would -- and I think it's a very good point maybe as we define trade to collaboratively foster and integrate and say global trade, international trade or -- it says trade, but then it says Texaco [sic] Mexico in a few words down and it -- it may imply that it -- that they were limiting so maybe somewhere global international or --

MR. BOMBA: So -- so I guess we want to incorporate that into those transshipment or some -- some sort of movement of goods from other countries through Texas and Mexico but across the border. Is that -- is that what you were trying to get to?

MR. SAENZ: Yes. Yeah. And whatever the group wants, but it -- we need to open it up, but it's all, you know, all type of trade. And that may imply it, but it may not, you know.

MR. VALE: Even if it goes by air, by rail --

MR. CASCOS: Sam Vale.

MR. VALE: Sam Vale.

-- sea, it's going to come to a Texas highway somewhere, it's got to get on a truck to be delivered so -- to TxDOT as opposed to just the border should be important to know if it's coming and where will it get on a highway and be transported around the state of
Texas so we -- we incorporate the border part, but we
cannot ignore what's coming from north to south. As
somebody mentioned, the southbound is just as important to
mix into what do we need at TxDOT? I'm mean I'm assuming
we're looking for the best interest of TxDOT here in this
committee, Texas. Both Texas and infrastructure and the
infrastructure provider is primarily TxDOT.

MR. CASCOS: Right -- right after this
segment of the presentation, I've asked Caroline to -- I
want everybody -- pretty much has seen the member of the
spider web where -- where, you know, with TxDOT GPS, I
think that's going to be very very illuminating for the
mayor and the county judge about traffic, what happened
in -- from, you know, from The Valley to Laredo to
El Paso. I know we've all seen it, but every time I see
it, it's like holy moly, wow. You know, and I think
once -- once those -- you know, once we see that again and
we see that it -- you know, that the traffic does not stop
at the border, it keeps going throughout the -- you know,
basically through the northern hemisphere so I think
that's important so we'll get to that because I want the
mayor and the judge to see that and then we're going to go
ahead and e-mail. For those of you-all that want that
particular e-mail where it shows those -- those charts,
that traffic, ask us and we'll get that to you because I
I want to use it in the future speaking points and then you-all can use it too if you ever get called upon to speak at your Rotary Club or something to get that message out because our message is here. For us it's easy, but we need to get that message out to those people that are not involved in the day-to-day activity that -- you know, along the border.

Yes, sir.

MR. GIESBRECHT: This is Jake Giesbrecht from Presidio. In Presidio we have the parks, the national park, Big Bend National Park, and the state park and we have issues that we're working on right now with the tourists industry. I realize this is more trade, but could we also add the tourism here because there's a big need in Presidio for us to issue the visiting visas that TTP does there for the people and there's a lot of people coming through there and we want to concentrate on that. We're concentrating on that a little bit more than the trade.

MR. CASCOS: Well, let -- you know, albeit that's a good point and that could be a -- a supplement as a recommendation. I don't know if that would be appropriate to include that segment into this mission statement. We can make it as part of our report as a recommendation down the line. I don't think we should
focus on our mission list. Let's -- let's stay focused on what the mission is and there's a lot of stuff out there. I mean parks and tourism and we could add everything in there, but we need to be very very concise and deliberate what that mission statement is. I think what -- what the judge mentioned falls into place. You know we could probably add, you know, some kind of global initiative or something in there so kind of work on that. Okay.

MR. BOMBA: Jolanda, you're --

MS. PROZZI: Yeah.

MR. BOMBA: Should we show this, Caroline, at the end what our changes are?

MS. MAYS: Yeah.

MR. CASCOS: As soon as you get it ready, yeah, I'd like -- I'd like -- yeah.

MR. BOMBA: Okay. So are there any more comments on the mission statement, if not we'll move on. I'm sorry. To the vision statement, then we'll move on to the mission statement. Okay.

MR. CASCOS: Move on.

MR. BOMBA: Okay. This one's a little bit more complicated. So the mission statement describes or defines the purpose of the plan, what we're going to do and how it will be done. So what we've written as sort of -- is a guide current and future strategies and actions
relating to the Texas-Mexico trade gateway, transportation
corridor, infrastructure and operations to facilitate
efficient flows across border trade that enhances not only
competitiveness of the state of Texas and the nation.

So that's a very complicated sentence that
we may need to maybe split it into two sentences. But
again the red words represent the main themes we wanted to
incorporate into it and so if you could help us think
about how to structure this and also if we're missing
concepts, what concepts should be in there, if you don't
like the words any --

MR. CASCOS: I guess my -- my question would
be enhances economic competitiveness with whom? Who are
we competing with?

MR. BOMBA: I think we're looking at the
state as far as making Texas more competitive on a
global -- on global environment.

MR. CASCOS: Well, I think that needs --

MR. BOMBA: Yeah.

MR. CASCOS: -- somehow -- and not somebody
having to infer that.

MR. BOMBA: Right. Right. And the nation
as well. We're thinking about Texas first, you know --

MR. CASCOS: Correct.

MR. BOMBA: -- and the nation second.
MR. CASCOS: Yes, ma'am.

MS. ESCOBAR: Sorry. As an English teacher -- I -- the -- I'm having a hard time understanding what the -- what is the -- what is the main goal here of this mission statement?

MR. BOMBA: Okay. So --

MS. ESCOBAR: Is it -- is it -- is it to influence strategy and policy?

MR. BOMBA: Well, I think the mission statement is to try to clarify what exactly the strategic plan is trying to do. So the vision statement is what the BTAC is sort of collectively trying to accomplish.

MS. ESCOBAR: Right.

MR. BOMBA: And then the mission statement speaks specifically to the written document, what is this written document going to do and how is it going to do it.

MS. ESCOBAR: Right. And so what do we want that written document to do? We want it to influence strategy and public policy. Right?

MR. BOMBA: Right.

MS. ESCOBAR: Is -- I mean is that --

MR. BOMBA: And we will go into goals and objectives when we lay those out.

MS. ESCOBAR: Right. No, no, and, believe me, I get the -- the whole mission. I'm just -- I'm
trying to -- because I'm trying to rewrite it a little bit --

MR. BOMBA: Sure.

MS. ESCOBAR: -- to offer a suggestion, but I'm trying to understand what the focus is because it's -- there's a lot here.

MR. BOMBA: There is, yeah. And I kind of broke it down so you just help me understand it better because it is a very complicated sentence. But as far as our purpose, my understanding from this is that it's to enhance economic competitiveness of the state of Texas and the nation. What we're trying to do is to guide current and future strategies and actions related to Texas-Mexico trade gateways and transportation corridors and then how we're going to do it is by facilitating the efficient flow of trade. So if that --

MS. MAYS: Michael, if I may, you know, for the judge's benefit, essentially this committee has been tasked with coming with a report in the next few months that, one, looks at what are the key issues and challenges facing the border. And then from a very big picture, come up with potential strategies and recommendations that the Secretary, you know, needed to -- so this -- the mission statement is for that report. What do the committee, you the committee members want this report to achieve or help
achieve. You know, what is -- you know, like you mentioned, influencing decision makers in terms of whether it's funding or highlighting, talked about communicating the importance and the benefits of the border beyond the border region so it might be helpful maybe, Michael, to go to the goals and objectives first and then maybe come back to the mission statement for the benefit of the group and then come back to this because I think the goals that were outlined might actually help the committee to better formulate what the mission statement for the actual report will be.

MR. BOMBA: I think that's a good idea. So why don't we skip ahead to the goals and objectives, then we can come back and work on this mission statement.

MR. LEESER: One thing that I -- this is Oscar Leeser -- that, you know, I know we're trying to get the words straight, we're trying to get the mission statement, but when we talk to who -- who we're reaching out to, which is the rest of the country, is we need to build value and -- and how do you build value? Because you're trying to earn someone's business, you're trying earn someone's respect so, you know, to have a lot of big words is good but to really establish our mission and actually build value, what we're trying to do, as anybody that knows how to talk to any company or anybody that you
want to earn their business to bring them in, you have to build value, give them a reason why they need to believe in our mission. So I think it's important as we look at it is how do we build value and not just have a really neat saying.

MR. BOMBA: Thank you. That's -- that's a very good point.

MR. SAENZ: If I may add to. The word "guide" for me is soft and I know we're going to look at the goals, but I was thinking something more definitive, you know, develop, implement, investigate. Say develop and implement --

MS. ESCOBAR: Implement -- implement I mean because we're trying to influence public policy and economic development strategy. Right? So the -- I agree with you. So influence --

MR. SAENZ: Implement and influence.

MS. ESCOBAR: Yes. -- economic development, strategy and public policy. Yes.

MR. CASCOS: I would add implement and --

MR. SAENZ: (Speaking sotto voce.)

MR. CASCOS: Yeah, implement and influence or influence and implement, I think they -- we could use them both.

MR. BOMBA: Okay. I'm going to go ahead and
move on to the goals --

              MR. CASCOS: Yeah, go on.

              MR. BOMBA: -- and we can come back to this
and decide so we do have a limited amount of time.

              Okay. So the goal -- the difference between
a goal and objective in this is the goal is sort of the
overarching principle, what it is we're trying to achieve.
And the objectives are the more concrete or measurable
steps of achieving that goal. So the first goal we have
is to achieve a comprehensive and unified vision for the
border, like members of the border community. And our
objectives are to establish a system consisting of BTAC
members, identify goals with a clear method for achieving
them, integrate individual community goals and objectives
into borderwide goals and objectives. And this is part of
our idea of having a more coherent working community where
everyone's not just looking at their particular interest
but how their particular interest fit into the larger
good. So that's an important goal what we're trying to do
today, work together. Provide a platform for coordinating
public and public and private sector goals along the
border which doesn't exist at the moment at a statewide
level and identify both the challenges and opportunities
for Tex-- -- the Texas-Mexico border region.

              And as the Secretary said at the beginning,
everything's on the table to talk about, both the good and the challenges, so we want to have a very clear vision of the future. So looking at this goal and looking at these objectives, what is it that you think might need to be added, changed, someway modified?

MR. CASCOS: Go on.

MR. BOMBA: Okay. Goal 2 is enhance Texas' economic competitiveness, identify critical infrastructure constraints along the border along connecting corridors for future improvements, inform the state's decision makers and general public about the importance of trade with Mexico to the Texas economy, ongoing analysis of trade, trends and issues and target initiatives that support or build key industry sectors -- I'm sorry -- target initiatives that support or build key industry sectors that engage in cross-border trade and that can be either along the border or further away, even if it's -- you know, into what we call hinterland, further into the state of Texas or even further out into the nation. We want to be able to support them as they interact or interface with them.

MR. CRISTINA: Paul Cristina. Paul Cristina with BNSF. I wonder if this isn't maybe rolled in -- these objectives you've identified are they identified in other goals like stakeholder engagement and engaging
policymakers or even the idea that our mission is to
enhance competitiveness. Do we want a goal to do that as
well? And aren't all of our goals trying to accomplish
the mission of enhancing competitiveness?

MR. BOMBA: It's all supposed to nest and so
maybe not nest like in a very clear direct way, but -- but
these goals all feed into the mission and the imprint, you
know, vision of the document and --

MS. MAYS: And if I may, Paul, the -- the
reason we have this as a separate goal is when we --
especially when the committee goes to recommendation, how
do we enhance economic competitiveness so that's why it's
a goal, you know. So you later on you have to think about
what the strategies that we can put in this report as a
recommendation to enhance our competitiveness.

MR. BOMBA: Right.

MS. MAYS: Yeah.

MR. BOMBA: But we -- we don't think that
all of the things that -- all of the other things that --
all the other things that we're trying to accomplish,
don't those all enhance economic competitiveness which is
the mission of the board?

MS. MAYS: Yeah, the mission is our -- is a
statement, but, you know, when you go to the
recommendation is the actions. What types of actions are
we going to be doing? And again we can come back and revisit this, but think, you know, beyond just a goal. Think about, you know, what strategies, you know, will help us get to, you know, to achieve the mission that we just identified earlier.

MR. BOMBA: John?

MR. LOVE: Yes, sir, this is John Love. I may have slept since the last meeting, but didn't we have this conversation at our last meeting about the word "competitiveness"? I thought we --

MR. CASCOS: I don't remember.

MR. LOVE: Well, I personally like the word "enhance Texas economic progression" because it signifies moving forward and it doesn't have this ambiguity of who are we competing against or who are we competing with. And I think that's what the goal is is for the state and the nation and the borders to progress. Maybe someone has a better word.


MR. LOVE: Possibly.

MR. CASCOS: All right. Go on.

MR. BOMBA: Okay. Goal 3, improve the operation and efficiency and capacity of trade gateways which include the ports of entry. So we wanted to distinguish here when we say
trade gateways that we're not looking just at the border itself, the border crossing itself, the bridges and other infrastructure there, but we're also looking at the connecting highways and railways to the border.

As far as our objectives, assess the current and future needs of border infrastructure capacity and operations. Identify new technologies for deployment that will aid with border management of POEs and our approaching roadways, address border wait times, facilitate efficient trade flows. And this -- you know these things are centered in what we can do in Texas. Obviously there's a lot going on. Well, what we can do as the state of Texas. There are a lot of things going on in this process that are federal that we don't have a lot of influence over. Of course there are things happening in Mexico that we don't have a lot of influence over.

MR. LOVE: Do you have a distinction in your mind between improve the operation and efficiency? In other words when you say "improve the operation," are you actually talking about effectiveness versus efficiency?

MR. BOMBA: Well, I -- I'm thinking --

MR. LOVE: John Love by the way. Sorry.

MR. BOMBA: Yeah, thank you. Efficiency I think of almost in economic terms. All operations I think of almost in sort of transportation terms, if that makes
sense. So in other words the operations I think of the actual physical moving around of vehicles and the cargo and things like that. And when I think of efficiencies, I think of reducing cost, minimizing cost. But there may be other ways that you-all want to present that. That's just -- in my mind that was --

MR. LOVE: Okay.

MR. BOMBA: Any other suggestions or questions about that?

MR. CASCOS: Gerry? Gerry Schwebel.

MR. SCHWEBEL: Can't we just say address just -- the objective is to reduce the wait times. What could we say re- -- you know, the objective is to -- the reduction of wait times, not just to address them, but we want to reduce them.

MR. CASCOS: Yeah, change it. That's good.

MR. BOMBA: That's an easy one.

MR. CASCOS: Just -- just a postscript on the point. Is -- do we want -- do we want to -- I guess as a group, is everyone okay with ports of entry versus putting land ports of entry? Anybody reading could -- you know, could infer our -- our coastal, our ports, our water ports, or is everybody okay with the ports of entry? Is that all right? Okay.

MR. LOVE: Well, everybody here may be okay,
but how does that relate to the public because I will tell you, as I started reading information to bring myself up to speed, the difference between port of entry land and then inland port of entries and airports is a little bit confusing. It might be confusing to the public as well.

MR. CASCOS: What do you-all think? Is it a big -- is it a big deal?

Okay. Let's switch that land to land ports of entry or border ports of entry. I mean something that -- that kind of sets it apart from either your inland ports or your coastal ports. Just add something in there just to identify.

MR. BOMBA: Do you have that, Jolanda?

All right. Do you have any other comments on this particular goal?

MR. CASCOS: Okay. Move on.

MR. BOMBA: Okay. Goal 4, improve transportation corridor -- corridors and connections with the border regions and between border regions and the remainder of the state and the nation.

So in this particular goal, obviously we want to have good connections as cargo goes back and forth across the border with the hinterlands within the state and the nation, but also we wanted to emphasize the need for cargo to move efficiently between border communities
because sometimes things are going from say The Valley to
Laredo so -- or maybe from Laredo to El Paso, that needs
to move efficiently as well. And as we see in the -- in
the animation that Caroline has or the flows of the trucks
you can see how things are moving sort of sideways, not
just up and down. So that -- we want -- we want to
capture that within this particular goal. Now, as far as
our objectives, identify interregional border
trade-related transportation needs and investment
strategies, identify strategic financial trade corridors,
needs and investment strategies. Identify opportunities
to improve existing highway rail corridors serving Texas
ports of entry through infrastructure investments and
operational efficiencies, support the development of
trade-related transportation and infrastructure for new
corridors that serve the border region and explore
opportunities for alternative infrastructure such as
truck-only lanes.

MR. SCHWEBEL: Mr. Secretary, I think
somewhere down the line I think we need to make sure that
we're consistent in our -- in our modes of transportation.
And I -- and I know we're talking about highway, we're
talking about rail, but when we talk about Texas and
trade, it's -- it involves like you said maritime, air and
now even pipeline transportation. So I don't know if when
we talk about in regards to these connections whether it
addresses all modes of transportation, not limited to any
one or two.

MS. MAYS: Yeah, the idea was really
multimodal, Gerry. Yeah, it wasn't just for the highways.
When we talk about quotas, we're talking about rail
corridors, we're talking about highway corridors and then
a connection. We're talking about air, pipelines and
maritime as well so this is multimodal.

MR. CASCOS: Go on.

MR. BOMBA: Okay. Goal number 5,
stakeholder engagement and public awareness. Identify
private sector stakeholders and border communities,
participate in the planning process. Communicate the
importance of the border. Tell the border story. And by
this we would -- things that would be done would be like
outreach materials, newsletters, public informational
meetings, provide legislative briefings, reports and
testimony to elected and appointed officials as well as
the general public. Those are some of the ideas we had.

Outline potential strategies on
trade-related transportation issues along the border for
consideration by decision makers. And finally provide a
forum for BTAC members -- I'm sorry -- provide a forum at
BTAC meetings for the public and private sector,
stakeholders provide input on border and trade-related transportation. Of course we do that with our speakers, but I think the idea is that there be another venue -- or not another venue but another opportunity for them to tell us what their experiencing and be able to incorporate that into what we do.

Any ideas, suggestions?

MR. CASCOS: Just for the record, Alan Russell has joined us.

Alan, thank you.

MR. RUSSELL: Thank you.

MR. BOMBA: Move on to number 6. Enhance binational and regional communication and coordination, collaboration, cooperation with gateways and corridors. Objectives are develop and implement programs for the direct engagement of Mexican transportation officials at the federal, state and local level. Develop and implement programs for the direct engagement of Texas border regions on border and trade-related transportation issues, needs and investment strategies. And broader communications between border regions and nonborder regions.

Any thoughts?

Goal 7, better understand institutions and institutional frameworks on both sides of the border to better address binational gateway and trade corridor
infrastructure challenges. Our objective would be to identify and document binational, federal, state, regional and local government agencies and the roles and responsibilities along the border.

So the idea is that we need to as planners understand not only what we do -- because that's very convoluted because it's like so many public agencies -- but also what's happening on the Mexican side because as government's change, as laws change, responsibilities change and so what may have been done 15 years ago was really useful is now probably outdated so we need to have a better idea of what's going on and that possibly is one of the white papers we'll be presenting later in the year.

Any other ideas? We only have one here so if you-all have ideas about what could be added, that would be very helpful.

MR. SAENZ: Yes, I was going to address the industry standards, especially on the Mexican side, they -- they've got certain hours that they -- they would like to do the business. We've been trying to extend the hours of operation of the bridge and -- and it hasn't worked so just knowing the culture and -- and the industry on the Mexican side.

MR. BOMBA: That's a good idea. Culture and business practices or standard business practices that
would be a good one.

Others?

Goal 8. Enhance financial gateway- and trade-related transportation planning. Our objectives are encourage binat- -- binational participation in the identification of border and trade transportation priorities and investment strategies engaged by national participation during the development of transportation plans along the Texas-Mexico border and support and encourage multistate cross-border trade-related transportation planning between state and local governments.

Suggestions?

MS. MAYS: I think this is where one of the comments that, Sam, you had brought up earlier, you know, really looking at consistent -- I have a note here that one of the recommendations of the Secretary of St- -- State, it could be an objective is consistent data collection and analysis among all border states. I think Matthew alluded to this earlier that each of the border regions or crossings are collecting data differently, they're analyzing it differently so I think in the planning process here we need to really, you know, aspire to have consistent data collection and that will help us do consistent analysis and maybe timeliness of the data so
that it's -- we're not using dated data to be able help in
the decision-making process and then that goes into kind
of the -- the forecasting, the projections that you talked
about earlier. I think this is where that would really be
very helpful as an objective but also as a recommendation
later.

MR. BOMBA: Any other thoughts on this?

MR. CASCOS: Go ahead.

MR. BOMBA: And our final goal by goal
number 9. Compete more effectively for funding. So to
develop a sound and comprehensive investment plan for the
border. As has been stated earlier in this process, the
state and federal government are expecting a return from
their investment, not only in economic development, but
they want to have performance measures that demonstrate
the projects were worthwhile. So we need to, as I said,
focus on a comprehensive plan.

And then identifies opportunities for
innovative and alternate funding sources and
those could be both public and private sector or some
combination of the two.

Any other ideas about the funding? Judge?

MS. ESCOBAR: The -- for goal number 9,
would the overarching goal be to -- to draw more money to
border corridors and communities?
MR. BOMBA: It would be. But the funding sources could be varied so it could -- obviously the federal money is the best to get because it comes from the outside, but it could also be private money through public and private partnerships or through other -- some of it may be through your --

MS. ESCOBAR: So I -- I'm sorry. Excuse me. So my recommendation would be not -- I mean obviously we do want to be more competitive but the ultimate goal is we want more money.

MR. BOMBA: Exactly.

MS. ESCOBAR: And so I think we should just state that outright, draw more funding or attract more funding or draw more funding to border corridors and communities.

MR. VALE: In this lineup of successful competition budget in Washington, it's not just we want it --

Sam Vale.

-- it is a process of understanding how do you compete for funding at the federal level and it is a skill. It's not something that you just justify. It's good to be justified, but if you don't know how to do it in a skillful way, you still don't get it.

MS. ESCOBAR: Right. But the goal would not
be just to compete for it. The ultimate goal --

   MR. VALE: Is to secure it.

   MS. ESCOBAR: -- is to secure it. Right.

   MR. VALE: Yeah. Successfully securing it is a required funding for the innovative and investment --

   MR. CASCOS: You-all have to speak up, we don't hear --

   MS. MAYS: Use the microphone, please.

   MR. LOVE: This is John Love. I agree with what you're saying. In this instance I like the word "compete" because we're competing with all other states for federal funds so -- and last week that two applications for the state of Texas were submitted for FAS (phonetic) and they both agree and they both all have gotten turned down. We didn't get any money. So we are ineffectively competing for money so I kind of like the word.

   MS. MAYS: Yeah, but I think to the Judge's point, maybe make it broader as a goal by making an objective that's where we can add, you know, compete effectively for federal funds.

   MR. LOVE: To successfully compete.

   MS. MAYS: Yeah. You know, and you also have to really know how to, which again can part of the
objective so, you know, might want to make the goal
broader, but then the objectives be very specific on the
intentions or how we'd be able to secure or draw federal
funds or draw funding, period. Because it's not just --
we're not just talking about federal funds, we're talking
about state, we're talking about federal, we're talking
about local as well.

UNIDENTIFIED SPEAKER: And also private
dollars.

MS. MAYS: Yes.

UNIDENTIFIED SPEAKER: If we're asking
private companies to participate, they have to reallocate
their assets from whatever it is that they were planning
on doing.

MR. CASCOS: Are we implying that the state
of Texas should be developing a sound and comprehensive
investment plan? Is that what we are -- is that what we
are implying there? Or who is specifically going to
develop this or -- and who is going to identify these
opportunities? Is it the state of Texas? Is it TxDOT?
Is it this committee? Who is it?

MS. MAYS: All of the above.

MR. CASCOS: We need to identify that so --
so we don't have somebody saying, "Well, I thought you
were going to do it."
MR. BOMBA: Right.

MR. CASCOS: "I thought you were going to do it." No, no, no, I tell them -- I'd like to see a little bit more definitive, you know, obs- -- you know, comments as to whom is supposed to do this.

MR. BOMBA: Who's responsible.

MR. CASCOS: Yeah. I mean who's going to this? Because it is -- it is competitive.

UNIDENTIFIED SPEAKER: Secretary.

MR. CASCOS: Yeah, yeah. And it ain't going to be me. No, it'll be -- but, you know, we -- we -- I mean we also have to be pragmatic of the fact that we live and we're going through a very -- it's a political environment and in Texas being, you know, what Texas is and what we have at the leadership at Washington, sometimes they don't -- you know, they don't see eye to eye. So we got to somehow convince everybody this is not a political deal, this is an economic deal and that's what we're going to have to identify a little bit better. You know, I think that the federal, local, state, you know, and private sector all have to come together. I think what the mayor mentioned a few minutes ago, if you want to get the private sector involved, they've got to know what their return on investment is going to be. It's business. And that's what we have to somehow tie into somehow.
They're going to get a four percent return or an eight percent return. We have to be able to come up with -- with something -- because no one in this room who's in the investment side or in business is going to invest anything unless you're going to get a little bit better return than that.01 percent -- you need to fix that, Gerry, on -- on CDs. Okay? You know 01 percent return on investment, you know -- and that's I mean -- that is being pragmatic. I mean we have to kind of get out of this political box, so to speak, and kind of deal with business as best we can if we're going to bring in the private sector. If it's all -- you know, if it's all tax dollars, then maybe you don't have that latitude.

Yes, ma'am.

MS. MAINWARING: Brenda Mainwaring with Union Pacific Railroad, private sector investment. You know, we've invested three and a half billion dollars in Texas and I know BNSF would have similar numbers just in the last five or six years and so it's not necessary -- we do our own calculations on ROI. To -- to Mr. Vale's point, we do obviously calculate future business. Part of what we need is the border communities' understanding on having a bigger picture but also removal of obstruction. We have a lot of challenges where it's very difficult to make investment. And to the extent that this group can
set priorities and goals that will help us eliminate those ob- -- those obstructions, that is also extremely valuable to private industry.

MR. CASCOS: Can you give me an example of what an obstruction would be?

MS. MAINWARING: I think I'd rather not in this group.

MR. CASCOS: I can't fix it if I don't know what it is. Okay. E-mail me privately.

And I think that's a valid point, but I think some of those challenges that you have are not so much the federal level, I think they're at the local level and quite possibly the state level. Right? That's what I would think.

MS. MAINWARING: Yes. Very much the case, yes.

MR. CASCOS: Okay. That's what I thought. Okay. All right.

MR. SCHWEBEL: Mr. Secretary, also I -- following up on the judge's thoughts, comments earlier. Would we not consider in the actual competing for funding for the benefit of the state and the country or for the benefit of the all, you know, incorporate some of that language in there because as we compete for funding, it's not just competing for funding for -- not just Texas
border but for the benefit, who's going to win -- who's going to benefit from this? I think the more we talk about in everything that we do, it's -- the entire nation benefits from sound investment plan for the Texas-Mexico border.

MR. CASCOS: And I think that's part of the challenge is conveying that message away from the border and maybe away from Texas. After his presentation we're going to show you this map that was -- that I had indicated that most of us have seen already, but -- but hopefully it reemphasizes that as far as where these trucks are going as they're leaving our -- our land ports of entry from The Valley, Laredo and in El Paso, I think it's going to be impressive to you to see what's happening. Okay.

MS. MAYS: Secretary, let me just answer your question on who would be --

Michael, can you go back to that slide that talks about, you know, who would -- who would develop the investment plan. One of things that we're going to be doing -- probably see it in Juan Villa's presentation is, you know, we're actually going to be identifying the roles and responsibilities so we're going to be tying some of these concepts you see here when we go to the recommendation, who -- identify who -- what stakeholder is
responsible for what. Because again you've charged us
from day one to have an action plan. You cannot have an
action plan without attaching, you know, who is
responsible and some timeline as well. You know, going to
attach some timeline interim, you know, mid-term and
long-term, you know, recommendations as we move forward.
So a lot of what we said in the past we're kind of
following back, but we just haven't gotten to that. Juan
Villa's going to show us some of that later in his
presentation.

MR. BOMBA: Okay. At this point I think
we've shown you -- do we want to go back to the mission
statement or do we want to --

MR. CASCOS: Yeah.

MR. BOMBA: Okay.

MR. CASCOS: Suggestion by the judge.

MS. ESCOBAR: Okay. So taking all these
goals into account here -- and this is a suggestion, my
feelings won't he hurt if folks don't like it. Influence
and implement economic development strategy and public
policy that facilitates border trade, creates efficient
corridors and enhances the state and national economy.

MR. CASCOS: Is that for that one there?

MS. ESCOBAR: For the mission statement,
yeah.
MR. CASCOS: I like it.

MR. BOMBA: I think what we'll do is

we'll -- we'll type it up on the screen --

MS. ESCOBAR: Right. And then you-all can --

MR. BOMBA: -- then everyone can see it.

MS. ESCOBAR: -- do with it what you want with it.

MR. CASCOS: Okay. Whi- -- while they're doing that --

MR. BOMBA: Did anybody else have any other comments on the -- the goals and objectives we presented that they didn't have a chance to provide earlier? Any other feedback?

I also want to mention that this isn't the only chance to give us feedback. You can e-mail Caroline or my point of contact if have any ideas about how we can change things or just sort of general comments about the mission and the vision statements as well as the goals and objectives. If you could send those to her, you know, she'll feed them back to us and then you'll be seeing all this again because once we -- we get all your feedback, we massage it and present it back to you and make this sort of an iterative process until everyone's happy with this, what's prepared.
Do we have a team of people putting this together?

MS. MAYS: No, we're going to show the maps while they're --

MR. BOMBA: Oh, the maps okay.

MS. MAYS: -- and then come back. Yeah, save us a little bit of time.

MR. CASCOS: Here, this is Caroline's show and tell.

MS. MAYS: Well, a lot of you have seen this, but for the benefit of the judge and the mayor, as part of the freight mobility plan that some of you were involved in, we asked the consultants to kind of give us an idea of how trade flows in Texas. And they took -- they took -- you know, in each of the border regions, it's not crossing specific so it's not one crossing, but it is to -- this is El Paso so they took 2,000 trucks they had GPS and they followed them over a seven-day period.

So this is day one. So day two, truck from El Paso, Laredo could make it all the way to like New York in -- in two days. So by day three you see the movement. Day five they're covering the entire nation and day -- day seven. So you see, when we talk about the national impact of the border regions, this is what it is and, you know, analysts are using this to really communicate the impact
of the border region to the rest of the nation.

And what I also want to point out, look at the movement between El Paso and Laredo where we're talking by intraborder regional movements. And someone asked me, "Why would they do that?" And what happens is sometimes a truck brings things into El Paso and their consolidation point is Laredo so then the truck -- another truck takes you to Laredo and it's consolidated in a truck that, you know, gets moved into -- you know, into New York, et cetera. And you're going to see kind of the same with Laredo and The Valley. So there's that intraregional movement that we're not capturing, we're not looking at the corridors that are connecting these border regions because it's happening on a larger and larger scale. So, again, you know, mayor and judge who use this, you know, over and over again, this is El Paso and I'll show you, you know, look --

MR. CASCOS: The darker is the more --

MS. MAYS: Yes, the thicker -- the thicker. Yeah, the thicker it is, the more the trucks. So this is Laredo and day one the truck from Laredo, you can see how far it goes almost all the way to -- to Michigan. You know, day two same thing. Day three, five and day seven. And again you see a lot of the movement, you know, for Laredo. It's mostly in the eastern part of the country.
MR. CASCOS: And El Paso --

MS. MAYS: Yeah, El Paso's a little bit more to the west. But, you know, Laredo, you know, mid to eastern part of the country and then -- but you see a lot, again, the intraregional movement. Laredo and The Valley, there's lot of movement between Laredo and The Valley.

And essentially a lot of those are moving probably from warehouse to warehouse, you know, and being consolidated and being moved out. So, you know, these relationships between that -- for instance let's say a tomato's coming through Laredo, probably has to go to a warehouse in, you know -- in The Valley, you know, closer to The Valley to be stored for a couple days before a truck comes and, you know, consolidates and picks it up and takes it, you know, points north. So those are really critical. But when you look at the corridors, you know, look at your I-35 and, you know, you're seeing a lot of movement, seeing a lot within Laredo and the ports Houston, Corpus Cristi but also Brownsville. So there's a lot we talked about.

Gerry pointed out a multimodal nature so a lot of this has to do with that movement as well, movements from the port to the border, border to the ports again because goods are being shuffled all over the place, this gives you an idea of that movement.

And then for Brownsville it's kind of
similar thing, you know, you look at it -- the movement
again, you know, a lot of relationships between, you know,
the Brownsville, The Valley and Laredo, but also El Paso
and points west, but again lot of it is moving, you know,
on towards the east coast of the United States. So
this -- this gives you -- really telling the border story,
you know, where this is going, it's not staying at the
border.

MR. CASCOS: Put it all together.

MS. RAMIREZ: Caroline --

MS. MAYS: Yes.

MS. RAMIREZ: -- Julie Ramirez with Progreso
Bridge. I really like your show and tell. I'd like to
have to a copy of it even though we're not mentioned
anywhere in there so far, but I know that we're there and
so I'd like to have a copy of it. It's a great graph.

MS. MAYS: Yeah, absolutely I can send this
to the -- to the entire committee.

MS. RAMIREZ: I thought you were going to,
but I'm not sure --

MS. MAYS: Yes, you will.

MS. RAMIREZ: -- and I don't remember so I
don't have that and I'd like to have a copy.

Thank you.

MS. MAYS: Yeah, you bet.
MR. LOVE: Caroline, I would like to comment on it. In all these maps that you just got through showing, you see goods coming from El Paso and then some of them are breaking towards the west like Brownsville, Laredo. Why is that?

MS. MAYS: Coming from the west to Laredo?

MR. LOVE: No, no, no. It comes up from Laredo and then they go to California.

MS. MAYS: Yeah.

MR. LOVE: Why would they not take another route instead of trying to go through that bottleneck of Laredo and then head west? Why don't they come through El Paso or, you know, my favorite --

MS. MAYS: Okay. So -- so --

UNIDENTIFIED SPEAKER: I want to go back to El Paso.

MS. MAYS: Okay. Stop -- stop for a second. Yeah. So this is El Paso. So here El Paso, you see El Paso has a broader kind of reach a lot of west coast, you know, movement because, one, stuff coming -- you know, this is trucks leaving Laredo so they're going -- actually going to the port of -- yeah, yeah, El Paso. So they're moving from El Paso going to port of LA, Long Beach, some of these are exports. Remember that manufactured in Mexico are coming through El Paso and going to the west
coast, you know, and going to the population centers there, but also connectivity to the west coast ports. And then you see a lot going to the hinterlands, you know, a lot of those are just for, you know, consumptions in some of this -- these regions.

But to your question why they come through Laredo, is proximity, it's border proximity. What's being manufactured in Monterrey is not necessarily going to go all the way to El Paso so that's kind of the geography of -- of trade and movement is proximity to where the manufacturing is taking place or the produce that being picked up, et cetera. And then also ease of getting to that point of entry because the cost is how soon -- how fast can I get it from the point of production across the border and then go points wherever it needs to go. So that's why Laredo you see a lot of movement. The congestion in Laredo is not really the biggest issue when it comes to trade, it's the ease and the proximity. Laredo is location, location, location. And then ease of crossing in Laredo, a lot of brokers are going to send the stuff through Laredo and they're familiar with it and proximity, you know, because a lot of electronics go through -- through Laredo. So again you have -- each of the border point of entries' regions have kind of a niche, you know, commodities. Laredo is well known for
electronics, car parts, et cetera. They're going to come through that so then that's why you see it going to other parts of the country but -- because that's where, you know, for instance, you know, Chrysler or Toyota, most of their crossing is going to happen in Laredo, but then it had to go, you know, points forward and then you're going to see those movements.

MR. CASCOS: I think the other -- the other -- I think that's -- that's a great question, John. Also we don't know what the infrastructure looks like on the Mexican side too. You know, they may not be able to cross as efficiently, they don't want to go all the way to, you know, Baja California, or cross there.

MR. LOVE: Well, that's what I was alluding to --

MR. CASCOS: Yeah.

MR. LOVE: -- because it seems like it's a cost factor. Is it -- is it cheaper to go through Laredo and deal with that congestion, get out there for what's the infrastructure in Mexico.

MR. CASCOS: Yeah, could be.

MR. LOVE: Yeah.

MR. CASCOS: Now, one of the -- one of the issues that -- that I've been -- well, that my office has been speaking with TxDOT is on -- on potentially new
bridges and enhancements of bridges. And what I'm -- what
I'm -- what we're trying to do is making sure that we
collaborate on the Mexican side and it does no good for us
to have the best infrastructure lines on this side of the
border if the Mexican side doesn't have the infrastructure
in place to get their goods and services to that bridge.

So that's part -- that's part of the --

Now, one component that's missing that --
and I don't know how we're going to be able to do it.

It'd be interesting to see from a point in Mexico their
truck traffic and how -- how much of their tra- -- you
know, having a similar, you know, map like that coming
from different parts of Mexico and seeing how those trucks
are coming here. We really don't -- yeah, we really don't
know. But that's a missing component.

MR. LOVE: Is there a comparable or an
organization in Mexico to us?

MR. CASCOS: Not as efficient as we are
but -- I don't know. But we're working on it.

MS. MAYS: Yeah.

MR. CASCOS: I mean, you know, we have to
continue that dialogue with Mexico and we're doing that
and it's -- you know, now we're getting like two or three
different, you know, gubernatorial administrations, new
mayors, so we're going to have to like --
MR. LOVE: We got our own in other words.

UNIDENTIFIED SPEAKER: Mexico tends to go too much like promotion for their states and not look at the rest of the national traffic. That's one of the issues that we have a hard time with.

UNIDENTIFIED SPEAKER: Yes, I have a question here. Is this just northbound -- northbound that you've taken?

MS. MAYS: Yes.

UNIDENTIFIED SPEAKER: Because there's also southbound.

MS. MAYS: Yes.

UNIDENTIFIED SPEAKER: And it's quite a bit. It probably looks just as red because you have all raw materials going through all the ports, airports in Dallas, Houston, San Antonio.

MS. MAYS: Yeah.

UNIDENTIFIED SPEAKER: And the sea ports too affected so I mean this is traffic going both ways. Yeah, this is just leaving and going, you know, yeah, northbound or east/west. Not inbound going, you know, southbound to -- to the border regions. This was just going out. Yeah.

UNIDENTIFIED SPEAKER: And that's again another thing that we probably going follow up, you know,
several things looking at what's coming to the border from
around the U.S. so that can be done too, but, you know,
that requires study, but then also looking at the Mexican
side, what's coming in from Mexico. That's a big
challenge. That's one of the things, you know, we're
working with the Mexicans right now, we're ramping up our
coordination efforts with them to be able to communicate
this to them and see if, you know, we work through the
joint working committee JWC which has the federal partners
Mexicans and U.S. and then the border states within, you
know, the border region and this is some of the things we
going to be trying to discuss with them. And one of the
goals we talked about binational planning, this is exactly
what we're talking about. We have a lot of information on
our end, but on the Mexican side, we need to be able to
have similar so that we can have more of a U.S.-Mexico map
where we could show the connectivity between the two
nations and probably with Canada as well. But again we
had on our side and not on the Mexican side so hopefully
that's something that, you know, with time we can be able
to, you know, get to that point. Not sure what data they
collect, how they collect the data. This is GPS and this
is actually funded by federal highway. Federal highway is
funded, you know, through US -- TS funded this. So can
Mexico do something similar? So again those are dialogues
that needs to take place.

MR. VALE: Is part of that --

Sam Vale.

Is part of the competing in Washington, you have to be able to demonstrate cost benefits and who's getting the benefits and the cost. And if you can't put that all together -- stuff that comes from Canada -- when Canada does something, only 25 percent of the parts are from the U.S. When Mexico does something, 40 to 50 percent of the parts are from the U.S. That -- those parts are made all over the U.S. So we need to also be able to demonstrate who is exporting from the U.S. into Mexico which creates the empty truck to come back. And all these things go together, whether it's a rail shipment -- they don't like shipping empty -- empty containers around. So you -- it's a -- it's a big strategy there, but that's how you sell in Washington on being able to touch congressmen in every district and say, "This is what you get from this."

MR. CASCOS: Sam, I think that -- I've kind of said this many times that we know what we have here and we know it's positive. Right? And it's conveying that message to the outside, those congressmen, those U.S. senators from other states, you show them something like this and espec- -- whether it's El Paso, The Valley or
Laredo, you know, those are the people that -- that we need to be talking to. Every -- every U.S. senator, every congressman that has a red going through their state or stopping in their state, that's what we need to do somehow. I'm not in the -- the lobby business, but -- but that is what we need to convey -- not only to our local representative which they know this. Now help them, help them convey those messages to their -- you know, to their colleagues in D.C. and in Austin of course.

MR. SAENZ: I had a question for Caroline. The study does that -- the way it was structured, was it once they deliver, then they stop monitoring the truck or -- or, you know, because they could have delivered someplace else and they pick up a cargo that really didn't come from Mexico and they then took it up. Do we know the specifics, the parameters of the study?

MS. MAYS: No, no. This was just following the same trucks for seven days so if they went and dropped something in -- in Dallas and then continued or picked something in Dallas and continued, it would show up here so it doesn't stop --

MR. SAENZ: It doesn't show the Mexican -- you know, the product coming from Mexico and then to -- to point of delivery.

MS. MAYS: Well, this here shows where
they're going, where the delivery --

MR. SAENZ: Yeah, but --

MS. MAYS: -- but it doesn't stop -- let's say a truck -- you know, five trucks went and delivered everything in Dallas, it's not going to stop there because they're following them for seven days. So if they picked up loads in Dallas and they kept going to Michigan, it's going to show that.

MR. SAENZ: You know the point that I'm trying to make is that the Mexican -- you know, where the product coming from Mexico may have ended in San Antonio and then from San Antonio they picked up some -- some more product and moved it someplace else and --

MR. CASCOS: You know, this is strictly based on days, not on product delivery. It's based on wherever that truck -- where did it go for seven days. So you really can't tell like, well, they stopped in Dallas and picked up another load and go on. It's just specifically on that.

MR. SAENZ: Okay. But the point I'm trying to make is, you know, the product could have come from someplace else, not -- not from Mexico.

MS. MAYS: No, the product they're leaving from the border so they're picking a load from the border. They're not going to go north empty. None of the trucks
MR. SAENZ: No, no, but to a certain point that -- yeah, they do pick up -- you know, they're bringing product from Mexico obviously, but maybe they -- they took it San Antonio and then from San Antonio they -- they took a different load someplace else and --

MS. MAYS: Yeah and like the Secretary was saying, this wasn't based on commodity. This was based on the trip itself.

MR. SAENZ: Where the truck was.

MS. MAYS: Yeah, where that truck was.

Origin and kind of destination, not really on the commodity or the product they were carrying. Yeah, so this was just demonstrating the reach of a truck that left, you know, the border region where it will end up with seven days.

MR. VALE: Bill of lading will answer that question.

MR. DRUSINA: Ed Drusina. Thank you, Secretary.

The question -- I know it's come up before in other sessions that we need to continue to keep in mind is what was mentioned a minute ago is the infrastructure in Mexico and how they're planning their infrastructure and how it complements what we're talking about here
today. Is it indeed in lockstep with what Mexico is doing? And having them here in sessions such as this to see what our -- our problems are and what we're trying to develop from time to time -- not every meeting but from time to time -- and having input from them even though they -- you're right, they're not as perhaps as for along and sophisticated in how they're analyzing, but they're pretty darn good. I have seen some enormous steps forward in Mexico on the businesses that we deal with along the border. So I think that would be a -- a step that we should consider and I'll include that in some of my comments I send out.

MR. CASCOS: Yeah. And I think that the -- the committee that Mayor Saenz chairs, the Good Neighbor committee that -- that is also another -- another avenue for -- for speaking with our Mexican counterparts. And, you know, as -- as he has these meetings, these are the types of things that you may want to convey with them that they can also give us an update of where they are with their infrastructure. Okay?

MR. DRUSINIA: Thank you.

MR. CASCOS: Mayor.

MR. LEESER: You made a comment which was -- when we -- we can talk to each other and we understand, we understand the importance, but we met with Senator Cornyn,
Congressman Hurd and Congressman O'Rourke and we actually made a request. We met at the bridges with Mr. Mancha and Mr. Jauregui and we said, "You know, we want to go to Washington and we want to sit in front of your colleagues and we want to show them these maps and show them the importance of the border trade and what a border community means to the rest of the country and have a roundtable conversation. Really answer their questions." We don't want to go to Washington and talk to the Congressman Hurd and O'Rourke because they get it and the Senator gets it. So we've made a request in our next trip to Washington, they've made a commitment to us that they will have their colleagues sit with us and actually air their concerns. We can answer their questions and show them the importance of border trade.

MS. GARZA-REYES: Also going with that, Mayor. Cindy Garza-Reyes. Sorry. City of Pharr, we've been very fortunate that we have been able to host 28 members of Congress since January and a lot of that is due to movement within our leadership and also working hand in hand with our federal members in terms of getting their colleagues down. And with that we make sure that when we bring them down -- or when they're able to come down, we literally take them through all our small roads -- our community roads so they can see our freight traffic. And
it's astounding in terms of seeing their reaction to it. You're talking about some members that sit on transportation committee, they sit on the AG committee, but yet they've never been to a border town before or seen a port of entry. And so we're literally able to show them that. At the same time, they get an actual tour on the CPB side so they get their official tour. And so by the time they come to the city of Pharr side, we're able to really talk to them not only about the need in terms of connectivity for our bridge but also as a region as a whole. And the one question that they always ask at the end that we can never answer is, "Well, how much of this is coming to my congressional district?" Because unfortunately we don't have those numbers and those numbers are very difficult to get. But at the same time, we're able to get them to understand that we might not know how much is coming into your district, but in terms of your grocery stores and what you're seeing, if you wonder why your lettuce is brown or why your avocados are about to -- are about to go bad, it's because of what's happening here on the border. This is where it's starting to go into your Safeways and so on. And at the end they finally get it and it clicks to them the importance of the Texas-Mexico border. So at the same time, you know, the ports of entries who -- I mean everybody is of course
looking for infrastructure money and fast-laning the competitive route, it seems like that's what everybody is going to apply for.

We need to be very cognizant in terms of this last cycle of funding that went through. We need to see where that funding went to. There's large projects in the northeast that don't even have port of entries, but the funding went there. Two projects went to one point of entry in Washington state. Why is that? What are they doing that we're not doing with our projects? I think it's really important as a group that we all understand that in terms of moving forward so that our Texas infrastructure projects are a priority as well.

Thank you.

UNIDENTIFIED SPEAKER: Thank you, Mr. Secretary.

MR. CASCOS: All right. We got to move on.

One more question.

MR. CANTU: I just have -- just obviously to have as a point of reference here and in agreement with what -- with what Ms. Garza-Reyes is bringing up. You know, the city of El Paso is in the same boat, as we see our ports continue to grow up -- just in the last year, we've seen about a 19 percent increase in commercial traffic that is flowing through there. And the funding
that is needed in order for its continued expansion just
to the state of Texas through TxDOT, we received about a
$5.3 million grant there in CBI moneys, but we need to see
more of that. And the question that I have for Caroline
is in reference to these types of graphs that are being
provided to us in this raw data, are those specific to the
actual smaller communities? I know that Ms. Ramirez
brought up the question as far as it not being detailed to
like let's say the Prog-- -- Progreso International Bridge.
Are there studies that can help the smaller communities,
not just the larger ports of entries, also have that type
of talking point with our congressional delegations and
federal delegations as well. Is there such a study that
has been done from the ports that are pretty much on the
grow as -- I mean as Eagle Pass is?

MS. MAYS: No. With -- with this -- again
this is what I showed was done on the context of the
freight which was a huge study and zeroed in on the border
a little bit but not to that granular in detail. But I
think that's one of the recommendations that come -- come
out of this report of this group is that we need to start
doing some of this granular studies, looking at each of
the port of entries and we have some ideas on some of the
things that we can do, but I think a recommendation, as
the Secretary mentioned here, to your point we need to
start looking at, you know, really how do we look at the
different border crossings, not only what are presented
here which is inside the region.

MR. CANTU: And I believe that that's key
because as those smaller ports are growing, you know, we
need to keep up with that demand and the local communities
obviously cannot sustain the -- the growth that is coming
without the help of both the state and federal -- federal
government.

MR. CASCOS: Send that recommendation in as
well. You know, keep in mind we have 28 ports of entries.
Not all of them are truck related but, nonetheless, you
know, they're all important crossings. So if anybody
has -- like Julie, same thing -- you know send that
rec- -- you know, we recommend that. Maybe -- maybe
collaborate, you know, with -- with the mayor and you-all
can do it together.

MS. RAMIREZ: We'd be happy to do it.

MR. CASCOS: Thanks.

MR. SAENZ: From the standpoint of funding,
may I just -- just mention just in Laredo alone, duties is
the -- these were moneys collected by the Customs' people,
the port of Laredo, $271 billion are collected annually.
I was hoping maybe we could use that as a -- as a way to
impress Washington that some of that ought to come back --
at least two, three percent -- to those ports entry, you
know, for infrastructure or just making them more
efficient.

MR. CASCOS: Send that in.

MR. SAENZ: Okay. Thank you.

MR. CASCOS: Make you guys work, man. You
have something to say, put it in writing and make a
recommendation.

All right. Let's move on.

Are you ready?

MR. BOMBA: I think our next presenter will
be Juan Villa.

MR. CASCOS: Okay.

MR. VILLA: Good morning. I think going
back to the previous presentation that Michael was doing,
we captured your comments and we have them and we'll send
them to you in the -- with the minutes for -- from this
meeting. Thank you, Judge, for your recommendation. I
think we have it there so we'll -- we'll send it to
everyone.

So we're running out of time, but basically
what I would like to present to you here is a paper we did
on the what is the border. This is something that we
discussed last time in Dallas and Sam Vale was, you know,
saying this is a system for ports of entry, not one single
one. I will not go into the first time again because we're running late. You have the presentation on your folders so you can take a look to it. What is important in following Secretary's comments, this is a workshop so we're going to ask you some input from you directly. So what I would like to discuss is this list of challenges and this is something that we again discussed last time when we met in -- in Dallas. So again we have a list of those. And what I would like for you to do is analyze and read them very quickly and give us some feedback. Are we missing any of these key challenges that we have been discussing not only today but in the previous meetings?

Any suggestions of another challenge that it's important for -- for your operations at the border and also inland?

MR. CASCOS: Hey, Juan --

MR. VILLA: Yes.

MR. CASCOS: -- I just ask, I don't know what hinterland is. Everybody seems to know what that this except me. I think it sounds great. I thought you meant winter land, but you really want to put in parenthesis maybe a short what that is because not everybody listed in the transportation field may -- may not know what that is.
MS. MAYS: Yeah, I just said to change it to the rest of the state and the nation, the rest of Texas and the nation.

MR. VILLA: Okay.

MS. MAYS: Yeah, because we'll be using that be consistent because wordings matter so --

MR. VILLA: Right. And actually if you just -- it's a -- it's a termin- -- terminology that it's used at ports basically is what the -- what the -- beyond the port, the land that is beyond the port that is serving that particular port.

MR. CASCOS: You could no man's land and I would have understood that.

MR. SAENZ: I was going to mention, Mr. Secretary, maybe the political ramifications of NAFTA and that sort the thing. I know there's -- there's a lot of political rhetoric, but it -- but it -- people do pay close attention to -- especially people on the border on the Mexican side, they are concerned, they're nervous about it and I don't know how specifically whether we should address it or not, but obviously if -- if there's changes to NAFTA, maybe at some point someone needs to know what -- what that means and identify it, define it and, you know, get familiar with it because if there are going to be changes, I think, you know, obviously the
state of Texas needs to be at the forefront and the border communities as well.

MR. CASCOS: Let's keep in mind that as we work this -- this document, it is a working document and it should be a living and breathing -- and it's going to change, you know, as political climates change, we may have to make some adjustments somewhere. But that's a good point, Mayor, yes.

MS. MAYS: Yeah, I think -- I think, Juan, contrary to the mayor's point is kind of I don't see it on here the lack of understanding of the border and its role and importance to, you know, trade, you know, to the rest of the nation so I think we need to include that in there.

MR. VILLA: Yes.

MR. SAENZ: And also too from our standpoint and we've been talking about it in Laredo, as far as border cities, border regions, any type of trade is good for us. Right? Beyond our -- beyond the border area, it may impact the nation differently. But -- but strictly talking border lands, TPP, NAFTA, any type of trade and exchange of goods is good for the border area. That's -- I think that's the consensus that we've reached in our area.

MR. VILLA: So probably the challenge is the lack of knowledge of potential changes in trade
agreements, something like that.

MR. VALE: Those are treatyisms, that's a complicated process. You'll have plenty of time.

MR. VILLA: Yes.

MR. VALE: You just don't say, "We're going to get rid of this, I don't care what anybody says."

They're treaties.

MR. VILLA: Yes.

MR. VALE: Requires a process.

MR. CASCOS: John.

MR. LOVE: Yeah, John Love.

I was reading this white paper and I kind of understood what you were trying to do and the word "border" does suggest in a lot of people's mind a specific line and so I thought that maybe we might be able to refer to the area beyond the border, whatever that -- whatever that is, whether it's just the counties or if it's all the way to Dallas as possibly maybe a border perimeter. It doesn't delineate it as a line and it kind of takes in the connotation of area. I guess you could use border area, but I think border area is not strong enough. I think border area still suggests a delineation of a line.

MR. VALE: Definition. It's a 100 kilometers from the international boundary. (Speaking sotto voce inaudibly.)
MR. LOVE: Yeah, but as we're communicating, I don't think most people realize, right, that that's what the definition is.

MR. VALE: (Speaking sotto voce.) 100 kilometers.

MR. SCHWEBEL: Mr. Secretary, Gerry Schwebel again. You know, I'm glad to see Mr. Russell's here, Alan's here for today's program. But Alan and I serve on a ports committee as well and what this ports committee and appointed by the Lieutenant Governor. What this particular port committee is focusing on is what we call, you know, infrastructure outside the gate, so our particular would be outside of our port of entry so that we tie in, you know, whatever we're planning for our ports of entry that it also falls in line with adequate planning for infrastructure for ingress and egress out of those ports of entry. We don't want the congestion to be at the bottom of that gridlock to be at the port of entry, we want it to flow. That includes perhaps looking at kind of like what Caroline works and I work for on the freight mobility. We talk about maybe planning for widening some of these like I-35 or what we talk about all these Interstate highways that it all as a result of the growing quality of activity of traffic through the ports of entry. There -- it's never ahead.
MR. CASCOS: Well, the infrastructure enhancements do not end at the border and we've said that numerous times, along with the Mexico side, but that's still not our side. They have to go all the way through. I mean it doesn't -- you're right, doesn't do any good to enhance, you know, half a mile or a mile to get you out of the Webb County or El Paso County. That infrastructure goes all the way through the state and -- and it should. Widening I-35, good luck. I mean it's -- it'd be widened and another -- I-35, as you-all know if you remember, that there's 25 choke points in the United States and nine of them are in Texas and probably the busiest choke point is I-35 between New Braunfels and just in George-- -- Georgetown so it's a horrible thoroughfare and you'd be surprised the truck traffic that goes through that 35, you know, corridor. And I've suggested to TxDOT doing a couple of things and, you know, one of them is to -- is to -- you know, regarding tolls on I-30, you know, building dedicated truck lanes, you know, adjacent to the existing truck lanes -- I mean existing highways that we have where the right-of-way's available and I think that they're looking at that. But at the end of the day, it's going to be all about funding.

MS. MAYS: And a quick comment on John's comment about not looking just at the border as -- as, you
know, one region or just a crossing. That's why I think, you know, slides that Michael presented, we talked about trade gateways and corridors because again that is much broader looking at how trade flows. The border is a known that, you know, trade flows through it, but the corridors is what really makes that goes whatever it needs to go. So, you know, again is after this committee, if you want to embrace this whole concept of trade gateways and corridors or trade gate -- gateways would include the actual POEs and then the corridors is really what makes that trade move. So again you might want to think about that and have a consistent, you know, term or terms that the committee uses moving forward.

MR. VILLA: Yes. So -- so moving forward. Again, you have this paper in your -- on your booklet so what I would like to show you is where we're going from here and we have the core elements and then we have the strategies and then what we would like to do on the next meeting in Brownsville is come up with these strategies which again I won't go in through detail to them, but what we would like to do -- and again following the Secretary's comment earlier is we have the goals and objectives that we discussed earlier this morning, then we have the key challenges. Please send us any comments that you have on that list that I presented so we can add them to the list.
Then we have the specific strategies. How to tackle these challenges that we have and then go to specific actions and specific responsibilities.

So again this is a plan, this is a plan forward that we're try to make -- and again we would like to go into this working session in the next time we meet. And again if you can send us something in advance, that'll be great because again we can start putting -- again filling in this matrix and we can come up with specific action items and responsibilities. And then we can also need to have another column for performance measures, how are we going to actually identify if we are really doing our job on -- on meeting that -- that strategy and -- and meeting that challenge.

So again this is just thought -- food for thought so we can again in the next meeting and even before that if you can send e-mails to Caroline, she will forward to us and that's our main objective for, you know, Michael, Jolanda and myself to get something done by December 31st.

Comments or suggestions on the actual plan, how do we move forward?

Need some coffee.

Thank you.

MR. CASCOS: You're the only one that got an
appreciation. I guess because you're the last one for that segment.

Caroline, we're going to move on to the private sector?

Okay. We're going to move on. We're about 14 minutes behind schedule, let's make it up.

Private sector perspective, provide an overview of the commercial vehicle perspective, the maquiladora perspective and the customs broker perspective.

Alan, are you ready? Are you first?

MS. MAYS: Yeah, he has to go and actually take -- you know, have special seats for you out there.

MR. CASCOS: Alan, Martin Campos and Hector Martinez. Oh, a panel discussion. Cool. And if you could as panelists just introduce yourselves, who you're with and we'll take it from there.

MS. PROZZI: Good morning. My name is Jolanda Prozzi, I'm with the Texas A&M Transportation Institute and I will be moderating the panel, the private sector panel this afternoon. So we'll start with brief introductions of a very distinguished panel with a lot of experience working on the border and then we will give each panel member five to ten, maybe fifteen minutes, to talk about their company's role in the international trade
and thereby providing us with a manufacturing, the broker and the transportation perspective.

So I'll start off by introducing Mr. Alan Russell, he's the president and CEO of the TECMA group of companies that he cofounded in 1986. TECMA group of companies provides shelter, manufacturing support and consulting services throughout Mexico. Mr. Russell is also the chairman of one of Mexico's major industrial development committees, a member of the Energy Counsel of the Americas, Southwest Maquila Association, El Paso Chamber of Commerce, Hispanic Chamber of Commerce and I'm sure many more committees for which we don't -- we probably didn't allow time this afternoon.

So I'll start off and hand off the microphone to you.

MR. RUSSELL: Thank you.

Good to see all of you again. I've met most of you before. It's a pleasure to be here. I got up this morning and put on a tie because the Secretary of State was going to be here and I don't know what I was thinking. I should have assumed that our great friend, Judge Cascos, is the same guy that he was before and we appreciate your jeans and boots when you come to visit us very much. So I'll leave the tie off next time I make -- make the trek.

As for the introduction, I'm 30 years into
this business, this -- this year, this is our thirtieth anniversary. My hair was dark when I started in Mexico in the manufacturing business and this is what it does to you, okay, with the challenges. My job here is to talk a little bit about just the manufacturing sector and say -- I'll stay out of the ports and out of the customs issues as much as I can and stay off that soapbox as much as I can.

Let me give you a little perspective of the manufacturing sector. The stars have never been so aligned for Mexico and the opportunity between Mexico and the United States as they are today. Thirty years I've been watching this. In the last six years, seven years, TECMA has almost doubled in size as a result of the current administration's move for increased taxes, health care, transportation cost, the problems in China, the -- the increasing cost in getting goods from China into the -- into the North American market has created a synergy that is compounding in Mexico. And I do not think that Mexico's manufacturing is going to put China out of business or even offer a large competitive advantage against China. China's profile, if you looked at a graph, is this tall (indicating) and Mexico's manufacturing profile is like this tall (indicating) in regards to that.

So -- but there is a tremendous support for
North America in the relationship with Mexico. An example, the auto sector is the fastest growing and the largest sector in Mexico. It imports 70 percent of the component parts that are put in the three million cars that are being built this year in Mexico, mostly from the United States, those component parts, 70 percent.

Every -- the 15 million cars that are built in the United States, 40 percent of the component parts going into those cars in the United States is coming from Mexico in some transaction of that freight that you saw in the graph. And as my colleague said, there's as much freight coming southbound into Mexico as there is going northbound, it's a pretty balanced element.

So the challenges we're facing is probably labor. We have moved as TECMA from when I spoke to you last some months ago, we've been from 4,000 employees to 7,000 employees all in the contract manufacturing business. And that's organic growth from our existing clients. The decision to stay in Mexico and expand in Mexico is an easy decision compared to journey to China which used to be the obvious solution. It's no longer obvious. Company's still are going to look at China, but they're going come back and take a look at Mexico, see the competitive price, the location to the market and, you know, make the toss and Mexico gets the toss.
So we've -- we've got a lot of work to do to handle this. The infrastructure in the Mexican side was never developed or intended to handle this kind of -- of traffic. One of our largest competitive problems is available labor. So we can say, well, if Mexico's going to continue to grow in the manufacturing sector at this enormous rate, how can you say we have a shortage of laborers? There's 100 million people in Mexico, a very young work force. There's only less than half of them in the manufacturing sector. Where are they? Well, I've been through three major recessions with TECMA and I followed this carefully.

In 2007 when the great recession began, our industry right here in Juarez laid off 83 million -- well, 83,000 employees and these are mainly young people. They were the junior people in each of these companies that we laid off, we put them on the streets. At the same time, there's security issues and so forth that we don't have to get into right now, but I know many of you have children that have gone off to college or got out of school, they've gone out into the workforce, maybe they've lost their job and what's the first thing they do is they move back home. And they could live at home, take their old bedroom, live very inexpensively, do odd jobs and exist for a very inexpensive cost on a monthly basis.
So when we laid them off, these 83,000 people, they migrated back to where -- and this was in every border community had the same effect -- they migrated back to their homes, whether it was in Durango or Guanajuato or wherever it may have been, an agricultural-based community and they -- they lived there where they had support, where they could live. There was no work here.

The press wanted you to believe that 83,000 people fled the city because of the violence. I take great exception to that. They fled the city because there wasn't any work and they now are migrating back. But the manufacturing sector spiked much faster than the -- than anyone could have predicted. Bear in mind that when a Walmart shelf runs dry for the first time and that warehouse cavitates for the first time, the orders pour in to the manufacturing sector and the line of demand is probably a 70 percent vertical line. The migration of the employees coming back into the maquila workforce is a much slower process. So it will ebb and flow and we will find our manufacturing talent as this next year progresses.

So our greatest challenges is the work force. Security issues not so much. The media still locks on to it occasionally, but it's not a bottom-line problem for us. The greatest opportunity is the world
situation as we see it today focusing on the relationship between Mexico and the United States. So we see nothing but good fortune ahead. We're strongly in the acquisition of new clients, building new factories and bringing and recruiting more employees.

We currently have -- and this is never before -- we have four Chinese companies sign contracts with us in the last year. Now, these Chinese companies, two of them were actually state owned, but they realize that to compete in the North American market, they've got to be located in Mexico. They can no longer ship from China -- produce the product, ship from China into this North American market to be competitive. So there is a shift going on. We don't see so many U.S. companies coming back from China, it's not like there's this big migration, we haven't seen a lot of that, but instead of expanding in China or having an additional factory in China, they're making the Mexico decision. So -- but they're -- you know, moving a factory is a huge economic decision so they're not just shutting down from China and moving back over here as we've read in the press. We -- we don't see it. We hear about it, but it's not on the radar.

So with that I'll pass the mic and be ready for any questions you might have. Thank you.
MS. PROZZI: Thank you, Mr. Russell.

Our next panelist member is Mr. Martin Campos, he's the executive director of CTE Mexico which is a major transportation and logistics company. Mr. Campos is also the international relations representative for Canaco in Ciudad Juarez. Mr. Martin has hold numerous positions in the maquiladora industry for past 30 years, including production styles and inventories. But today we're very interested in the transportation perspective.

Thank you.

MR. CAMPOS: Thank you. Thank you for the invitation. I come from Juarez and when I speak to groups, I tell them that we are the city of the golden -- golden eggs, we have a lot of opportunities in Mexico and in El Paso. El Paso and Juarez lives from the industry basically, maquiladora industry. I've been working for the industry the last 30 years. And then I start my own company in transportation and start learning more about the business. As Russell says we have a big opportunity in the industry and all of the equipments and merchandises that are manufactured in Mexico are transported by carriers, the Mexican carriers, as we are. I define as a blood from the industry, we are the blood of the industry, blood for your body. We want to transport your energy which you use turning the blood so we are the carriers, we
are the blood.

Here locally we have to face a lot of challenges like the transport the goods southbound and northbound on a secure and fast way and we as your carriers faces a lot of problems on the bridges especially as we describe it as a parking lot. Sometimes we spend two, three hours waiting to cross thousands of dollars on a trailer, be on time on [sic] the airport to take the plane and the goods and transport it to different places. A few minutes ago we saw a graph where you see one day to seven days how the transportation industry distributed to the United States. You have to look the same scenario, but on the Mexico side. Somebody asked why is Laredo is -- is taking the transportation and not El Paso. Because on the Mexican side, it's faster to transport goods from Guadalajara, Queretaro, San Luis, Aguas Calientes to Laredo than to El Paso. We have 1,000 kilometers from Guadalajara to Laredo. You have to run 1,500 kilometers from Guadalajara to Juarez and make it longer and it's -- I mean the traffic it's much slower. And when you cross to Laredo, the corridor there is much faster, but the companies are located all over the place now in Mexico, not only in Juarez. And so we have to look and see how we can work to make Juarez and El Paso a better option for the business.
What opportunities I see on the area willing to -- to cross faster and safe. Most of the traffic that comes from Juarez to El Paso are not certified companies. Thirty percent probably of the goods are crossing through the fast lanes, if I'm not mistake, it's less than 35 percent. All of the rest are not certified so that's why we have slow lines. To a certain point when you make a shipment northbound, we have -- we don't have a defined fast line to cross from Mexico to the United States. Fast line starts from the entrance of the bridge, cross and exit the bridge from the United States. It's the same -- the same scenario going southbound, there is no fast lines to cross from the United States to Mexico. So one of the challenges that needs to face is designated lines to cross the trucks faster and safer.

One of the other things that we see as a carrier is the infrastructure on the -- on the bridges. Many times we don't have -- or you -- you guys don't have the staffing at the port of entries, got a lot of booths but only half of the booths are open. Not only -- not only on the Mexican side, also on the U.S. side. We need to staff more people at the booths. Infrastructure to get to the -- to the bridges, the people here from El Paso you can notice that we as a carrier make long, long lines through the border, through the 375, through the Paisano,
through the I-10 sometimes and people don't like that.
And we also don't like it, but it's the only way we can go
to -- to Juarez or to El Paso so sometimes when we have
problems with the systems, which is the other issue, if
the system goes down or if the system has problems, then
the long lines are -- are created by the carriers and
we -- we move the goods from El Paso into Juarez, we are
the good guys when we are moving the goods faster, when we
stop the lines and we affect the tourist traffic, then we
now we are the bad guys because we don't let them cross to
their homes or to their jobs or to their schools. So
the -- the other thing that we need to face on making it
more efficient is the systems. Make the systems reliable
or that you can trust in it and cross faster and safe and
we have a lot of opportunities there.

As Russell said on the manpower, we also are
facing the problem with the drivers. We don't have enough
drivers. We got trucks. Sometimes ours park at those
yards. We need more drivers, qualified drivers that can
drive your goods northbound or southbound secure and fast.
So we need to battle for or create more jobs also in the
industry, but also in the drivers, but we don't have
drivers and we don't have a way to move your goods.

So that's from the point of view from a
carrier perspective challenges that needs probably to be
added to the presentation -- to the previous presentation that I didn't see those parts of, I would like to be considered on that. And one of the points that I -- I can recommend by the Mexican authorities to participate some- -- somebody asked if Mexico has a plan like this and somebody else answered no, and that's correct. I'm a carrier, Mexican carrier, and I have not been invited to one of our meetings in Mexico to discuss this type of issues. Probably does exist. Probably I'm not invited to those meetings, but I -- I'm not aware of any reunions to discuss this type of issues.

So that's all I have to say.

Thank you.

MS. PROZZI: Thank you. Our final panelist is Mr. Hector Martinez, he's currently the vice-president custom brokerage Trans-expedite, Inc. Mr. Hector obtained his customs brokerage license in 2001 and has worked in different positions with major manufacturers for more than 25 years. He has managed the foreign trade zone for Thompson Consumer Electronics, imports for Cardinal Health and Zenith Electronics, he's also been part of the broker's association in various capacities for more than 20 years including being the director and the treasurer and he's going to provide us with a broker perspective.

MR. MARTINEZ: Good morning. Thank you for
inviting me and welcome to El Paso.

Well, after we've heard all these things and seen that wonderful map, it's pretty impressive because the spider it's great how it goes north, but it also goes south so we see all that through our ports, through our airports. We get daily trucks from Dallas, we get daily truck from LA so it's -- it's very dynamic what we see here on the border. But again we need the cooperation between the city, the county, the federal, the state which I believe, you know, that's the main reason that this committee exists.

We see a lot of our traffic gets held up at the bridges. A lot of times we say it's Customs and a lot times it's just the traffic. I think with partnerships and working together with both the Mexican government and Mexican entities that handle this, we can improve it.

Last year I had a big customer and they were opening a distribution center which will be -- which is their biggest distribution center in the world and they had this big question for me which I couldn't answer. How long does it take to cross the bridge? I just told him, "What time?" If it's at between 8:00 and 10:00, you're in and out in 30 minutes. If it's between 10:00 and 2:00, you're looking at about an hour maybe. Between 3:00 and 8:00, you're looking about an hour, two, it all depends.
So they wanted an average in order to make their plans because they've got their FedEx shipments that got to leave, they've got their over the road, they've got their three- to five-day shipments so they needed to know how long it would take. And I had meetings and meetings over it that they couldn't understand the concept that it all depends, I couldn't give them a time. And there's too many variables which is traffic, another one is Customs both U.S. or Mexico Customs or the time of day and I think the best way we can improve that is also work with partnerships with Customs. We've reached out as an association as a trade, worked closely with them on the trusted traveler programs on the fast lanes. The fast lane's only going to work if it's on both sides because in the beginning it was only on one side so you still had to wait on the other side. So wherever you do a fast lane or a trusted traveler, it has to be on both ends.

Going again to collaboration on the southern -- on all the infrastructure that needs to be done in Mexico. Just to get to the bridge, sometimes there's designated routes that are easy, sometimes there's not. It's also on the U.S. side. I mean we've all been -- if you're here from El Paso, you've seen the traffic, you've seen the spaghetti bowl all backed up Friday afternoons or Monday afternoons. So what we need
to do is just work closely with -- with all our partners and there's a lot of trade. I get a lot of calls from potential customers coming in. And one of the biggest things again is waiting times, you know, "Why does it take so long? How do I do my client -- how can I ship if I don't know if it's going to take four or five hours to cross? If I got just in time, is that going to work?"

So as we continue improving -- and the dialogue, I think it'll only make things better just for -- for as the labor gets better, as the traffic gets better. But we need -- I mean I can't sense -- I mean it's very, very important that we communicate both as a city, as a county, as a state and to the federal government.

Thank you.

MS. PROZZI: We have about 20 minutes for questions to bring us back on schedule. This is the time where we open the floor for questions.

Is there any questions?

There's no questions and -- and as you guys are thinking, I have -- I have a couple of questions that I -- I can pose while BTAC members are thinking.

So one of the comments this morning is that we -- we have data to look at the trends and the past, but what we really need is to know what's going to hit us n
the future. And so my first question is: From your perspective, what are major industry trends that could have a significant impact on cross-border trade in the future?

MR. RUSSELL: A lot of you in this room know that I've spent a couple million dollars of our own money to try to initiate a private sector initiative relating to technology. Funding is -- is always a challenge for our governments to get together and allocate and today funding is a bigger challenge -- I mean you can't get funding to build infrastructure. It's needed, it will come, but it takes time. It takes years to get infrastructure in place. And I strongly believe that we have available technology that we can use that can speed up these bottlenecks that we're talking about. We've proven how technology can improve let -- let's say. Remember the toll gates we used to have to stop and throw money into the little basket and so now we don't have to stop, we can just drive through at 60 miles an hour and we see what that has done to congestion with that little input of technology to track.

So I -- and I won't get too long on this high horse, but if we -- if we take a look at the -- the border crossings that are occurring every day at every port, let's say that a student has been at UTEP here for
two years and they're going for a four-year degree and
they live in Juarez and they have to -- they can't afford
the fast-lane permit or an ex- -- you know, an express
lane, that they -- they -- do they need to stay in line
and need to be inspected every day? How often do they
need to be inspected? With some technology, we could sort
that out.

10,000 people live in Juarez and work in
El Paso every day so they're on that bridge every day,
every morning and every night they're going back. And
do -- and, you know, they've had the same job for 20
years, they're a minimum wage worker, they can't
necessarily afford to pay the cost of the express lane or
the Century card that some of us get to use.

So the technology's available, I think we
can speed up the border with the existing infrastructure
while working on the infrastructure. I think it -- the
infrastructure's got to come, but short term we've got a
bunch of young people out there that have a handle on this
technology and can create it and implement it and move our
trucks faster, move our pedestrians faster and move our or
car faster over the infrastructure that we've got in place
and do it in a much shorter window of time.

MR. MARTINEZ: I think also if we look at
historical data that trade has increased -- has been
increasing all this time. One of the things we see is, as
Alan mentioned, the increase in the -- in the
manufacturing. If you look at the index which is the
association of maquiladoras in Juarez, they've had -- they
have graphs and they have information, how much new
employees have been added in the last year so --
So the trend is going -- that it's going, it's increasing.
A lot of the manufacturing that's been
changed from China that is changing lines from China to
Mexico is another indicator that that's going to increase.
So I think all that we see, the increase in employment,
the increase -- the transferring of manufacturing to
Juarez is only going to be an increase in traffic here in
El Paso and all over the border.

MS. PROZZI: Caroline.

MS. MAYS: Yeah, since we have the private
sector here, I just wanted to ask them. A lot of the
people at the table here are public sector. If there's
one recommendation that you make for this group to
consider, you know, from your view at least each of you
think about one. I think Alan already kind of mentioned
one. But, you know, can you formulate the technology
piece in terms of recommendation that this group can
consider. And then I also want, you know, the other two
speakers to kind of think about, you know, what
recommendations you want this group to consider in light
of what you heard the discussion this morning.

MR. RUSSELL: I'm going to have to stay
focused on the technology issue. I -- I love the new
infrastructure initiatives. Like I say we got to have it.
It's just getting the money to do it and the coordination
with the Mexico side is the challenge. We do have -- as
my colleague was saying, we do have some fast lanes for
trucks, but you can't get to the fast lane on the Mexico
side. So real intense coordination needs to occur between
the U.S. and Mexico to get that done.

From a technology standpoint, it's way over
my head of what the possibilities are, but I guarantee you
that if we use some funding and small amount funding and
engage the company like Google, for instance, and put some
of their young brilliant minds on this technology
challenge, they would come up with some ideas and some
concepts that would blow us away that could make us more
secure, allow CBP to focus where the highest risk is and
not having to vet absolutely every -- now, there's --
there's bad guys going to get through any security system,
but the majority of the contraband and the bad guys are
going to be in a separate category. And if we could
isolate those where those are the ones that are slowed
down and being inspected more heavily and use technology
to vet and clear a vast majority of the traffic, again I
think it's -- it's the one single thing that could make a
huge difference in the commerce.

MR. MARTINEZ: One thing I -- that I would
suggest is the collaboration with the Mexican states that
border Texas and with the federal government of Mexico.
The more collaboration we get there because we can avoid
those bottlenecks because maybe they're building a bigger
highway through a port that we're not even looking at and
that's probably already happening. Just a collaboration
with them to get the information, to get the data and work
together with both the states that border the state of
Texas.

MR. RUSSELL: Say one more thing. I just
want to point out that the U.S. has funding challenges.
Multiply it times ten on the Mexico side for funding
challenges to address any kind of infrastructure. So we
have to take what Mexico has and work with them to use
that infrastructure more efficiently and that's the only
chance we've got because a huge part of the Mexico economy
was based on the oil industry and you know what that is so
every agency is struggling for capital and funding to get
anything done.

As an example I was in Tijuana last week.
There's a new pedestrian bridge that comes across from Tijuana to the Otay Mesa-San Diego area and a beautiful infrastructure on the U.S. side, but Mexico couldn't get the funding and it has caused a lot of controversy. Finally they got up a -- a connecting walkway and the workmanship was so poor, there's issues about its safety and those kinds of things. So it's just a challenge from an infrastructure standpoint. We can build all the bridges we want to and are going to stop at the middle of the border and unless we have that cooperation on the other side, it's meaningless. So we've -- we've got to help our friends. And I don't have any answers to that. It's just an observation.

MR. CASCOS: Well, I mentioned earlier the -- oh, excuse me.

Go ahead, Gerry.

MR. SCHWEBEL: I -- thank you. Thank you, Mr. Secretary. Gerry Schwebel.

I guess my question to the panel and this is something I guess we got to put it on the table. How do you plan the unpredictability that we have right now on the political scene on what we're going to do with Mexico? How can you, Alan, plan adequately when you don't know what's going to happen in November and the dialogue that's been out there is not necessarily very positive. And that
goes, I guess, to the three panel members.

Do you -- are you-all planning for some of that or are you thinking everything's going to continue the way it is?

MR. RUSSELL: Well, I've got a factory standing by to convert to brick and sand so we're going to bid on a wall. And my Mexican friends and I are going to help build it. Okay? I do not believe -- you know, NAFTA is 20-plus years old now, it has proven the economic ties between the U.S., Mexico and of course Canada. Canada I think was the loser when you look at the full economic impact of NAFTA. That's not just not what I think, I think the data shows that. Mexico and the United States has -- has received tremendous benefit from it. I think the rhetoric that we see from the politicians will be softened and once they take position, they'll go, "Well, yeah, but we're business people and this makes good business sense," and all of this ground pounding will be faded into the background and everybody will forget about it. So -- and a little bit of that is we tend to try to focus on the things we have some control over, but our Mexican friends have been severely offended by this rhetoric and it's unfortunate. It's going to take time to rebuild those relationships no matter what happens. But we don't see that one person, one administration can
change the freight train of NAFTA and make any impact on it whatsoever. Commerce creates friends. We don't fight with people we're doing business with. And I think once the numbers are on the table that maybe some of them don't understand that issue will go away.

MR. MARTINEZ: I think we see the investment especially we see it in Juarez it continues and U.S. companies are expanding there. The -- like I mentioned earlier they're transferring lines or they're building new plants so I think they're preparing for a better future, but at the same time they are worried about it and they are concerned. But business, like Alan said, the commerce is going to keep -- keep going.

MR. CAMPOS: Commerce is all over us, I mean it's the world. I don't believe any president will change this. This is a global interchange of goods, it won't get -- it will not happen.

MR. CASCOS: Let me say this. I think they're all -- they're all good comments. I think that the relationship that Texas and Mexico has had for generations is not going to be seriously impacted by -- by whomever wins the presidency. I think the relationship that -- that Texas will continue to have with Mexico will stay positive regardless of who's there. And I will tell you that -- that what we've done and I think Commissioner
Drusina mentioned this at a meeting that we had that this is probably in the last, oh, I don't know, maybe couple of years or so, this has been probably one of the better relationships that Texas has had with Mexico in a long time. And we're going to continue to do so. And I think that we do it by engaging. I think we do it by -- and I agree. I think that, you know, Mayor, I think that this Good Neighbor committee that -- that you're heading up, I think it'd be wise as you plan your next meeting, the location, to let every BTAC member know if they'd like par- -- I mean if they'd like to go and listen in as to what -- you know, what is transpiring. You know, I -- you know, I'm -- I went to the -- to the inaugural of -- of El Branco last year in Nuevo Leon and I was the only one from Te- -- I was the only one from the United States there. The only one obviously from Texas there and it developed a good relationship with him. He went to Austin subsequent to that, had a good dialogue with Governor Abbott who, as you-all know, has been very very supportive of the border and the -- and the Rio Grande Valley and that's going continue.

I'm planning on going to the inaugural of the new Tamaulipas governor who I know and it's about building relationships. And, yeah, there -- there may be some skittishness around, but -- but I think at the end,
you know, we continue that dialogue, we continue those relationships, we continue talking with them. On the mayor's side -- and that's where it starts, I think that the -- the conversations regarding infrastructure starts at the local level, starts talking to your counterparts in, you know, in Nuevo Laredo and in Matamoros for, you know, for Brownsville and in Juarez for El Paso and then whatever community we have, it starts there and from there it works its way up to the governor and then on -- on to the federal level.

You know, there is a lot of rhetoric. I don't believe that even if you get the contract and build a wall, I don't think that that's going to deter trade, deter trade. It may have a -- a, you know, maybe a negative, you know, personal impact, but again none of our trade has to go underground or -- at least not the legal trade -- has to go underground or -- or jump any wall. It's still going to continue going through our ports of entry, we're still going to have congestion, we're still going to have the same -- the same challenges that we have today so I'm not really worried a whole lot. I think -- I think we -- we have to maintain those open lines of communication, you know, with our Mexican counterparts. I think everybody in this room realizes the importance of trade with Mexico. Half a million jobs is nothing to
sneeze at. Half a million jobs created this state because trade with Mexico is a big deal. And six million throughout the country because of direct trade with Mexico is a big deal and I don't think anyone is really going to do a whole lot to -- to negatively impact that.

So I'm very confident that -- that the trade's going to continue. I think if anything it's going to get better. We have hiccups but like anything else, you know, I think we're going to continue doing that regardless, you're right, what -- an administration of one person is -- is going to do. I think we just move on. I think we do, we continue doing and expanding trade and having this type of dialogue. And everyone in this room is an ambassador for this state. Everyone in this room is an ambassador. And any opportunity you have to speak in favor, I know that you do, but speaking to your Mexican friends and Mexican -- they're going -- they're going to ask asking you. They're asking those questions, "What's going to happen?" Just say, "We're going to continue doing out thing. You know, that's not going to -- that's not going to bother anybody."

So anything else on this topic?

MR. RUSSELL: I just want to make one comment for you to consider, Mr. Secretary. I don't know the exact number, but I think it's somewhere in excess of
15 years since the governor of Texas and the governor of the state of Chihuahua have ever met and I think that from a building relation standpoint, there was some history back there why they -- they stopped meeting and stopped talking. It's long enough, it's passed.

MR. CASCOS: Well, I tell you, Alan, you know the governor's first out-of-country visit was to Mexico Labor Day a year ago and really nobody from Texas had been to -- well, the governor from Texas has not been to Mexico to speak with -- with their leadership since 2007. But I will convey that back and, again, you know, I'm -- I'm heading to Tam- -- to Sur (phonetic) Victoria October 1st, and we have to do that and that's -- that's the beginning. And I think part of the -- part of the rationale for Governor Abbott asking me to join his team was to enhance and nurture the relationship that was somewhat fragile between -- between Mexico and Texas and -- and, you know, we're healing -- you know, we're healing that. And I think the relationship that we have today with Mexico is much better than it was a couple of years ago so we just keep moving forward.

But thank you.

MR. RUSSELL: We new administration coming in Mexico. The -- it's interesting, the people of Mexico are showing signs of frustration with government as the
people in the United States, thus why all of this -- this campaigning rhetoric. The state of Chihuahua has switched from PRI to PAN this election, there's a brand new governor stepping in is -- is very much a surprise to everyone. For the first time ever in history, the city of Juarez has elected a -- an independent mayor having nothing to do with either party. Both the governor and the mayor have been living their platforms since they were university students about corruption in Mexico and how to address it and fix it. And so they have a platform now and it'd just be wonderful for us to seize the opportunity to bind the largest state in the country of Mexico and the largest state in Texas [sic] together.

MR. CASCOS: I may be reaching out to you if you can help us out. Thank you.

Mayor?

MR. LEESER: One thing that to your point, Alan. When -- when I got elected, it was important that we created that relationship with Mexico so the mayor of Juarez and I traveled across the United States together as one voice and talked to the companies that actually have a business in Juarez and have a business in El Paso and I'll -- our visit was to, "How do we help you have a better return on investment? How do we help you grow your business and what are your concerns?" And the mayor of
Juarez was very proactive and so were we to make sure that we address those concerns. We weren't out there to ask for expansion or anything like that. How do we grow together? Then we got to meet with the governor and kind of give him some of the vision, some of the things. And then I had the opportunity to meet the President of Mexico and talk about our community and how the El Paso community, the Juarez community has become one economy and how we're working together for the same common goal and that's our citizens. And so that's been very important and the new governor -- I mean mayor elect, I had the opportunity to meet and he wants to continue to visit us, wants to continue to travel the U.S. together with one voice and within the next few weeks, I had the opportunity to meet the new governor elect to kind of talk about our vision so we're working with it.

MR. CASCOS: Good deal.

Anything else?

MS. PROZZI: Okay. I have one more question and this is going to help us access anything with this document. And so, you know, we talk a lot about the efficient trade and efficient cross-border trade and I was wondering if you have a number in mind in terms of cross-border crossing time, what would that be? Fifteen minutes, 20 minutes, an hour?
MR. RUSSELL: With -- with our -- we'll move 10,000 trucks this year northbound across this border sector this year and we tell our clients that we have to have the door closed on the truck by 1:00 p.m. the day of the shipment if they want to make FedEx and freight connections in El Paso. If they leave by 1:00 -- if the door is shut by 1:00 p.m., pretty consistently we can make those cutoffs. If it's 2:00 p.m., it starts getting questionable. If it's 3:00 p.m., 50/50 that they're going to make it. So that's our answer to that question. 1:00 p.m. is the cutoff and you better have the door closed on that truck headed to the border or you're not going to make FedEx, UPS, and all of the other carrier's that are packing up and ready to move.

MR. MARTINEZ: I agree with that one. We -- we're kind of a little bit more aggressive there to 2:00 p.m., but -- but if it gets to 2:30, we're not going to make it. We're not going to make it. Now the truck or the product has to sit in El Paso in another warehouse, wait till the next day, till the next flight so the quicker the better. I don't think we -- we would like just to be faster than what it is today, a lot faster.

MR. CASCOS: You know, we've got about a minute so we can get back on schedule.

UNIDENTIFIED SPEAKER: I'm sorry.
MR. CAMPOS: 1.5 hours so the truck can make three -- three trips -- round trips in a regular time, ten-hour so three hours a round trip.

MS. PROZZI: Thank you, Mr. Secretary. And thank you, members of the industry, for participating in this panel.

MR. CASCOS: All right. So we're -- so we're at halftime. 15 minute break.

(A break taken.)

MR. CASCOS: All right. It's now 11:45 and we're about to start our next segment the regional planning and this is providing an overview of planning efforts in the El Paso-Ciudad Juarez border metropolex region and with we have -- well, who's going to monitor?

Okay. You're on it.

MS. PROZZI: Thank you, Mr. Secretary. So the interest of time, I'm not going to read through the bios, but it is available here in the agenda for you to -- to read at your leisure. I'm just going to introduce the speakers one by one and then hand over the mic -- microphone.

So our first speaker is Mr. Bob Bieleck, he's the El Paso district engineer at Texas Department of Transportation.

MR. BIELECK: Okay. Thank you.
While we're getting the power point up, I wanted to make a couple of comments about the El Paso district. There are some things that are a little bit different about the El Paso district from most other districts. Aside from the fact we're the largest district in TxDOT at 22,000 square miles, typically what I like to say to people, my home state is Pennsylvania. If you draw an east-west line halfway between the north and south border, either side of that is the El Paso district. But we also have borders. Nearly 400 miles of border with Mexico. But what makes us unique, we also have about 180 miles of border with New Mexico. And sometimes the communication between Mexico City and Juarez is better than between Santa Fe and Las Cruces. And we have some issues on that side as well.

One thing that's -- that I'd like to point out in terms of infrastructure, which is what our focus is, it's not only the freight trips. Yes, there are 2,000 truck trips northbound by the day through the bridges here in El Paso, but we also have 33,000 POV trips and about 16,000 pedestrians coming across through those border checkpoints every single day of the year. That puts a lot of demand on the infrastructure on both sides of the border, not only here in El Paso but in Juarez as well.

See if this is working.
If somebody can just move that ahead a couple of slides.

Part of what we're dealing with is not only border trade, but the other interesting thing about the district is the Permian Basin and the Delaware Basin run together right where 62/180 and 652 run into New Mexico. So we not only have a lot of challenges --

Go ahead and go past that.

-- we have to do an awful lot of coordination. A lot of my staff has been to Mexico City. I've been to Ojinaga already this year and last year. In fact there are probably some people wondering how a TxDOT truck got across the border. I know the agent on the way back asked me whether or I was able to take that truck into Mexico.

So we work regularly with the city, with the county, with the folks across the border. Work with the state department. People from Presidio will be very happy to know that yesterday morning we overnighted the Presidential permit application to the state department so they should have had it now for a couple hours so you can start calling them and asking them why it hasn't been approved yet.

Sam mentioned earlier that you need to look ahead four years. Not nearly enough. A major
transportation facility will take us anywhere from ten to fifteen years to implement so we need to start planning quite a bit before four years in order to provide facilities that will support the kinds of things that you want to do.

Now, we've got some things going on here in El Paso that we've been working on. One of the big ones is this I-10 connect project. Now there's a couple of reasons for that. Once when we complete the Loop around El Paso, we'll need to be able to get people between the Border Highway, between the Loop and I-10 essentially at the end of this segment where we don't have any frontage roads. The only urban section of Interstate in the state of Texas that doesn't have frontage roads is here in El Paso between Mesa Street and Copia. And we're -- we're closing half of that with the Go 10 project. But we'll still have about five miles with no frontage roads. This will get people between the two. And why is that?

I-10 was built in the '60s. The average expected life of concrete pavement is 50 years. That's 55 years old. It was designed in the late '50s when the heaviest trucks were 72,000 pounds and the projected traffic 50 years out on I-10 was 100,000 vehicles a day, average daily traffic, and four percent of those vehicles will be trucks. Well, we've got 80,000-pound trucks, I
have well over 200,000 average daily traffic in segments of I-10. And by the way those trucks are closer to 12 to 15 percent. So I-10 is going to come apart, we need to get there. But when you start doing this, this is going to affect access to the Bridge of the Americas. So what we're trying to do is to design this to do a couple of things. One is to get the trucks out of the neighborhoods. We've been getting a lot of complaints about trucks idling in the neighborhoods so we've made some modifications to the project to take care of that. But we also want to give flexibility to CBP as those trucks move to the inspection facility that will have extra lanes, that will be able to use some lanes for trucks, some lanes for POVs and will able to expand and contract which of those we've used at any one time. This project we hope to start building in 2018, toward the end of 2018, $75 million project that we're moving ahead on.

I mentioned before closing the Loop. Part of that is this Border West Expressway. Border West Expressway runs from the existing Loop 375 about a mile east of Park Street to Racetrack on the west side where it connects into Paisano and into I-10. This will close the gap in the Loop as long as we can consider that about eight miles of I-10 as part of that Loop. $600 million project moving right along, should be completed by the end
of 2018. I'm working very closely with IBWC since a lot of this roadway is built down on the levee. Working very closely with both UPRR and BNSF because what isn't built on the levee is being built over top of the railroads. And to give you an idea, the three tracks out there for UPRR and Union Pacific Railroad, one goes to Chicago and one goes to Virginia, one goes to Florida. Well, that's sort of like putting I-10, I-20 and I-40 within 14 feet of each other so you can imagine that trying to build over top of those and around those is quite a challenge. A lot of the work going on on Border West hopefully will be finished by the end of 2018.

Go 10 project. This is taking care of part of that lack of frontage roads that we've talked about. This is building collector distributor roadways from Mesa to Executive Center on I-10 to give us the ability when we have an incident or doing maintenance that we can get traffic off of I-10 and move it around that operation. About $158 million project took about 12 or 13 years to get to bring to fruition through all of the planning in the environmental processes and we're out there building that today. As I said $158 million project scheduled to be completed first quarter or second quarter of 2019. This project, because of some changes that we've made in the Sunland Park area, probably will finish a little bit
before that.

I-10 widening. I-10, most of that traffic whether it's commercial -- particularly commercial but commercial or personal ends up on I-10. And if it isn't head up at the border in a queue, it's held up when it gets to I-10. So we're adding another lane on I-10 between Zaragoza and Eastlake. This project was just -- as soon as we finish the last two connectors on the interchange, we will start building this.

Now one of the problems that we have are the connections between the ports and the -- and I-10, which is the main distributor road. A place where we're short because of funding that was available at that time, Loop 375 from I-10 to the Zaragoza does not have complete frontage roads. Nobody wanted to build over the railroads and the canal at that time with bridges. Also there are only two lanes there instead of three lanes which is what we have on most of the rest of Loop 375. So we've got a project in the works to expand from two lanes to three lanes from the Zaragoza Port of Entry out to Bob Hope and we will complete the frontage roads with bridges on -- over the railroads and the canal on both sides.

Presidio. This is building a twin structure so that we'll have two lanes southbound and two lanes northbound and we won't have to shut the bridges down to
southbound traffic every morning when we haul three or four mobile homes across that bridge.

As I said the application for the Presidential permit was transmitted to the department of state overnighted yesterday so they should have it this morning. We're trying to get that permit approved prior to January 20th. The reason for that is simple. All of the people that have to sign off are probably going to change irrespective of who wins and so we don't want to have a lot of people looking at it again for the first time, instead of the folks who have been working on it all along. It's about a $10 million project working with Mexico to see who builds what or at least who pays for what. But we have to go and take a look at the international boundaries about three quarters of the way across the river at this point. So this is a project hopefully we will be able to start building this next summer, maybe late summer.

Americas interchange. Again trying to get a completely directional interchange to connect Loop 375 with I-10 to facilitate traffic. Now, a lot of what's been happening hasn't been able to move freight or people eastbound very easily because the last two direct connects are southbound 375 to eastbound I-10 and northbound 375 to eastbound I-10. Now, the first one's more important to me
because that's how I -- I'll get to work. Our office is right on -- on the corner here. But this project is moving very quickly, should be finished before Halloween and that will allow the widening of I-10 to move forward.

Alameda is some additional circulation. But probably more important are the corridor studies going on here in El Paso. This is the planning where we're trying to get ahead, trying to get an idea of what's coming up so we can start not four years ahead about time but ten years ahead of time to get facilities in place.

This is Border Highway East. This is taking a look at what happens east of 375 today, east of the Zaragoza Port of Entry. Where are we going to connect? How are we going to do that?

The PEL study was recently completed and we'll be moving forward with more detail planning on this study.

Probably the most important one is the I-10 corridor study. As I said I-10 has reached its useful life. It is the valve on commerce in and out of Texas to the west coast. And that valve is right downtown underneath a series of bridges where we have three lanes in each direction that if you go down there today, you'll see a Bellagio fountain coming up when -- every time an 18-wheeler goes through on the joints because everything
underneath is still water since we've had some rain recently. So we're going to be taking a very hard look at what we can do along that corridor to improve the capacity so that we can move traffic back and forth very easily.

Mesa. This is the only real alternative today to I-10 and that is an arterial. It's an arterial that goes up -- up the side of a mountain and back down again. And we're going to be taking a look at that. What can we do along Mesa and in particular what happens when we get the Loop finished, when we get all of these connections that I mentioned earlier finished, what happens then with Mesa? We have a terrible problem on Mesa with pedestrians getting hit crossing the street. We have a lot of crossings up here near the university so we're going to be taking a hard look at Mesa and what we can do there.

Doniphan. This connects the state line of Mexico. Eventually will connect directly to Paisano into the Border West Expressway. If you've been out there last night or this morning, you didn't get here because it's flooded and there's mud all over the roadway. It's one of the alternatives that trucks can take when they're trying to get out to -- to the new UPRR yard in Santa Teresa because there aren't many ways out there. I-10 today is the only real way to get there, I-10 to Artcraft. Once we
get this connection opened up, there will another alt- --
way out there, that will Paisano to Doniphan.

Upcoming corridor studies again on Alameda.
We'll be looking at U.S. 67, that's essentially from
Presidio to Marfa and then on to the Odessa. We were
talking about that earlier, taking a look at some of the
issues out there. We ran into a lot of people issues.
It's easy to say that we should be able to move trucks up
and down this roadway, but there's a low bridge in -- in
Alpine on U.S. 90 that's part of this. Well, guess what,
the people in Alpine don't want those trucks coming
through Alpine so they don't want the bridge fixed. So
those are some of the issues that we need to deal with as
we go through.

We're working hard with the New Mexico
Department of Transportation. Again that Union Pacific
yard out in -- out in Santa Teresa. It used to be that
everything coming across the bridge that was going on a
railroad would go to the Dallas yard downtown in El Paso.
Well, today what's happening all those trucks are getting
on I-10, going through that depressed section of downtown,
going up the have hill in front of UTEP at the Artcraft
[sic] because that's the only way to get out to that yard.
And likewise when they're coming back, they're coming back
the same way.
So we're working very hard with them to take a look at things like they're improving New Mexico 404 which goes through the Anthony Gap a fairly -- fairly flat connection, but we have to build a roadway to connect to what's called the Northeast Parkway so we're working hard on that. So we're working very closely with New Mexico on those issues.

So with that I'm going to turn it over and I've already run long so I'm sure Matt won't mind giving up some time.

MS. PROZZI: Mr. Secretary, in the interest of time, I would ask that we leave the questions for the end if that -- that works with you. And then I'm just going to ask the panelists to introduce themselves.

MR. McELROY: Hi, I'm Matthew McElroy with the city of El Paso.

If you could bring up the presentation and I'll try to make up some of the -- some of the time here. It's blue and white, it's got a City of El Paso front slide on it.

MS. PROZZI: So I'm just going to jump in and while they're bringing up the presentation, I'll do a proper job of introducing Matthew McElroy. He's the director of International Bridges at the city of El Paso and he will be followed by Mr. Michael Medina who's of
course executive director of the El Paso MPO. And then finally we have Mr. Nicolas Lopez which is the director of urban mobility with the Municipal Institute of Planning and Investigation of Ciudad Juarez so that will provide us with the -- with the state and perspective. And if we need more time, I can also read the resumes.

MS. MAYS: Can we go to the next speaker?

MS. PROZZI: Okay. Caroline, Mr. McElroy has to leave at 12:30.

MS. MAYS: As soon as we get it, we'll get it up.

MS. PROZZI: Okay.

MR. MEDINA: So I guess I also don't have a presentation.

Well, my name is Michael Medina, I'm the executive director of the MPO, for those who have never met me before. This is my day job so usually I'm quite comical when I'm meeting people for the new -- for the first time, but the interest of time and give Matthew an opportunity, I'll skip my comical perspective.

So today what I'm going to do is I'm going to go over -- relatively holistically over the planning area of prior-- -- priorities and applying it to these within the MPO.

Go to the next slide.
Okay. So in our planning area, it is a bistate MPO so we have portions of El Paso County along with Dona Ana and Otero County which are in New Mexico. We have transportation policy board that is made up of 30 elected and appointed officials within the region in Texas and New Mexico and so you also see the vision statement and the mission statement and the objectives that we have.

So this is relatively new, believe it or not we really didn't have a direction of what the MPO wanted to do so now that we have introduced educational requirements from our board members, we're moving in the right direction to ensure that these elected officials and appointed officials understand what the expectation is from the federal and the state partners.

Next slide.

So let me talk about the region for -- for a little bit. So obviously you heard me talk about that our policy board is made up of New Mexico and Texas elected and appointed officials. But what's important is that we only get funding for about 800,000 which is on the Texas side and a little bit less on the New Mexico side. But the reality is that it is a region of 2.5 million people so I'm sure that when Matthew starts his presentation, you'll understand why having borders in this area really affects our funding and the capabilities so we need to
make sure that we work with everybody, that we build consensus and on that note is that we work with a meet -- quite regularly we actually meet every week to understand what the expectation is from our Mexican partners.

Next slide.

So some of the planning priorities that we have of course is to progress our international ports of entry. We have six international ports of entry in our region. Along with that we understand that once we have trade and commerce coming through our international ports of entry, they land on the Interstate. So certainly as you heard Mr. Bieleck talk about the mobility of it, the accessibility and more important the reliability of our freight system, we need to make sure that the Interstate is good to go.

Next slide, please.

One of the other priorities that you heard Mr. Bieleck talk about is the Northeast Parkway which is illustrated in red. So there what we're trying to do that in the event that there is incident on I-10, we can utilize this as an incident management route along with that encouraging freight to move within this facility so this would easily facilitate the movement of any type of accessibility through New Mexico into Texas and bypass, if you will, the CBB -- CBD.
The other area -- I'm sorry -- the other area that we're also concentrating is on Fort Bliss. So several years ago we actually benefited from the realignment of the DOD's priorities so what we're trying to do now with the aid of TxDOT is invest in these corridor plans. One of things that we're also doing at the MPO is that we're getting away from spot planning, if you will. The idea is that we'll utilize these corridor plans to identify the priorities and dedicate the funding to those projects within the studies.

Another thing that we're looking at is providing bus rapid transit, BRT, in our area so the lead here is Sun Metro through the city of El Paso. So again moving people, having accessibility is one of the key points with transit. So we're trying to make it more reliable. And if we want to understand that anybody that is coming through our international ports of entry have this access to also move within the system.

The first corridor that is actually active right now is the Mesa Brio corridor so ideally here is that it is made up of little under nine miles and it provides mobility and accessibility for those within the area that provide access to the university, medical facilities and things of that nature.

Next slide.
So the next three are up and comings BRT corridors. We have the Alameda, which is about 15 miles, and this will channel within the historical area of El Paso. It'll start in downtown and it'll go out into the Ysleta area. And so this will be quite interesting because we are also waiting for a study from TxDOT to be completed so that we can appropriately assign funding to accelerate this project.

Next slide.

The next one is the Dyer corridor so it's roughly about 12 miles as well and so ideally here is that what we're trying to do is partner also with Sun Metro. Sun Metro is also developing a --

(Sotto voce discussion off the record.)

MR. MEDINA: So I had to ask Matthew. So Sun Metro is also developing a transit-oriented development. I get lost with all these acronyms as well. So ideally here again is that we want to make sure that there's accessibility, mobility from the northeast of El Paso to downtown in the event we want people to come from Mexico, there's a way for them to access it without relying on the roadway system.

Next slide.

The next one is also the Montana corridor. We're looking just under 17 miles and here's another
extension of our existing infrastructure that is also -- also on TxDOT roadway. And so we're also partnering with TxDOT to ensure that the projects that are coming from the MPO that we receive the appropriate funding so that we accelerate at a corridor level.

Some of the other planning activities that we have here. We are also tasked with looking at active transportation, what essentially is pedestrian and bicycle planning. In El Paso we have the Sun Cycle Bicycle Share Program. We have several stations throughout the city and we're also trying to expand that. One of the recent things that the policy board has done is that it has passed a resolution supporting an active transportation system and essentially what this does is that we're trying to connect Ciudad Juarez, El Paso and Las Cruces via bicycle and pedestrian planning so they have seven segments. At each of those seven segments are designated to be aligned with a historical or a cultural resource and so the -- the resolution is going to afford the opportunity for anybody to come into the MPO and ask for federal funding in conjunction with our historical funding sources along with any private sources.

Next one.

So this is what I really wanted to talk to you about which is the planning and environmental
linkages. You heard Mr. Bieleck talk about the Pell study. So the idea here what is very important for you-all that represent different communities is to understand that the environmental process when you have federal and state aid is very complex. One of the things that we have done here is that the district went ahead and did the study -- about 100 square miles or so, a study, and what it really does is it gives the MPO the opportunity to identify projects and fund those projects. So the one that I want to talk about is the Border Highway East Project.

This project what we're going to do is that we're going to apply tools that have been afforded to us by the state legislators along with the policy of the MPO. So ideally is that we would adopt a -- or we would have potentially the regional mobility authority, the EPES project, because we have various stakeholders involved. From there is that each of the stakeholders municipal, the stakeholders would pass transportation reinvestment zones so for those who don't know what these TRZs are is that it's a way for us to a fund transportation projects using a buffer system. The money is set aside and dedicated within this buffer system.

The real interest and what I really want you to take away from this presentation is the policy that the
MPO has with regard to preliminary engineering. We have -- every fiscal year we set aside $2.4 million for our smaller municipal partners to access for MPO projects. So these $2.4 million that are -- for every fiscal year, provide them the opportunity to start the engineering work and the design for a construction project. So it's really important that here at the MPO, we separate preliminary engineering and construction, it provides us a better way to fully fund projects and deliver them faster.

So if anybody has any questions or comments I'll turn it over to Matthew.

MR. CASCOS: Anybody have any questions?

MR. McELROY: Are we ready?

MR. CASCOS: A parrot and a sailor walked into a bar one day --

I'm just kidding.

MS. PROZZI: Maybe at this time we can ask if there was any questions for Bob, with Bob's presentation.

MR. GONZALEZ: I have a question.

Gabriel Gonzalez.

How do you fund your preliminary engineering projects through the MPO? What kind of funds do you use for that?

MR. MEDINA: So -- so we use surface
transportation program funding. It's a category 7 at the state level. Yes, sir.

UNIDENTIFIED SPEAKER: And certainly if anybody's interested in the policy, I can read it, I have it by memory. But ideally is that it is a very useful tool for us to accelerate projects.

MR. McELROY: I think we're ready.

Matthew McElroy, I'm the director for international bridges for the city of El Paso. Before I jump into the presentation and in hearing some of the comments earlier today, I think that one of the most valuable things that this committee might consider doing is making a visit to San Diego to see the planning that they've done Otay East. In terms of the -- the capacity that SANDAG has for planning the number of years they are ahead of us, it really is phenomenal to see how much work that -- how much work they've done and how many decades ahead they are ahead of us in terms of everything from planning their revenue studies for congestion pricing for the new ports, to land acquisition, you name it. It is -- between the work that Christina Casgar, who's the one who runs that project with Marty Cox who -- and Marty Cox are doing this really really impressive.

So into our regional planning work. A lot of what we do is based on our interactions with MPO, a lot
of our interactions with the maquiladora associations, maquiladoras in general because there's a lot of data out there and if you don't understand what happens at your ports in terms of volumes, in terms of crossing times, you're not going to know what capital projects you should pick, you're not going to know what the impact on wait time is going to be and so myself and three other economists work quite a bit on using the data that are available and getting that data out to industry so that they have reliable information on what their crossing times are going to be, what volumes are going to be, what seasonal trends are and things like that. So it's an urban legend that the data aren't out there. The data are out there and if you invest the time in using the data, there's -- there's a lot of -- there are a lot of rewards to be reaped from that. And then I'll talk about some of our wait time modeling and some of what the return on investment on that is and then some of our Lean Six Sigma projects in terms of -- in terms of again returns.

One of things that we do with our stakeholder committee -- and our stakeholder committee includes everybody from the MPO to TxDOT to -- to the maquiladora associations and maquilas themselves -- we spend a lot of time talking about what it is drives traffic at our bridges and that's just not cargo trucks.
but POVs and pedestrians. So we look at what the drivers
of those are and U.S. industrial production drives
manufacturing employment. POV trips are driven in large
part by -- or in a substantial part by -- by the exchange
rate. We actually run a system of -- a systems of
equations to predict what the crossings are going to be,
what wait times are going to be for each of these
different things.

Again you can see what we -- we even run
systems of equations to predict what our retail sales are
going to be based on a number of factors.

We also look at commodity shipments working
with our -- working with our steering committee. Customs
brokers are interested in what's moving, the
transportistas are interested in what's moving so we do
quit a bit of that analysis as well.

And part of the reason that we do that isn't
just so that we can get ahead of capital projects, but
part of it is so that we can begin to -- so that we can
begin to think 10, 20 years out in terms of how do we
begin to make the case for funding for capital projects
and then begin to get into the planning for those. And
the way that we can begin to make that case is for
regional leaders to understand what the impacts are.

In terms of setting aside transportation
dollars here, if you think about what the impact is in just El Paso from maquiladora activity in Ciudad Juarez just in the last year, if you look at the maquiladora growth in Juarez in terms of the number of jobs that were created, that led to 6,000 direct jobs in El Paso. 6,000 direct jobs once you add an employment multiplier to that comes out to between 9- and 10,000 jobs. If El Paso did nothing else -- meaning no economic incentives for businesses or other things -- all of El Paso's job growth was solely due to the maquiladora expansion in Ciudad Juarez. And if you look at the Texas Workforce Commission numbers, that's absolutely the case because all of the job growth is in the industries that are tied to -- to the maquiladoras like transportation and warehousing and finance and real estate and things like that.

So we -- like I said we spent a lot of time looking at what -- what volumes are going to be so that we can report wait times to transportistas, to everybody who's involved in border -- in border trade and -- and we use -- and these are some of the data sets that we use.

Vehicles. Same deal. Coming out of the great recession, we've gone from nine million to 12 mill- -- to 12 million POVs and you can see that there at the end of the slide.

Pedestrians we do the same thing. This is
important to our retailers downtown, they want to know what they can expect in terms of crossing volumes because that's what -- that's the lifeblood of their business.

And then one of the other things we do with regional planning is we know that we need capital projects, like Bob and -- and Mike were talking about, but we also need to do other -- other things like staffing. And one of the partnerships that we have is with Customs and Border Patrol. This coming fiscal year, we're going to spend about $2.2 million of city of El Paso money on overtime for Customs and Border Patrol agents because we want to make sure that we're expediting truck traffic, POVs and pedestrian trips and that program so far has worked so we've -- we've actually been able to reduce wait times for cargo trucks by 15 percent, we've reduced wait times for POVs by 14 percent. Our preliminary estimates for pedestrians is that the P3 program has probably reduced wait times for pedestrians by about 35 percent.

And you can see that here. This -- these are just the before and after charts where you can see that if working with CBP in terms of queue management, if we can begin to get ahead of that queue and staff for -- for overtime, there are significant positive impacts to reducing or to doing overtime to -- in terms of fitting actual CBP agents out at the bridges.
This is the modeling I talked about. You were talking about not having data in terms of being able to project. The data exists for every -- every port crossing to be able to do this. So if you -- the way we model here in terms of what volumes are going to be in terms of wait times they're going to be, every port can do it, the entire state can do it and standardize it because the data are there to do it.

And that's how we can tell what -- which of our programs are working, whether it's a capital project, whether it's overtime with CBP. We're actually able to measure just what our wait time impacts are with CBP through that modeling effort and like I said we're estimating 15 percent for cargo trucks, we're estimating about 14 percent for -- for POVs. If it's a 90-minute queue, that saves every single car, those 12 million cars about 12.6 minutes.

Other regional planning -- and this is one of the ones that again you can do at every single port where you talk about whether it's an infrastructure issue, is it a CBP issue, in terms of not having staffing, every -- every port should have one of these what are call- -- what's a value stream map, a process map so that you can know exactly where the bottlenecks are.

And then this is -- this is one of the ones
that we're the most proud of because when we went to SANDAG, SANDAG's not even here yet in terms of how they're measuring wait times. You can get tracked by your cell phone and if you're complaining at your bridges that you don't have accurate wait times for every segment of the crossing, if you're a commercial trucker, if you don't know how long it takes for POV trips, one of the ways to solve that problem is through crowd sourcing. So what we've done is we've contracted with Metropia and Metropia uses crowd source data, meaning data from people who are carrying their cell phones, so they track you as you're crossing the bridge. You get a large enough sample size and suddenly you have really accurate wait times. And so not only does Metropia finally solve the complete crossing time wait time problem because their tracking you using your phone, the other thing that Metropia does is it pays you to take a trip at a different time so that you're reducing congestion at peak times. So if -- if you're going to try -- if you're going to cross the bridge at eight o'clock, but the wait time is an hour and a half, Metropia will incentivize you to take that trip at seven o'clock so that you can get a 30-minute wait time instead. And it incentivizes you through things like Target gift cards, Walmart gift cards, other things like that all built into the app and that's part of our
contract with -- with Metropia. And you can see some of
gift card or some of the incentive things that will -- and
we'll actually be having the -- the drivers of the cargo
trucks using their cell phones to track their trips.
Fast, standard, you name it, and they'll get basically
paid for running the app while they're -- while they're
crossing. And then we'll find -- and then we'll have
accurate wait times for each segment of the trip.

And then -- because we're talking about
regional planning, regional planning doesn't work unless
you have all of your partners participating and for us we
have everybody from what used to be Promo Friend, it's now
the state of Chihuahua on our -- on our steering
commitee, that's Arroyo Economico, Customs Broker's
Index, Southwest Maquila, even the Congressman's office
sits on our -- on our steering committee.

This steering committee is the steering
committee that we run all of our projects through so they
reviewed Metropia, they liked it, refined it, put it
out -- put it out so that we could purchase it and get it
out. New Website that's going to consolidate all of our
bridge data, they reviewed it, approved it, put it to
council, council paid -- council approved, that's the next
project coming out. They look at capital projects.
They're the experts in what works in terms of what's going
to reduce wait times. They review the capital projects, pick the capital projects and those are the ones that get referred to council for funding.

That -- that steering committee has reviewed 22 projects and those 22 projects -- of those 22 projects, we have eight in preliminary design. Metropia is already being built and then the Website is already being built so we've got ten of those 22 projects in active development right now. Those are just the 22 projects.

Okay. That's all for me. I hand it over to you.

MR. LOPEZ: Okay. Good afternoon, everybody. I'm Nicolas Lopez from the office of planning in Ciudad Juarez. I want to show you in this presentation -- this presentation.

Okay. There is the presentation.

Will you please go back two -- two slides.

Okay. Well, we'll see these five items, the highway corridors in the Mexican side, the border region, the Ciudad Juarez points of queue, the Ciudad Juarez master plan and the projects that have been included in all -- in those master plans.

Okay. Seeing this slide we can imagine one of the questions that have been -- have been done here.
Why? The -- the cargo -- why the freight use more Laredo than Ciudad Juarez-El Paso region. This is the two main highway and road systems in the -- in Mexico. And the whole -- this is the last one is the Mexico 45 highway and the right one is the Mexico 057 highway. All the -- all the industry projects, all the industry groups that have been produced in the industrial cities south Mexico in the -- around Mexico City, Guadalajara, Queretaro or El Bajio or even -- even the La Laguna in Torreon, they have to choose their path to get into the states. Then someone say here, the path to the -- to the across Laredo is the shortest way.

This is it the region of Juarez and -- and Chihuahua and how it's linked to the whole country, whole Mexico. We have the (speaking Spanish), the Highway 45 from Juarez to Mexico, it's the main -- the main access to the United States, but it isn't -- it has been developed on east/west corridor from Mazatlan to Matamoros that can distribute the freight for each one of the corridors.

Here is the state of Chihuahua in the north -- or the Juarez-El Paso region and how the -- the state government have been invest in highways around all the state to move the cargo, to move the production -- the industry production through the points of entry mainly in Juarez-El Paso region.
In this -- in this slide we can see the Juarez municipality in this map and how the financial course location and have a great opportunities -- trade opportunities with two states. We have border with New Mexico and Texas and we have five point of entries, Jeronimo -- well, Paso del Norte and Reforma, they are one way. And Paso del Norte is northbound and Reforma is southbound. Bridge of the America, Zaragoza and the newest Guadalupe-Tornillo [sic]. Guadalupe-Tornillo is not on Juarez municipality, it's a Guadalupe municipality, but to access that point of entry, you have to cross across -- you have to cross the Juarez municipality.

Over those points of entry, all the cargo from -- from -- generated inside Juarez or came from the south of Mexico are connected to all the highways in the United States through the I-10, through the artery through the west side of the state or through the I-10 and I-20 through the -- to the -- across the Texas and the midwest and east of the United States.

Okay. Here we can see that Juarez is the most populated and economically developed in Chihuahua.

And we can see here how the -- how the regional sites over Juarez are in development. We have the San Agustin super on the inside, we have Ciudad Juarez Horaciamente (phonetic) on the south side and we have
San Jeronimo in the west side in the border with New Mexico.

Okay. This is the master plan for Ciudad Juarez and as you can see, all the points of entry are distributed in the border.

And we can see here the projected zones on the border region up here. We have San Jeronimo, Santa Teresa on the one side border with New Mexico. We have the central zone -- historic zone. Like Michael said we have great relationship between the historic districts downtown with the transportation and the stores and San Agustin on the east side.

Okay. Here are the border master plan and the Juarez master plan the mid-term and long-term progression impact proposals.

First, we have the Samalayuca-Guadalupe Highway, this one. We'll communicate the Mexico 45 Highway to the -- to the Guadalupe-Tornillo point of entry. The state of Chihuahua government already have the preliminary design of this -- of this highway to access to the point of entry to Samalayuca or Guadalupe-Tornillo.

As I said before, to get into the -- to reach the Guadalupe-Tornillo point of entry you have to cross the city of Juarez. Okay. We have the Libramiento Independencia Highway. It's a communication between
Mexico 45 Highway to reach the Zaragoza-Ysleta point of entry.

Then we have the Juan Pablo Segundo, Juan Pablo Segundo, that communicate along the border from the Americas point of entry through Zaragoza point of entry through San Agustin and even through Caseta City to Tornillo-Guadalupe.

Another highway is the 16 of September Avenue that it bypass the Anapra zone in Juarez that joins the point -- Paso del Norte Bridge to San Jeronimo-Santa Teresa point of entry. And at last the di- -- Diego Highway that link Mexico 45 Highway to Libramiento then San Agustin-Valdivia long-term regional impact.

Talking about rail, we are working with our friends of New Mexico with the rail by -- rail by pass Samalayuca-Jeronimo that begins here in Samalayuca and reach the San Jeronimo-Santa Teresa point of entry. At this time all the exportation and the importation -- all the exports and imports from the United States are rail facilities to the Urba (phonetic) zone of Juarez. This proposal will help us to -- to reduce the risk that population of Juarez are impacted with.

Then the government rail corridor represent operations with highways for the inhabitants of Juarez. The import in Mexico operation by rail (indiscernible) by
safety issues.

Well, as a long-term regional project, we have also the freight channel that link Zaragoza-Ysleta point of entry using the freight channel technology. All these project are include in the master plans of the city of Juarez.

Also we have planned other points of entry that we have called reports that are located one in Anapra, other one is the Cesar Chavez y communicate the Avenida de las Torres con el -- con Border Highway to Cesar Chavez and El Paso.

Thank you very much.

MS. PROZZI: Thank you very much. We have about two minutes for questions if any member have a question.

MR. SCHWEBEL: This is Gerry Schwebel. Could you elaborate a little bit more on that freight shuttle technology, you know, that you just presented. How does -- how is that going to work?

MR. LOPEZ: The freight shuttle technology is a -- it's a proposal that have been development here in the United States but, it's like our rail -- our rail that can move cargo containers using technology in an overpass over on actual highways in Mexico. Then all these technology have to be reviewed at the port getting to the
cargo trade -- cargo to -- to be bought -- to have a
closer inspections in the border.

MR. SCHWEBEL: So it's a concept. It's not -- it's not -- is it approved or is it?

MS. MAYS: Actually let me just comment on
that a little bit. The freight shuttle technology is
being spearheaded by TTI -- by TTI Texas A&M and the
gentleman's name is Steve Roop. They actually have
that -- the picture you saw there, they have it in College
Station, you can actually go see it, they have prototype
there. And what they're doing with this region is they're
trying to pilot it here and do border applications so
that's what they're going to be doing here. And that's
what -- remember Mr. Russell mentioned that he's
spending -- he spent over a million dollars and that's
what he was referring to on the technology piece so
they're trying to do a prototype here. But the technology
is being done at College Station by A&M.

MR. SCHWEBEL: And is that tied at all with
the -- the CBP pi- -- pilot project that they in
Chihuahua?

MS. MAYS: I'm not sure -- you know, I'm not
sure exactly. I don't -- I don't think so. Yeah.

MR. CASCOS: Anything else?

MR. SAENZ: I'm just curious, Mr. Secretary,
besides on the bridge side, on the Mexican bridge side,
who -- who actually owns the bridge and how is that
operated and how are the funds split? It's my
understanding that the federal, the state and the local
people participate in some way through some sort of trust.
Is that -- is that the structure here as well?

MR. LOPEZ: Okay. All the -- all the point
of entry on the Mexican side belongs to the federation,
belong to the federal government to intervene. There is a
new contract that the money, just the money and -- the
operations and the maintenance of the infra- --
infrastructure are given to the government of the state,
the state government of Chihuahua, in the state of
Chihuahua. The state of Chihuahua have the operation and
the maintenance of the infrastructure. That's why the
government of Chihuahua, all the tolls that have been paid
in [sic] the bridges belongs to the state of Chihuahua.

MR. SAENZ: Ciudad Juarez, do they get a
cut?

MR. LOPEZ: There is a -- I don't know how
we say in English. (Speaking Spanish) that --

UNIDENTIFIED SPEAKER: Trust.

MR. SCHWEBEL: Trust.

MR. LOPEZ: A trust that all the money --
all the -- all the funds operations and maintenance goes
to the infrastructure in Juarez even though the Ojinaga --
even the -- including the Ojinaga, including the
Guadalupe, including all the point of entry here in the
region of Juarez.

MR. SAENZ:  To be used by the city of Juarez
for all their -- the infrastructure or just that bridge
infrastructure?

MR. LOPEZ:  No, in general. You could do
highways, you could do public transportation, everything,
not just the bridges.

MR. SAENZ:  Thank you very much.

MR. CASCOS:  All right. If -- we're going
to move on now so we can stay on schedule. We're going to
break for lunch and I'm trying to get back as I mentioned
earlier. So we're going to try to do the -- we're going
to do the lunch speaker and do the lunch and then we're
going to keep going quickly so we can get out of here
by -- by 2:30 or so. All right?

Okay. So everybody, bon appetit.

(A break taken.)

MR. CORONADO:  Well, good afternoon.

MS. MAYS:  Yeah, you can -- you can
introduce yourself. Welcome.

MR. CORONADO:  Thank you. And it's a
pleasure to be here. My name is Roberto Coronado and I'm
the officer in charge of the El Paso branch of the Federal
Reserve Bank of Dallas and so on behalf of the city,
welcome to El Paso. It's great to be a host to many of
you that are traveling from throughout the state of Texas.
I would like to introduce one of my colleagues who is in
charge of putting the presentation together, Mary Cruz de
Leon, who is also our -- part of our research team here in
El Paso and so both of us worked on this presentation
together. To be honest with you, she worked more on it
than I did so she deserves all the credit for it. But
what I thought about doing today is to give you a flavor
and give you a perspective of what are some of the recent
trends that we see out there with respect U.S.-Mexico
bilateral trade flows, then moving to a regional
perspective and talk about Texas-Mexico relationship and
then try to bring a little bit more local to concentrate
along the Texas-Mexico border region. So I'll start
with -- with a big perspective and then move on into a
more regional and local perspective.

This is a picture that I believe you've seen
too many times by now. This is a picture of bilateral
trade flows between the U.S. and Mexico going back to
1974. There are a few main takeaways from this picture.
The first one is how big is trade today. It's about 530,
540 billion a year. This is adding exports plus imports.
But sometimes it's hard to put in perspective how does $540 billion look like. But what if I were to tell you that U.S.-Mexico trade flows it's about 1 million per minute 24/7. That's the size of the magnitude of the bilateral trade relationship between both nations. And then you see the different slopes. There are different -- three, three areas of -- three areas between the bilateral trade relationship. Of course after NAFTA, this local -- that line really picked and has grown tremendously. But then Mexico in 1987 opened its borders to trade and you actually see that accelerate somewhat.

The other thing that's important to know is that over the last two, two and a half years global trade has slowed down. The amount of trade across the globe has slowed down. And the U.S.-Mexico relationship or bilateral trade relationship is not the exception to it. And you see it -- toward the end of the line, you actually see that today we're below trend.

Looking at a more current perspective. This is since 2000 to today and you can see how we are below trend today. The composition of trade is at the pie chart today the number one sector between both nations is automotive and autos, it's about $100 billion per year worth of trade which has become very important over the last several years. But then you see other sectors in
there, electronics, telecom, office equipment, machinery. And of course energy and commodities are important as well.

So the question is why has the U.S.-Mexico trade flow slowed down? And when we look -- we have data up to June of this year so when we look into the first half of 2016 versus the first half of 2015, total trade flows between the U.S. and Mexico have slowed down at about $4 billion which is not very much but nonetheless it's about -- it's a small decline. But the bulk of the decline is due to lower commodity trading, lower energy trading. And it's not only because of lower quantity but lower prices. So the fact that oil today is sitting around 40, $42 per barrel is showing up in the bilateral trade relationship here. And so we -- it could be misleading to tell you, you know, we're below trend. Well, we're below trend because there's new environment when it comes to the energy sector. Most of the sectors that are in the manufacturing space -- which is what matters to many of the trade relationship that exist between the Texas-Mexico border -- those sectors continue to do relatively well in spite of the slow down in global trade flows.

As I mentioned before after NAFTA, of course trade between both nations and between Mexico and Canada
and Canada and the U.S. boomed tremendously but so has the
synchronization of the business cycles. So this is
industrial production for both Mexico and the U.S., this
is year-to-year growth going back to 1980. And you can
see that after NAFTA, these two lines do move together,
it's one by one. And so for those of you who like
statistics, the correlation coefficient here is pretty
strong, it's about 70 percent. Before NAFTA that was
about 20 percent correlation coefficient. So for better
or worse, both economies are moving in the same direction
as far as the business cycles.

Yes.

MR. VALE: Doesn't look like the correlation
in first couple of years. What happened there?

MR. CORONADO: In '94 there was a so-called
tequila crisis and Mexico went through a significant
financial crisis. It was mostly domestically induced in
Mexico that propelled through Latin America and many other
emerging economies, but the U.S. economy was doing okay.
It was a one shot to the Mexican economy basically.

So for Mexico, U.S. is the top number one
trading partner for the U.S., Mexico is the third top
trading partner. But when you look into border states,
California, Texas, Arizona and New Mexico, Mexico is the
top destination for its -- for their exports. So in this
slide what we have is the dollar value of those states' exports to Mexico and in parentheses is the share of the exports that go to Mexico that show overall state exports. Mexico is the number one trading partner for those four border states. And so Texas, on an annual basis, sends roughly $100 billion worth of goods to Mexico south of the Rio Grande.

So looking a little bit more closely into Texas and its relationship with the state, this is a chart that shows export performance for the U.S. in red. This is excluding Texas and blue -- Texas is in blue. Why do we exclude Texas from the U.S. numbers? Well, suffice it to say, Texas is big and when you look into U.S. exports, $2 out of -- out of $10 that U.S. exports come from Texas. So Texas it the largest exporting state in the nation. So passed California around 2005, 2006. And you can see that exports in the U.S. have slowed down, have been moving sideways for the most part for a number of -- for a number of years. Texas exports have come down significantly over the last couple of years. This is a combination I believe to a number of factors. One of them is, you know, commodity exports, energy exports are important for Texas. As the prices have come down so have the value of those exports. But, too, Texas is connected globally, not only to Mexico but to the global economy and we've seen that
the dollar has been very strong over this period pushing some breaks into export growth. And, two, we have also seen weak global demand for U.S. exports in general. So once you put together a strength dollar that is very strong and weak global demand, you've actually seen how some of the exports by Texas from Texas have slowed down in recent years.

This is a performance by sector. You see that green line shooting up tremendously over the last several years. This is commodities, this is energy, petroleum exports. And the green line actually coming down to a significant pace, again mostly driven by lower energy prices. But if you pay attention to -- the other lines at the bottom of the chart, you see most of them slowing down to some extent again the result of the strength of the dollar and weak global demand.

This chart shows Texas exports to Mexico. You've seen growth since the end of the so-called great recession in 2009-2010 towards 2014 and that's when you start seeing some of the slow down in growth. And we've seen it pick up in Texas exports to Mexico over the last six months or so and Mexico is -- again captures close to 40 percent, but you see the other breakdown, Canada, China, Asia, excluding China, is important, Latin America, the European Union. So Texas is well connected to other
countries other than Mexico.

This is the breakdown of the composition of exports from Texas to Mexico, those $100 billion that I mentioned before. You see a lot of manufacturing products but commodities are important. Those blue sectors that you see in there, whether it's crude oil or petrochemicals or refined products or rubber, those account for roughly 30, 35 percent of overall exports from Texas to Mexico. So that particular sector is quite -- quite relevant between Mexico and the U.S.

Where do Texas exports go? When you look into a map of Mexico, this is where most of the exports go. As you can imagine, they predominantly go to border states to Texas, but then you also have some states such as Jalisco, Guanajuato, Estado de Mexico and Mexico City, those are big states that have big economies therefore have a strong demand for products from Texas so --

Now flipping the coin a little bit. Where do those exports come from, where do they originate? We now have data through the International Trade Administration and they link exports at the city level. There's some caveats to this data, but nonetheless it'll give you a pulse, it'll give you sense of how big certain markets, certain cities are with respect to general exports.
The number one city in the U.S. that generates the more exports is Houston. LA is there, Detroit is there, New York is there, but Houston is by far -- Houston's exports to the world are roughly about 120 billion a year. But then you see in here Dallas, San Antonio, El Paso and many other cities that -- throughout the state that do actually generate quite a bit of exports to -- to the rest of the world.

About a year, year and a half ago, a couple of my colleagues at the Dallas fed did a research analysis in reference to the composition of Texas exports and how significant are those exports, what is the composition, but more importantly what is the level of competitiveness that Texas exports have vis-a-vis other countries and vis-a-vis other states within the U.S. And so they looked into the top 15 sectors which are listed in this table. They comprise roughly 80 percent of the overall Texas exports to the world. And while this chart is busy, let me point out a couple of things. They are ranked in the magnitude of how significant -- so for example the first sector in there is petroleum and gold products, they account for roughly 23 percent of Texas exports back in 2002. And so you see the different compositions and how significant these sectors are. But then you see some that is RCA, this is the relative comparative advantage. This
is looking into Texas exports and how competitive --
competitive they are vis-a-vis the rest of the world. The
higher this number is, the more competitive they are. And
they also looked into what has happened between 2002 and
2012. And I can tell you that manufacturing exports in
Texas remain fairly competitive -- particularly
automotive-related exports -- and the ones that come at
the top of the list are energy-related exports. It's not
only -- only crude oil, but it's in fact all the refined
products and all the process products through energy that
are exported by the state and they continue to gain a
level of competitiveness at the global -- at the global
market.

When you look into these; 15 sectors, it's a
mixed bag. Half of these sectors have gained
competitiveness and half of them have lost competitiveness
between 2002 and 2012. The sectors that won and improved
their level of competitiveness on, like I said before,
it's energy and automotive transportation. The sectors
that lost ground in the global markets is sectors around
aerospace and electronics.

My colleagues also looked into -- so when we
looked at Texas and when we compare Texas to the global
economy, where are the largest -- where are the strongest
competitors to Texas exports? Can we look across
different countries and look into the composition of their exports and try to see what are the ranking of and how competitive they are vis-a-vis Texas?

So this is a list of those countries that compete head to head with Texas when it comes to its exports' basket of goods. Of course the U.S. is the number one competitor because the U.S. and the rest of the states, the rest of the 49 states, they do produce and export a lot of singular products that those in Texas exports. But in here you see Japan, Singapore, Korea and you see a ratio between zero and .7 in this case. For example Japan, their export market portfolio it's about 50 percent similar to that of Texas. And you see at the bottom of the list Hungary and that is about 20, 22 percent. So this is who Texas competes in the global market.

Now what about the domestic market? And this one some of our fellow Americans might feel their feelings are hurt. Right? There are three states in which Texas competes head to head when it comes to exports: Illinois, Ohio and California. And again roughly 50 percent of Illinois exports are very similar to those of Texas. And Ohio is about 44, 45 percent, California is just a little bit over 40 percent.

Yes, ma'am.
MS. MAINWARING: So I keep hearing that Texas is competing with the other gulf states and yet there's not a single gulf state on there.

MR. CORONADO: It's competing with the gulf states when it comes to petrochemicals and energy, but when you look into those 15 categories, there is a lot of manufacturing products and these are the states that predominantly produce those. Which is the same story to some extent when you look into the countries. Many of these, in fact most of them, are not energy producing countries. And people would expect that Texas competes head to head with energy producing countries to some extent but because Texas exports are well diversified, not only about energy, manufacturing products do -- do play a significant role.

And so the question you may have, has Texas gained competitiveness vis-a-vis these states? And the good news is that Texas has gained competitiveness over -- between 2002 and 2012 which is the study -- the years of which the study was conducted. California and Ohio have lost global competitiveness. And Illinois has pretty much remained flat. So Texas has made significant inroads when it comes to competing to these states for man- -- from a manufacturing perspective and -- and for that matter from an energy perspective exports as well. So Texas exports
are well diversified. Petroleum products and petrochemicals come at the top of the list as the most competitive. But then Texas has strong industries too in manufacturing, particularly in automotive. Like I said before, when you look into electronics and aerospace, Texas has not done that well, but in automotive Texas has done extremely well. And then you start putting the pieces of the puzzle together and you begin to wonder to what extent has the relationship Texas has with Mexico has helped Texas become more competitive in the automotive market, global market, clearly because of all the inroads that Mexico has made in that particular sector. So Mexico has become a strategic partner for Texas when it comes to automotive in particular.

Now bringing things a little bit --

Yes, sir.

MR. VALE: What -- what are your instincts telling you about where Texas will be at if you take the current price of oil and gas and adjust that in terms of these numbers?

MR. CORONADO: You mean as far as exports and as far as --

MR. VALE: Yes.

MR. CORONADO: I think Texas has to continue to gain competitiveness in petrochemicals in spite of the
lower energy prices so I don't expect that level of
competitiveness to have eroded because of the low prices.
Automotive continues to make significant -- it has become
even more significant since 2012. Just to give you an
idea, today Mexico produces about three and a half or has
the capacity to produce about three and a half million
units per year. By 2020 Mexico will have the installed
capacity to produce five and a half million units. And so
to Texas will play a significant role in the growth in the
Mexico automotive sector. And so I would expect that as
we looked into current data, when it comes -- when it
becomes available, automotive will continue to remain
competitive.

I was surprised by the fact that the
aerospace exports from Texas have lost competitiveness.
That might actually change going forward, again, as Mexico
continues to make significant inroads there that might
actually move Texas into a more competitive state.

Electronics is a difficult sector, it's very
globally competitive and Asia has gained a lot of market
share in that sector and has Mexico has lost
competitiveness there and so has Texas. So I would expect
going forward that electronics, we might actually not see
a lot of momentum in that sector. But automotive,
petrochemicals and aerospace, I would expect those to
continue to move going forward.

MR. VALE: The energy opening up in Mexico and even though it's going very slowly with some of the products they're allowing to really be imported by the private sector, do you see that picking up what's going to be dropped off by Petrolio Mexicano (phonetic)?

MR. CORONADO: I would expect that to be the case, but to your point the implementation of the reform, it's been -- has been gradual and will continue to be gradual going forward in Mexico. But as they continue to open this sector to foreign investment, I would expect Texas to be well positioned to leverage that opportunity so -- but it's going to take time. I believe it's going to take time and we've seen that already that it's actually going to some extent at a fairly slow pace.

Now, looking a little bit more closely, this is a table where we ranked ports of entry. There's nothing in here that will shock you or surprise you. This is something that you knew fairly well. Laredo is the largest port of entry between the U.S.-Mexico. And the U.S. and Mexico, Texas is the second one. Texas captures about 75 percent of U.S.-Mexico trade flows so that corridor is very important for the bilateral of trade relationship.

This is a chart that shows the trend of
trade between these four ports of entry, Laredo, El Paso, Brownsville and McAllen. And you can see that pretty much all of them have slowed down to some extent. El Paso and Laredo did actually fairly well over the last number of years and we've seen how The Valley, either Brownsville or McAllen, have struggled to -- have been declining for quite some time and have been basically leveling off and have -- still waiting to -- for takeoff.

The composition of trade along the U.S.-Mexico -- sorry -- along the Texas-Mexico border region is predominantly automotive related. If -- when you look at the overall Texas-Mexico trade, it's significantly concentrated in autos. And so these charts or these pie charts preview the breakdown of overall imports and exports at these ports of entry and you can see how blue it's very significant and blue in this particular case is transportation is automotive.

A lot of the research that we've conducted at the Dallas fed, particularly here in El Paso, it's along the lines of cross-border integration and cross-border economic impacts. And question typically is, well, we -- Mexico, Ciudad Juarez and the state of Chihuahua, does have a lot of manufacturing activity going on. The question is does that activity generate any growth, if any, to a city like El Paso? And what about
the activity in Reynosa, would that generate economic
activity for -- for McAllen? And so on and so forth. So
what we've done at the Dallas fed is we've looked into the
question if there's a causation effect. Does maquiladora
activities here in Juarez generate growth in El Paso?
Does maquiladora activity in Matamoros generate growth in
Brownsville?

And the question [sic] is yes. They do
generate a lot of growth, a lot of employment growth.
These charts shows the health or the performance of the
maquiladora industry by looking at employment in these
four border cities: Nuevo Laredo, Juarez, Matamoros,
Reynosa. You can see they're moving upwards for the most
part. Are -- the reports that we hear is that maquilas
being -- across the border are really growing tremendously
in double digits for the last several months, in fact for
the last couple of years, and some of the reports is that
Juarez and Reynosa for that matter are struggling keeping
up with growth and they are actually facing a significant
shortage of labor. Some of the analysts that we've heard
actually indicate that in Juarez alone, there's about a
20,000 workers that are needed today and simply are not
able to be found. Reynosa's numbers are around 17,000
people. You know, the border region has not seen this
boom in manufacturing activity since the late '90s and
there's a lot of possible explanations as to why the shortage of labor remain to be a problem. But nonetheless the point here is that growth has been fairly strong and it has actually brought growth across the Rio Grande.

The question that you might have now is so how -- what is the size of that growth and where has that growth been concentrated? So when we looked into a long -- long perspective, you know, from the early '90s to the mid -- to the late 2000s and we calculate what we economists call elasticities. Basically if you move something here, what is the reaction on this other side?

So if you move 10 percent in output in border cities grows by 10 percent, how much growth do you observe in El Paso's labor market? And that 2.8 percent which is the row at the top of the list -- at the top of table. I'm sorry. McAllen is almost seven percent. So maquilas in Reynosa grow 10 percent, employment in Rey- -- in Mat- -- in McAllen grows seven percent.

Just concentrating El Paso, it's 10 percent growth there, three percent growth here. If you just do a back-of-the-envelope calculation, you would actually come up with an estimate that roughly one in four jobs created in El Paso -- or over this period -- could be attributed to the manufacturing activity across the border. It's one in four of the delta of the -- not the overall stock of
jobs, but the ones that have been created.

The next question you might have is where are these jobs? Which sectors are we talking about? And that's why we did the breakdown. And you see transportation of course it's -- this is transportation warehousing and logistic, by the way. It's not only transportation, but it's a broader sector. That sector you see the impact there again because you need trucks, you need warehousing, you need logistics to move things in and out of Mexico. But then you also see other sectors such as services -- this is general business services and fire. This is not the fire department, this is finance, insurance and real estate, by the way. So all of these -- all of the job growth is in the service side of the economy, not only transportation but services such as insurance or accounting, legal, custom brokers, IT. So when a company from the Midwest wants to relocate their operations into Ciudad Juarez or Reynosa, they typically have a real estate agent that is from Texas and so those numbers are being picked up here.

Do you know how many people cross the border? This is something that is fairly interesting. We've done -- and I'll get back to the service side of the economy in just a second, but let me elaborate a little bit more -- I know you are probably more -- your emphasis
is stronger on cargo and commercial transportation, but personal vehicle transportation and cross-border crossings are important.

This chart shows retail trade in these four border cities, this overall region of trade. And in black is the nominal peso-dollar exchange rate. Every time the peso loses ground against the dollar. And this is not just showing the data since 2000. I can go back to 1972 if you want and every time that back line jumps up, there's a peso depreciation, retail along the border drops. According to our research, on average 15 percent of the retail trade in El Paso could be attributed to Mexican shoppers. Now that's a net.

This is looking at too how much do they buy here and how much do we by there? McAllen it 33 percent, Laredo is 50 percent, Brownsville is 25 percent. So a significant portion of the retail activities are attributed to Mexican shoppers. And so every time the peso loses ground against the dollar, of course their purchasing power gets evaporated to some extent and therefore they don't come as often, they don't spend as much money.

Having said that, if you look towards the end of the chart, you see a significant peso depreciation over the last two, two and a half years. And still retail
continues to be fairly strong. You see those lines come
don down a little bit but not to a great extent, not what you
would expect given historical trends. The question is
why? Well, part of the answer is, I believe, is because
the strength of the manufacturing activity across the
border. While the peso has lost significant ground
against the dollar, you have a booming manufacturing
activity in Reynosa and in Ciudad Juarez so that is
upsetting some of the loss in purchasing power by those
Mexican shoppers. And so I would expect the incoming data
to continue to trend downward, but I'm very surprised to
this day that we have not seen a significant drop, as you
would expect, given historical -- historical trends.

So going back to this transition between
manufacture --

Yes, sir.

MR. VALE: Sam Vale. Along those same
lines, does the -- does the size of the population south
of the border, apart from the manufacturing, play a role
in that because it seems like that's a bigger indicator of
bridge crossings, not necessarily retail sales but
bridge -- bridge crossings.

MR. CORONADO: It does. It does. And so
if -- El Paso is the city that depends the least,
quote/unquote, on the cross-border shopper vis-a-vis the
Rio Grande Valley, Laredo for a couple of reasons. El Paso is somewhat of a larger city. And, two -- and most importantly -- the Rio Grande Valley, Laredo has a city that is over four million people which is Monterrey. And so it's not only the shoppers from Reynosa and Matamoros and Nuevo Laredo, but it's folks from interior of Mexico. And to your point so Monterrey's not only a big city, but it's a city who has high income levels by Mexican standards. In fact the ZIP code with the largest per capita income in Latin America is in Monterrey. And so it's more people, deeper pockets, therefore they represent a much larger share of the pie in the cross-border retail in that part of the Texas border.

So we've seen a transition along the Texas border cities from manufacturing to services and you can see at one point 20 -- 26 years ago in El Paso in fact, one in every five jobs were in manufacturing. Today it's less than one in -- one in 10 actually -- less than one in 20. I'm sorry. Services growth has been very strong. Manufacturing has been shrinking. Why? Because most of the manufacturing has been migrating south of the Rio Grande and so what the cities like El Paso and McAllen have been concentrating on, it's on the service. And with that we've seen an improvement of the per capita income levels. This is the per capita income levels over time on
these four border cities in Texas vis-a-vis the U.S.

So for example back in 1969, El Paso's per capita income was about 78, 79 percent. And you've seen a significant drop in the levels of per capita income here and up to 2000 or so, that's when they bottomed out. After that you've seen a gradual improvement. There's been ups and downs but overall trend is positive. It might be hard to see in the chart, but it's -- it's in there. And we've done analysis to why. Why has the per capita income levels improved in McAllen, in Brownsville, in Laredo in El Paso? And the answer to the question is it can be for the right reasons or going forward for the not so right reasons. The right reasons are, you know, the right industry means you are attracting the jobs that you want to attract, high-end paying jobs demanding more schooling so on and so forth. Or it could be because of transfer payments. You know, Washington D.C. sent more transfer payments and improves the per capita income.

And transfer payments do have a significant impact. They continue to be important because of our poverty and our income levels. But two-thirds of the explanation behind the upward trend is in the industry mix. It's growth in service sectors, sectors such as -- again, sectors that are related to cross-border trade and cross-border manufacturing that have made an improvement.
There's still a lot of -- a long way to go. We're still having a significant low income levels along the border, but nonetheless the trend is encouraging that we are moving in the right direction, there's still plenty of things to do on that front.

So to conclude, U.S.-Mexico trade flows continue to grow and have grown tremendously. That has led to a significant or more so a synchronization of the business cycle between both nations. Texas leads the nation in exports. The relationship with Mexico has become fairly important as Texas is trying to gain competitiveness globally and domestically, for that matter. And the Texas-Mexico border I would argue now plays a critical role in the North American manufacturing, in the North American market in general, particularly when it comes to -- when it comes to manufacturing.

And at that I will be more than happy to answer any questions you might have.

MR. CASCOS: Does anybody have any question? I think -- thank you for the presentation, I thought that was very informative. And I think it just substantiates my -- my comments that I made that, you know, Texas continues to be the economic juggernaut of this nation, you know. And I think those numbers show it. You know just the other states combined, you know, Texas
had more exports to Mexico than all the other states on
the border combined. So we continue to -- you know, to
prosper with that.

But anybody have any questions or commentary?
Nothing, Sam?

MR. VALE: Robert, you usually have this
presentation on your -- has it -- is it going to be on
your Webpage, on the -- on the Dallas?

MR. CORONADO: We will be more than happy to
make this available --

MR. CASCOS: There's a hard copy in your --
in your --

MS. MAYS: Yeah. And we'll put on the
Webpage as well.

MR. CORONADO: Yeah.

MS. MAYS: We do have an electronic copy of
this. And again, I want to echo, you know, the
Secretary's comments. Robert, really great presentation.
You had a lot of information. I was talking to some of my
colleagues here. We want to be using it, you might hear
from us, you know, about, you know, really how you
compile the information, the data and some of the things
that you might help us with articulating some of the
things we brought up here that be -- can be useful for us
for our purposes for this committee and other bigger, you
know, initiatives at TxDOT.

MR. CORONADO: We'll be happy to help any way we can, absolutely.

MR. CASCOS: You know, as some -- some of the leadership, you know, and Mayor -- Mayor is one about, you know, talked about reaching out to other congressmen, you know, other U.S. senators. This is information you can provide to them as well. Along with the spiderweb map, you can also provide something like this and it just brings it into a different prospective.

Mayor?

MR. SAENZ: Yes, I was just going to mention the --

MR. CASCOS: Okay.

MR. SAENZ: -- the improvements in per capita income along the Texas border. Have we made a dent on the poverty levels and on the -- the border counties that previously are known for high poverty? Has there been any improvement along those lines? Are we edging out of poverty or -- or -- and if not, why not, if you have an answer.

MR. CORONADO: We have, but the levels of folks in poverty continue to be elevated. So on average for those four border cities, they've gained, each of them, about 10 percentage points as the share per capita
income in those communities vis-a-vis the U.S. So it's a 10 percentage point gain. We're closing the gap. But the gap still 35, 40 percentage points, I mean it's still significant, but the trend is very encouraging.

MR. SAENZ: Yes. Do you have any recommendation or anything, as mayors and public figures, that we can toward the, you know, to -- to even narrow the gap?

MR. CORONADO: We do have and we've done some analysis when it comes to -- from a workforce development perspective in looking to the labor markets and educational perform- -- educational attainment. And we've actually done the analysis for all of the border cities looking into the clusters of economic activity that are prevalent in those communities. And I'll be more than happy to sit with you and talk about your community in particular and see what -- how can you use and how can you read some of that information and hopefully it will be beneficial to you.

MR. SAENZ: Thank you, sir.

MR. CASCOS: Anything else?

MR. CORONADO: Thank you for the opportunity.

MR. CASCOS: Robert, thank you very much.

Our next topic border crossing challenges
and wait times, infrastructure issues, donation,
acceptance program at El Paso. Mr. Hector Mancha. Thank
you for being here. Director of field operations El Paso
CBP field office. And don't start bombarding him with why
are wait lines so long.

MR. MANCHA: Thank you, Mr. Secretary.

MR. CASCOS: Why are wait lines so long?

Thank you for being here.

MR. MANCHA: BTAC committee members, thank
you for -- for having me here for giving CBP some time
here during today's briefings. Actually as I sat there
today listening to the briefings and anything that
pertained to port of entries, you know, there's not too
much that I can actually, you know, contest and argue.
And so -- but I think it does provide CBP an opportunity
to put things into perspective. And again keep in mind
this is a perspective that is mainly geared on -- from an
operational perspective what's happening at the ports of
entry.

Again, my name's Hector Mancha. I'm the
field office director for the El Paso field office. The
El Paso field office covers all of west Texas, all the way
far east, all the way to the port of Presidio and I go all
the way to -- the entire state of New Mexico. I've got 11
international bridge crossings, we've got three airports,
general aviation airports, and two rail interchanges.

The majority of the challenges that I'm going to speaking on today pertain to the biggest port, my area of responsibility, which is the port of El Paso. So when they asked me to talk about some of the cross-border challenges -- and like I mentioned that the -- challenges that were mentioned earlier today, you know, improving levels of congestion to me is -- that translates to increased work loads. Inadequate federal staffing of POEs. You know, only the position that I -- that I sit in, I don't really talk about my staffing needs in a public forum, you know, but that is a reality, you know. As we start seeing increases, you know, in -- in the volume of trucks that we're seeing at our ports of entry, that translates to having adequate staffing to be able to service the traffic. Outdated technologies I heard. I think that CBP really has gone out of its way in trying to incorporate new technology in the way we do business.

As I saw the presentations this morning and this afternoon, one thing that came to mind is, you know, maybe I should have done a Power Point and I didn't. But I do carry some extra material with me and I do have a -- a five-minute video that has some value into it. It kind of shows you what is the CBP approach in trying to, you know, answer some of these challenges. What is our
strategy in trying to deal with the challenges that we're seeing at our ports of entry? And I'll show that quick video in a little bit.

The -- and one of the strategies is looking for alternative funding sources. And so I will also talk about the Donations Acceptance Program.

With that I think it'd probably be a good time for me to -- I can show you the video. If we can put the video up there and then I'll continue and talk about more -- more of the challenges that we're actually seeing, you know, at a local level.

(Video played.)

"More than one million people and 65,000 truck, rail and maritime cargo containers arrive at U.S. ports of entry by land, sea and air every day. And every year $2.1 trillion worth of goods come through our ports of entry. Our ports are the gateway to our nation welcoming travelers and facilitating the flow of goods that are essential to our economy and American jobs. It is CBP's job to ensure that these travelers and cargo shipments pose no threat to our nation.

"Federal expression finding a needle in a haystack absolutely applies to what we do. We know the vast majority of people and products that arrive at our ports of entry are safe and lawfully admissible. Our job
is to stop those few that do pose a threat while facilitating a legitimate trade and travel that fuel our economy.

"This is our mission. And our mission continues to grow in response to evolving threats, increase travel in trade and new and expanded facilities. Despite the increased volume and mission requirements, CBP cannot be a choke point slowing the international commerce that is so critical to our economic security and growth. So in these challenging economic times, we have become our own toughest critic by constantly asking ourselves, 'How can we do our job better and more efficiently?' The answer, by transforming nearly every aspect of how we do business. But CBP cannot do this alone. We need support from Congress to enact legislative changes. We rely on partnerships with private sector stakeholders and we rely on the ability of the traveling public to embrace emerging technologies that protect our borders. Our approach to resource optimization has three key components.

"First, we are continuously working to optimize the use of our resources through innovation, what we call our business transformation initiatives. We're using new technologies and processes to get the job done faster, more efficiently and more effectively through paperless, mobile and advanced technologies. To help
speed the flow of lawful travelers, we automated admissibility documents, incorporated radio frequency identification technology on our land borders and developed computer software that monitors and tracks changes to airline schedules and associated passenger volumes so that CBP officers are better prepared to react.

"To help detect and intercept unlawful materials in cargo and conveyances, we've installed state-of-the-scanning equipment and use advanced data analysis to identify people and cargo shipments that may present a risk.

"The second component of our approach is our workload staffing model which reflects an in-depth rigorous analysis of our operations and the level of staffing that is required.

"The strength of our highly trained professional law enforcement staff translates directly into our ability to ensure and expedite the flow of people and goods to rev the engine of our economy.

"Our data-driven workload staffing model considers all business processes required of CBP officers, the workload associated with those processes and the level of effort needed to effectively carry out CBP's mission on a daily basis. We know how many officers it takes to get the job done both today and as a result of projected
future needs. Our workload staffing model which was reviewed and validated by external experts clearly shows that staffing levels need to keep pace with our expanding mission, increased strengths and growing trade and travel.

"The third component of our strengths is finding new ways to fund our operations and recover our cost. This effort involves increasing flexibility to engage in innovative public and private partnerships to ensure that we can provide services. For example if an airline wishes to add international flights outside of existing operating hours or if an airport seeks to build a new terminal, CBP would like to be able to work with these partners on a reimbursable basis to respond quickly to requests for enhanced services. CBP relies on the support of Congress and our stakeholders to explore sources of alternative funding.

"The success of our mission depends on our resources, technological transformation, staffing and partnerships. The American public must be confident that we have the resources we need to fulfill our mission and to honor the trust the public places in us. Trust that we are constantly innovating to ensure we are smart and efficient with our resources because we are.

"Trust that we have accurately calculated the number of officers we need to accomplish our mission
because we have it.

"And trust that we can find flexible sources of funding for CBP field operations through partnerships because we must.

"The current economic climate is one of fiscal austerity and we are committed to careful financial stewardship. Therefore it is critical that this resource optimization strategy be implemented to ensure our national and economic security. We are looking to our legislators and our external stakeholders in the travel and trade industries to partner with us. Together we can maintain the operations that secure and facilitate international trade and travel and protect and enhance our American way of life."

(Video stopped.)

MR. MANCHA: Thank you. As you've seen, that is the CBP's resource optimization strategy.

So what are some of the real border-crossing challenges that I'm seeing here in the El Paso field office in my AOR? You know, put that in perspective, you know. In FY15 over 14 million POVs were processed at our international bridge crossings. Over seven -- 7.2 million pedestrians came through our bridges. And over 800,000 commercial conveyances were processed at our ports of entry. Together with that we also had over 10,000
individual persons encounters at the ports of entry and as well as over 94,000 pounds of seized narcotics. And I've got to put that in context because I think that that ac- -- ultimately plays into the -- in trying to respond to the -- I guess the question is, "Why are wait times what they are?" And in the line of business that I'm at [sic], I've been doing this for almost 25 years now and I've worked at this border all my life. I started my career in Laredo, went over to Hidalgo, port of entry Hidalgo, and I'm born and raised in the El Paso. All my life I lived along the border and I've been in El Paso for a little over five years.

A lot of times what I see is El Paso is the second busiest land border in the southern border, if not in the country. And with it you do see high volumes of traffic and CBP does have a responsibility of managing that traffic to the best of its ability. But I've seen in the last three or four years a steady increase of the -- the volume, the work volume so commercial trucks coming in and the POVs, the number of people that are crossing our borders. With that you have the issue of border wait times. And how do we do a better job in managing those border wait times? And so we've -- we turn to -- one of the strategies is is the transportation initiatives. But what does -- what does that mean? It's trying to work
smarter, trying to incorporate technology into our process. And -- and so we look at every opportunity to try to update our systems, you know, whether that -- whether that be using RFI technology, whether that means putting key -- kiosks at our pedestrian lanes so that we're able to read the information on the travel documents faster to reduce seconds from that processing time. And a lot of folks, when we look at -- you know, we compare the -- if you're able to save three to eight seconds per person and you multiply that by the number of people that are crossing, that is significant. You know, we average anywhere from 16- to 18,000 pedestrians and that's where we have the -- the kiosk in our pedestrian environment. Again if we add that factor in the second safe per -- per pedestrian, that is significant savings in wait times when we process pedestrians.

We also have technology at our vehicle primary lanes. We've got new software technology, we're trying -- we do have qualified readers. In front of the primary stations where the officers can actually get that information, their information is prepopulated in their -- in their computer systems so when that individual arrives in primary, the officer doesn't have to spend those seconds trying to process those individuals.

Some of the challenges that we do have
individuals that use those lanes and we call those ready lanes and that causes delays. We have to actually go there and manually input that information into the system. You know, when people are trying to get into the correct lanes, you know, right now there's not really nothing [sic] I can do enforcementwise in trying to encourage people to -- to align themselves in the right lanes.

And so what other -- other things is CBP doing in trying to address wait times?

We talked about lane segregation, you know, from general lanes to ready lanes, the use of our trusted traveler programs, both in the passenger vehicle environment as well the commercial, the truck to trailer program CT PAC, fast lanes, century. Those are all proven programs that also show significant efficiencies in crossing our borders.

And then I can't leave out the use of the public partnership. We use the public partnership to also enhance the number of lanes that we open.

What we did two, three years ago, I -- was still -- I was still a port director for El Paso -- we implemented an initiative that I refer to as the all lanes initiative. And what it is is that we looked at, you know, for how long can we sustain opening up every single lane that we have within the passenger environment? We
figured that if you get ahead of the -- the queue, you're able to better manage those wait times. So we did a pilot and we've been doing it for over three years now where we open every lane at 6:00 in the morning and we go to 10:00. From 6:00 to 10:00, every lane that is out there for passenger vehicles is open in trying to get ahead of the traffic. We had noticed that traffic would build up by 8:00, nine o'clock in the morning, you already had wait times starting to build up on us. So if we have maximum number of lanes open, you get ahead of it, you're better able to manage those wait times. So now we're able to enhance that initiative by incorporating, you know, the 560, the public partner -- partnership program so that now we actually have additional lanes from 10:00 a.m. to whether it be 12:00, 2:00 in trying to manage that -- that traffic. So there's huge success in reducing wait times. Is -- is there still wait time issues at the ports of entry? Absolutely. And the thing is, again, it's a matter of trying to manage them to the best of our abilities.

So I'm going to kind of move over to the -- the Donations Acceptance Program. And when we talk about the Donations Accept- -- Acceptance Program, you've got to, you know, talk about, you know, two things. You talk about the reimbursable service agreements as well the
Donation Acceptance Program. Back in 2013 when CBP was trying to figure out looking for alternate funding sources, CBP had been approached by different individuals, different entities how -- how could they assist -- assist CBP with -- with providing additional services, with infrastructure improvements. CBP did not have a mechanism for doing it so as the discussion evolved, we were able to get Congress to approve and give CBP the authority to get into these agreements.

2014 we actually started the 560 at the port of El Paso. Port of El Paso was one of five ports that was initially selected as part of the pilot. That went on for a year. They made enhancements to the law. They actually expanded the authorities to include now the Donations Acceptance Program.

Now we're able to even accept more than just reimbursement for the sources that CBP officers are performing. The CBP commissioner, in conjunction with the GSA administrator collaboration, can now enter into agreements where they've been able to accept donations of -- of real -- real property, they're able to accept donations in improvements to current facilities so it has been a -- a viable mechanism for us to see improvements at our ports of entry.

Both -- both the -- with the new -- the
enhanced law that came out in 2014, both provisions now
really address CBP's efforts for finding an innovative
approach to meeting our growing demand for new and
expanded facilities, in particular the ongoing
collection of needs the CPB land port of entry
portfolios. CPC is -- again the Donation Acceptance
Program is a -- is a good investment in CPB and not only
in helping improve our infrastructure to meet our current
demands but also help us expedite U.S. trade coming
through our ports of entry.

In closing, legitimate trade travel plays a
critical role in the nation's economic growth and CBP does
recognize its role in sustaining such growth. The
combination of our highly trained CBP personnel, the use
of new technology and modernize our facilities form the
essential foundation for CBP to have a strategy moving
forward, a strategy that we have to have at each port and
being able to continue to grow our -- our economy.

I'm going back through my -- the notes that
I took earlier on some of these challenges that were --
that were brought up.

Certified CBP PAC participants. We are
moving in trying to encourage more and more the supply
chain which is to be CT PAC certified, getting more fast
[sic] drivers signed up to the program. We talked about
no dedicated fast lanes. There is actually a dedicated fast lane, you know, but the barrier that separates the fast lane, it sometimes gets moved. We do see nonfast participants, you know, cutting in line and then they get off the line so we are working at trying to make that a permanent fix so we do have dedicated, you know, fast lanes.

No dedicated outbound fast lanes. Well, I think that we do have infrastructure constraints there. The outbound is problematic. You know, we see the lines backed up. We heard about trucks sitting idle in neighborhoods. And so when I heard that, I said, "Well, I guess I'm not the only one that gets the complaints," because we do get complaints that people -- the trucks are lined up in the neighborhoods and so we do see that as an issue. I think that as I saw all the -- all the plans for the roadways, that will help, you know, alleviate some of these issues that we're seeing with the complaints are coming out -- coming from the neighborhoods.

In closing I'd just like to say first of all, thank Mr. Secretary and the committee for allowing me to come up to here and present, you know, the POE perspective, but I do see the -- the issues that we talk about international trade today is of having CBP right in the center of it because all the international trade has
to come through a port -- has to come through a port of
entry and a lot of the issues that we have -- some of
these challenges, we kind of see these as opportunities,
you know. I know that, you know, most folks relate to CBP
in terms of just wait times. There are a lot more that's
going on than just wait times. You know, I didn't get
into a lot of the enforcement issues, I don't think that
perhaps it'd probably be the right venue for me to
elaborate on all the enforcement. But I do need to kind
of just kind of share that, you know, what -- what's
coming at our ports of entry besides, you know, cars and
people and cargo.

There are a lot of folks that are claiming,
you know, asylum which is a new phenomena that we haven't
seen too many of these folks coming in through our ports
of entry, you know. And so that causes me to, you know,
move resources in trying to address this new workload.
You know, I gave you an example today, 200 criminal fear
cases, people coming in from -- from Guatemala, Honduras,
El Salvador claiming criminal fear. And what does that do
to my resources? You know, we've got to make sure that
we're -- we attend these folks. There's a human -- civil
rights human element in how we're processing these folks.
I just can't put these folks on hold and -- and keep
running business as usual. You know, we've got the
unaccompanied children. You know, I've had up to, you
know, 50, 60 at a time. These are children that they're
minors that need to be attended to, you've got to feed
them, you've got to make sure they go out and do their --
their exercise. That is usually not work that a CBP
officer is really entrusted to do, but it's our
responsibility, we got to do the right thing to take care
of these -- these folks, you know. When we've got to
transport these folks either to -- to the bus station, to
the airport, they got to ERO. That's personnel that I
move to take care of these other functions. That plays
into not being able to open all my lanes. And a lot of --
a lot of these things that are occurring at the port entry
are things that are perhaps not considered when I -- when
I have five narcotic seizures happening at one time, you
know, and that -- that takes -- obviously, you got to take
care of processing the seizures, securing the narcotics,
doing the processing of the smuggler, all that plays into
it. And so I know that most folks don't want to -- don't
want to hear that, they're -- they're just interested
about how much does it take to cross the bridge? And so
I'm aware of it. I do not, you know, shy away from my
responsibility of trying to reduce that wait times. I'm
on the wait times 24/7. You know, we try to plan as much
ahead as we can, but the unpredictability of when am I
going to get a rush of traffic, when are these criminal
fear cases going to hit? I had 25 just show up this
morning, 25 criminal fear cases, unexpected. You know, I
already have 150 pending. And so the unpredictability is
the -- is the -- the unknown there. So how do we prepare
to have enough staffing when -- when all these
unpredictable factors, you know, are hitting? Whether
it's, you know, increase in traffic.

We do look at, you know, special events.
When there's a concert, if there's a holiday, it's a --
and so we try to factor that we need more staff for those
days and trying to have adequate staffing at each port of
entry, you know.

So again I feel that, you know, staffing
could be improved. I -- we manage the staffing resource
that we have the ports as best we can and I utilize the
staff at the other ports. When I'm saturated with folks
that we have to process at our ports of entry, we utilize
all the ports of entry within my AOR in trying to, you
know, keep moving these folks.

MR. CASCOS: Sorry. Go ahead.

MR. MANCHA: I kind of -- I give you the --
the operational perspective of what we see at the ports of
entry. At this point I'll open up to see if there's
anybody has questions.
MR. CASCOS: Mr. Mancha, first of all let me thank you for your presentation and let me thank you for your public service. I don't think anyone in this room fails to recognize the value of the CBP and the -- and the challenges that you have. And I want to continue working with you and we all want to continue working with you and hopefully talking to some of the leadership in -- in Washington about providing additional man and woman power for additional services for you. We don't expect CBP to be able to predict things and unaccompanied minors, I mean those are things that have been occurring for last three or four years and so maybe you can project out that. But -- but I think, you know, we are here to help you and -- and we -- and so I didn't want anybody really jumping on the wait line thing because it is frustrating. When -- when I used to be an elected the official, I'm sure the mayor and the county judge have received phone calls from people complaining about the wait times, you know, especially, you know, southbound and northbound. But -- but it's something that we all have to work with. And I just want to thank you for coming and sharing that information with us. But again we -- we want to continue that dialogue with you. If you need any help from -- from this group or our office or the county judge or the mayor's office, please reach out and let us know what it
is that we and everyone in this room or anyone in this
room can do to assist you in doing -- you know, there --
your port is no different from the other ports of entry
along -- along the border. The drumbeat is the same. You
know, the lack of manpower, you know, unexpectability
[sic]. Things happen and then consequently, well, we
don't -- we never hear that. We read about it in the
newspaper a couple days later, but -- but all we hear
about is the delays in the wait time and -- and what --
what we're empowered to do or engaged to do is try to make
sure that our goods and services are moving as rapidly
across our ports of entry as possible. But don't --
don't -- don't believe for one minute that we don't
appreciate all the work that you guys do. I know it's a
tough job.

I was at the Canadian port of entry not too
long ago, right in the Erie, New York, and it was -- it
was interesting. They have the same challenges that --
that you have, but ours are a lot worse, you know. We
have a lot more traffic coming through our ports of entry
than along the Canadian border. But I just want to thank
you from myself and this group, you know, for your -- you
know, for your hard work.

Let me open that up to any kind of questions
or commentary, we've got a few minutes.
Mayor.

MR. LEESER: You know, one thing. First of all, Mr. Mancha, thank you because you've been a great friend to the community and you work great with the city. When we started the 5- -- 560 program, which is the P3, we actually -- it was more of a learn- -- learning process. Where was the line where we're going gauge the wait time, where are we going to get additional officers, how are we going to do it? You've done a great job of working with us. We actually started meeting every Thursday trying to figure that out and actually we're there now. I think we've actually identified it. And the city is actually tax- -- taxpayer's money, we're actually putting in about $2.2 million every year that help in quality of life bonds starting with bringing goods across the border which is really important but also the quality of life as you -- we used to go out there and look at people waiting in line, walking across the border and having those long wait times. It really meant the quality of life and, you know, when you get, you know 105, 110 degrees so it was really tough. So you've done a great job of expediting that. And one of the things that people need to realize if we had not done the P3 program, if you've not done a great job really working with the city to be able to do that, where would the wait be today? Because we've actually had
a lot of increase of -- whether it's freight traffic, pedestrian traffic, vehicular traffic, we've had a huge increase, but yet based on the work that we've been able to do together, we've actually decreased the wait time by quite a bit. So where would it be today and where it is today is such a big difference based the P3 program which is a pilot program that's a five-year program that I think the Congress and the federal government will increase it, do it on a open basis to all ports because it's been very successful.

So thank you for -- for your hard work. And I remember the every Thursday meetings we -- we had with our office and your office and trying to determine where we were going to actually engage it. I mean we kept right -- putting a line on the ground. Okay. We'll start from here. No, that's not a good spot, we'll do it from here. But we've actually with Metropia and a lot of other things, we've actually been able to gauge and make a big difference. So it's the P3 program has been a huge success to our community and we'll continue to invest in our partnership.

Thank you.

MR. MANCHA: Thank you, Mayor, and thank you to your staff for the great partnership that we have, you know. And also have great partnership with the -- the
trade committee with the stakeholders so if we talk about
the collaboration that occurs, you know, we wouldn't be
able to do our job without the -- the partnership that
exists, whether it be with the stakeholders, the state and
federal partnership that -- that helps CBP, you know,
accomplish its mission day in and day out. So I thank --
thank everybody for that.

MR. CASCOS: Mayor?

MR. SAENZ: Yes, thank you very much. Do
you have any type of preinspection of CBP officers in
Mexico: Livestock, rail, airport?

MR. MANCHA: Not -- not just yet. We do
have Foxconn coming online probably by the end of this
year, if not the early 2017. So we will have alternative
station in Mexico right across the Santa Teresa port of
entry.

MR. SAENZ: Okay. Thank you.

MR. CASCOS: Anything else?

MR. DRUSINA: I would just like to again
thank you for the service that you provide over the 1,954
mile border that we have offices along. We depend on CBP
to protect a lot of our personnel that are doing water
measurements or border line surveys and we got a great
relationship. We couldn't do our job without the
excellent help and support that you provide us. And
just kudos, thank you for what you do.

MR. MANCHA: Thank you, Commissioner.

MR. CASCOS: Anything else?

Gerry?

MR. SCHWEBEL: Secretary, I'm going to take a little bit different perspective, you know, understanding clearly with all due respect to all of our friends at CBP, I would like to see us write -- make a recommendation that every one of the Texas port of entries [sic] require or, you know, have these meetings such as the mayor's talking about -- you know, Mayor Leeser's talking about because it all boils down to the local initiative and the local dialogue of the port of entry.

Some of the more successful points of entry are those that have ongoing meetings between the stakeholders and -- and the -- both the public local officials. But it is not -- you know, it's been years maybe sometimes some do it better than others that we don't -- the CBP has not -- you know, has not sought to have it as part of their ongoing, you know, requirement to actually have those either quarterly meetings or monthly meetings and I think those are critical. You know, you take -- you take the state of Texas, it's got four Customs districts that generate billions of dollars. Yet, you know, by not having let's say a president of the chamber,
a president of the economic development, a president of
the transportation, local transportation association
sitting with the mayors and sitting with the county judges
in ongoing meetings with CBP, I don't see how you can run
any organization successful. So I've -- that's something
I promoted for 30 years, you know, those that know me,
because I believe that's the only way it's going to work
to be successful. Those points of entry that are met --
that are successful. The El Paso stories or some of the
other stories are good because it starts off with the DFO
or starts off with a board of director having the
willingness. But I think it has to come from the top, you
know, not from necessarily -- you know, we -- we're
fortunate at the local level, they take their own
initiative like you do here and like we've done in the
past. It seems like -- like Laredo. But Laredo I've seen
it where it's -- where it's happening and I've seen it
when it's not happening. I like it better when it's
happening, the meetings are ongoing and a dialogue exists
with all the stakeholders, not just the local government
stakeholders. With all due respect to all law enforcement
officials which I have the highest respect for, but I
think that dialogue needs to be part of a structured
ongoing recommendation from this committee in order to be
effective.
MR. CASCOS: We've -- and Caroline has kind of made those notes but put it in writing, send it to us through an e-mail that way we have exactly the verbiage that you want. I think it's a good idea. I will tell you every time we had a new port director in the Brownsville port, we always visited and got together. And you're right, you got to establish that line of communication.

Thank you, Gerry.

Anybody else?

All right. Looks like we're going to finish -- well, not done yet. Thank you, sir. Appreciate you coming by. Thank you.

We are running a good 15 minutes ahead of schedule which is great. I think I'm not going to miss my flight. The -- now the open discussion on future meetings. I will tell you that the next -- the next meeting is scheduled for December the 7th in Brownsville, Texas. We're trying to figure out the logistics in terms of if we can do a tour of the west rail, maybe some other things along that area. December 7th and then we will let you know the -- the logistics of it, hotels, et cetera, when we get closer to that day.

Now, if anybody have any specifics topics they want to talk about, e-mail it to us as soon as you can. We're going to work our end of, you know, to
bring -- to bring a good program, but if anybody has any
ideas of what you'd like to hear in Brownsville, please,
please let us know as soon you can. Okay?

Okay. Judge, you want to read that?

MS. ESCOBAR: Oh, I don't know if I can.

MR. CASCOS: You're the teacher.

MS. ESCOBAR: Right, with very bad vision.

Let's see. Develop and implement -- I feel like I'm at an
eye exam. X-Y-4-3 --

UNIDENTIFIED SPEAKER: Try the other line.

MS. ESCOBAR: Right. One line up.

Develop and implement economic develop
strategy and actions relating to the Texas --

MR. CASCOS: No, public. Develop --
development strategy and public policy.

MS. ESCOBAR: -- and public policy
relating --

MR. CASCOS: That facilitates.

MS. ESCOBAR: Oh. That fac- -- oh, I see.

-- that facilitates U.S.-Mexico border
trade, creates efficient corridors and enhances the state
and national economy.

Good.

MR. CASCOS: Of course since you wrote it,
it sounds good. Thank you very much.
MS. ESCOBAR: The question is is everybody okay with -- is everybody else okay with that?

MR. CASCOS: Silence is concurrence.

All right. Anything else?

MS. MAYS: Just want to let you-all know that we had a lot of discussions on the goals and objectives and we're going to be sending that to you-all, you know, prior to the next meeting to use, make sure that, you know -- this kind of what's going to set the tone for when we move forward with drafting the report.

And then, as we talked about, please send -- you know, you saw what was presented on the key challenges. Some of them have come up in the last discussions. Please send those to me so we could incorporate that and share with you at the next meeting -- the next meeting's going to be very critical. We're going to have kind of what I call a critical path where we have all of the issues that, you know, we talked about today, goals, mission -- mission vision, goals, objectives, key challenges and really started to move into some of the recommendations that Secretary already mentioned here. E-mail those recommendation thoughts, key challenges to us so we could start mapping all of these because we have to have kind of this framework moving forward that will help fin- -- with the final report. But I think the next meeting is where
we're really going to have all those dots connected that will translate into a final report for BTAC sometimes over the next year.

So again just thank you for being here, but keep working while we're not at the meeting, then the meeting -- a lot of the work is done outside of the meeting from our part but also from your part. Thoughts come up, send it to me. Ideas come up, send it to me. Any meetings or things going on, please let me know so I can let the broader group know as well. You know, if you have a meeting whether in the U.S. here along the border or Mexico or, you know, in Washington, D.C., share that information. Or if you even see article, information that might benefit this group, please share it with me so I can share it with the rest of the committee. I think that's really one of the reasons that our committee was very successful was the members participated not just by showing up at the meetings but by feeding the information to me that I fed out to the rest of the committee and it also provided input to the -- to the final documents and are deliverable. So I just wanted to stress that -- that to this committee.

MR. CASCOS: Caroline has spoken, yes, ma'am.

MR. LEESER: I just want to thank you for
being here and bringing the meeting to El Paso and
everyone being here on behalf of the city and the county.
When I say the city, it's city and county because we are
one. We're grateful that you brought the agenda and the
meeting to El Paso and that you'll be here in a couple of
weeks again for your fit times since I've been in office
so I appreciate that and everyone for making your --
El Paso your home for last night and today.

Thank you again. We really -- really are
grateful for that.

MR. CASCOS: Thank you, Mayor.
Oh, yeah, I do have, but you didn't give me
a time. Are you ready?

I want to thank everybody for -- for
attending. I thought it was a very good meeting. I do
want to thank UTEP for -- for offering their facility to
us. Thanking their leadership.

Is there anything else for the BTAC?
If not, do I hear a motion to adjourn?

MR. LOVE: So moved.

MR. CASCOS: Moved by Mr. Love.

Do I have a second?

MR. LEESER: Second.

MR. CASCOS: Second by Mayor Leeser.

Any further discussion?
All those in favor signify by saying "aye."
Any opposed can stay.
We are adjourned.

(The proceedings concluded.)
CERTIFICATE

THE STATE OF TEXAS  )
 )
COUNTY OF EL PASO  )

I, Ruth Aguilar, a Certified Shorthand Reporter in and for the State of Texas, do hereby certify that this transcript is a true record of the testimony given in said proceedings, and that said transcription is done to the best of my ability.

Given under my hand and seal of office on this 19th day of September, 2016.

Ruth Aguilar, Texas CSR 7450
My Commission Expires: 12/31/16

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300 Throckmorton Street, Suite 1600
Fort Worth, Texas 76102
Phone: 817-336-3042