



# CONNECTING NORTH AMERICA: U.S. ROAD BORDER NEEDS



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## EXECUTIVE SUMMARY

This document was developed to highlight the infrastructure needs of U.S. border crossings in view of increasing trade volumes with our neighbors to the north and south. The goal of this compilation document is to provide an increased understanding of U.S. international border crossings, focused primarily on roads and highways. Absence of rail data and recommendations should not imply rail border crossings are without needs. Ports of entry face significant challenges, including aging infrastructure and an often inadequate number of customs and border protection agents needed to staff them. Border wait times act as a disincentive to border crossers making the trip to the U.S. with each additional minute spent waiting translating to a lost opportunity for both businesses and tourists. These case studies demonstrate that investment in border infrastructure yields high economic benefits and point to the need for a strategic approach by our federal government to foster trilateral growth.

## POLICY RECOMMENDATION

### Create a Federal Freight Trust Fund (FTF) to Facilitate Strategic Freight Investment:

Given the limited financial resources available for infrastructure investments, a new funding mechanism may be needed to extend across our nation and to our borders. The new program should select projects through merit-based criteria that identify and prioritize those with a demonstrable contribution to national and international freight efficiency. Long-term funding must be made available to ensure that, once a project is approved, funds will flow through to project completion. Funds would be available to support multi-jurisdictional and multi-state projects, regardless of mode, selected on the basis of objective measures designed to maximize and enhance system performance, while advancing related policy objectives such as environmental improvement.

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# THE STATE OF OUR INTERNATIONAL LAND BORDERS

*Land borders are critical to trade.* The year 2014 marks the 20<sup>th</sup> anniversary of the implementation of the North American Free Trade Agreement (NAFTA). The three partner countries – United States, Canada and Mexico – exchange \$2.6 billion in goods each day. According to U.S. DOT, land trade—carried by truck, rail, and pipeline—accounted for 86 percent of the value of U.S.-NAFTA trade, or \$830 billion, in 2008.<sup>1</sup> In addition to carrying trade among the three NAFTA nations, large volumes of goods from non-NAFTA nations also enter the United States via land borders. In 2012, a combined 7.5 million freight containers crossed from Canada<sup>2</sup> into the U.S.; in that same year, 5.9 million freight containers entered the U.S. by way of Mexico.<sup>3</sup>

Ports of entry face significant challenges, including aging infrastructure and an often inadequate number of customs and border protection agents needed to staff them. A heavy focus on security has impacted the freight industry by diverting investments from improving infrastructure, leaving a multibillion dollar deficit in border infrastructure with no dedicated source of revenue for investment. Border wait times act as a disincentive to border crossers making the trip to the U.S., with each time spent waiting translating to lost opportunities for both businesses and tourists.

## NOGALES PORT OF ENTRY IN ARIZONA

With 23 million northbound visitor border crossings, 373,000 northbound truck crossings, and 602 train crossings annually, long waits at the border suppress economic development. Nearly half (43 percent) of all the winter produce consumed in the United States comes through the Nogales Port of Entry (POE).<sup>4</sup>

## WHY ARE BORDERS IN NEED OF ATTENTION?

The need to improve our nation's border crossing capacity stems from steady North American growth in global and regional economic integration that squeezes ever more people and goods through border infrastructure that was sized for a much smaller and significantly less security-conscious economy.

### THE SAN YSIDRO-PUERTA MEXICO PORT OF ENTRY

The San Ysidro-Puerta Mexico POE is the busiest international passenger land crossing along the U.S.-Mexico border. The nearby Otay Mesa POE accommodates the second highest volume and value of trucks among all southern border POEs (about 1.5 million north and southbound trucks with cargo valued at \$34 billion in 2012). Northbound peak wait times at both of these existing facilities can routinely last for more than two hours for passenger vehicles, and commercial truck drivers have often logged four hours in line. In addition to lost productivity associated with long border waits, idling cars and trucks are detrimental to air quality.<sup>6</sup>

### The U.S.-Mexico Border:

Economists estimate that by the end of this decade, Mexico will be among the world's ten largest economies. Manufacturers increasingly see the benefits of opening plants and warehouses in Mexico; the minimum wage is rising in China and the cost of transporting goods from Asia to America is pricier and more time consuming than trucking them from Mexico. Additionally, the Peña administration has announced plans to reform the energy industry, including slimming the state-run oil and gas monopoly. According to projections by HSBC, by 2018, the U.S. will be more dependent on imports from Mexico than from any other country.<sup>5</sup>

<sup>1</sup>U.S. Department of Transportation, Research and Innovative Technology Administration, Bureau of Transportation Statistics, America's Freight Transportation Gateways (2009)

<sup>2</sup>U.S. Department of Transportation, Research and Innovative Technology Administration, Bureau of Transportation Statistics, U.S.-Canadian Border Land-Freight Gateways: Number of Incoming Truck or Rail Container Crossings (2012)

<sup>3</sup>U.S. Department of Transportation, Research and Innovative Technology Administration, Bureau of Transportation Statistics, U.S.-Mexican Border Land-Freight Gateways: Number of Incoming Truck or Rail Container Crossings (2012)

<sup>4</sup>Maricopa Association of Governments, Arizona's Opportunity: Enhance Trade With Mexico (4 Nov. 2012)

<sup>5</sup>The Economist, "Senores, start your engines" (2012)

<sup>6</sup>California Department of Transportation, State Route 11 and Otay Mesa East Port of Entry Preliminary Financial Strategy (Dec. 2010)

## The U.S.-Canada Border:

Canada is the biggest purveyor of crude oil to the United States and the two countries share the closest energy relationship in the world. Over 15 percent of the U.S.'s oil supply is provided by its Northern neighbor, making it the largest single supplier to the U.S.<sup>7</sup> In 2011, Canada's energy exports were valued at U.S. \$120 billion, with 90 percent going to the U.S. That same year Canada's total oil production was 3 million barrels a day, and output is forecasted to rise with increased development of oil sands.<sup>8</sup>

Existing transportation infrastructure has struggled to accommodate the boom. Highway 39, which runs through southern Saskatchewan and into the United States, is now clogged with three-quarter-ton flatbeds, fleet trucks and tankers. The Government of Canada spent \$12 million rehabilitating and upgrading sections of Highway 39. In April of 2013, the Canadian government announced that it would designate an additional \$10 million to upgrades aimed specifically at speeding up traffic and increasing highway capacity within the Bakken region. However, as more oil companies establish wells in the Bakken, estimates suggest that daily oil production might reach 1 million barrels by 2015. Extensive infrastructure upgrades will be needed to accommodate this massive uptick in oil production, on Highway 39 and all along the Canada-U.S. Border.

## SASKATCHEWAN'S BAKKEN BOOM

The Bakken Boom in Saskatchewan began in 2008, when new rock fracturing technology enabled existing wells to drastically increase their productivity. By 2010, oil production rates had reached 458,000 barrels per day. By 2011, 2,500 new wells were completed in the Bakken region, with 4,650 additional wells planned.<sup>9</sup>



U.S. 95 in Idaho Approaching Canada's Eastport/ Kingsgate POE

### FACT

Canada has the second largest proven oil reserve in the world. Over 2 million barrels of oil a day come to the U.S. from Canada—more than from any other country.<sup>10</sup>

## INADEQUATE BORDER INFRASTRUCTURE IS A DRAG ON THE ECONOMY AND THE ENVIRONMENT

Land border crossings are already beyond capacity, and the long wait times are harming economic productivity. The problems will only amplify as trade among North American nations increases.

According to the San Diego Association of Governments (SANDAG)-Caltrans study *2007 Update: Economic Impacts of Border Wait Times in the San Diego-Baja California Border Region*, the border traffic congestion and delays between San Diego County and Baja California cost the U.S. and Mexican economies an estimated \$7.2 billion in gross output (value of goods and services produced) and more than 62,000 jobs in 2007.<sup>11</sup> The annual dollar loss is equivalent to 18 Super Bowls. The annual job loss is equivalent to four companies the size of Google.

<sup>7</sup> Flintoff, Corey, National Public Radio, "Where Does America Get Oil" (2013)

<sup>8</sup> Government of Canada, Canada and the United States, Energy Relations <<http://www.can-am.gc.ca/relations/energy-energie.aspx?lang=eng>>

<sup>9</sup> Associated Press, "New Drilling Method Opens Vast U.S. Oil Fields" (2011)

<sup>10</sup> Government of Canada, Canada and the United States, Our Shared Border: Key to Security and Prosperity (Feb. 2007)

<sup>11</sup> San Diego Association of Governments & California Department of Transportation, 2007 Update: Economic Impacts of Wait Times at the California-Mexico Border (2007)

Economic models estimate that delays for commercial vehicles at the Imperial County, California POEs are costly to the economy in terms of output and jobs, as well as forfeited tax revenues (see table below).

Impact Metric	California	Imperial County	Mexico	Baja California
Total Output Losses (in millions of dollars)	-\$620	-\$384	-\$755	-\$629
Total Employment Losses (in jobs)	-4,844	-4,479	-4,552	-3,880
Total Tax Revenue Losses (in millions of dollars)	-\$88	-\$66	N/A	N/A

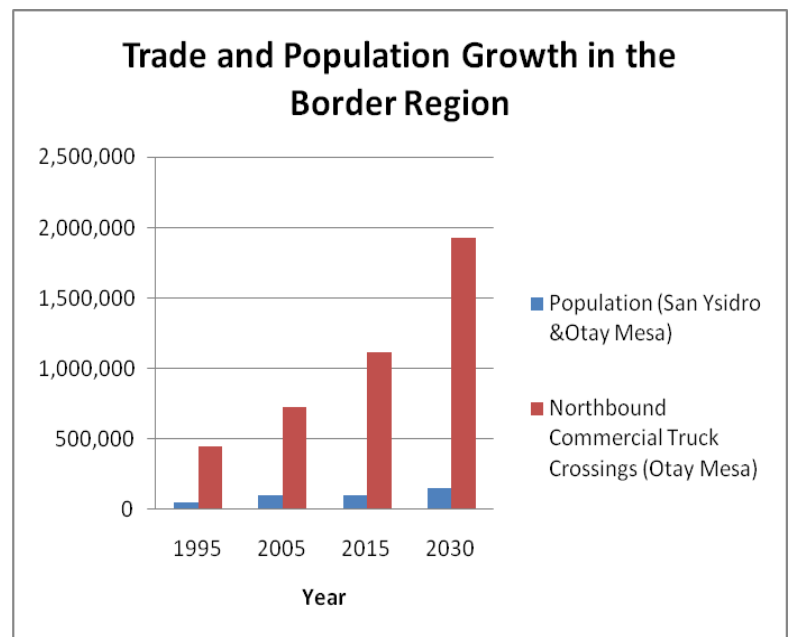
Continued increases in regional manufacturing with evolving techniques and strategies are anticipated and would generate more truck trips through Imperial County POEs. If correct, this may lead to increased congestion at the border and longer border crossing times for both passenger vehicles and trucks.

Trade with Canada is also critical to the U.S. economy. In fact, the Detroit — Windsor POE is the gateway to the largest trade corridor in North America. Its Ambassador Bridge accounts for as much trade as the U.S. averages with Japan annually.<sup>12</sup> A total of 400,000 business people, tourists and commuters travel between Canada and the U.S. every day and in 2011 a total of \$689 billion in goods and services crossed the same border.<sup>13</sup>

## BORDERS ARE VITAL TO THE ECONOMY

### SANDAG FORECASTS SHOW A STEADY GROWTH IN POPULATION AND TRADE: THE BORDER PROBLEM NEEDS IMMEDIATE ATTENTION

Population, border traffic, and border trade have shown a steady growth rate in the San Diego —Tijuana region. State and local transportation and land use agencies in California and Baja California, Mexico, have consistently identified the need for additional access and transportation facilities to connect the regions of San Diego and Tijuana. The existing San Diego – Tijuana border crossings are located in San Ysidro and Otay Mesa. The San Ysidro POE (Tijuana) provides a non-commercial crossing to over 30 million people annually using various modes of travel, while the Otay Mesa POE provides both commercial and non-commercial crossing to approximately an additional 1.5 million commercial trucks and 6 million non-commercial vehicles annually.<sup>14</sup> All POEs frequently experience long delays for both commercial and non-commercial vehicles. Demand for border crossing capacity is strained; and although some improvements are planned, limited available right-of-way, rugged terrain and surrounding development constrain further expansion.



<sup>12</sup> Karnes, Larry, *Paths to Prosperity: Michigan's International Corridors* [PowerPoint slides]. Michigan Department of Transportation. Retrieved from <[http://midamericafreight.org/wp-content/uploads/Karnes\\_MichigansInternationalCorridors.pdf](http://midamericafreight.org/wp-content/uploads/Karnes_MichigansInternationalCorridors.pdf)> (2013)

<sup>13</sup> Norton, Ron, *Connecting the U.S. to the World: Seizing the Canadian Opportunity* [PowerPoint slides]. Embassy of Canada. Retrieved from <[http://midamericafreight.org/wp-content/uploads/Norton\\_SeizingTheCanadianOpportunity.pdf](http://midamericafreight.org/wp-content/uploads/Norton_SeizingTheCanadianOpportunity.pdf)> (2013)

<sup>14</sup> U.S. Department of Transportation, Research and Innovative Technology Administration, Bureau of Transportation Statistics, Border Crossing/Entry Data, based on the U.S. Department of Homeland Security, Customs and Border Protection (2010)

The total value of goods traded within and through California’s Imperial County has grown rapidly since NAFTA’s enactment in 1994, increasing from nearly \$3 billion to \$12 billion in 2011.

The region’s trade also seems to be on the path to recover from the recent recession, as the total amount of goods traded grew 23.5 percent in 2010 and 15.3 percent in 2011 (compared to the corresponding previous year).

Also in 2011, a total of 313,502 trucks entered the region through Imperial County POEs (loaded and empty trucks combined) and the value of goods traded through Imperial County’s POEs by truck was over \$11.5 billion.<sup>15</sup>

**Total Value Transported by Truck Through Imperial County Ports of Entry, 2011**

Value (in millions of dollars)	Andrade	Calexico West	Calexico East	POE Total
Mexico to United States	\$0.0	\$0.0	\$6,007.2	\$6,007.2
United States to Mexico	\$0.3	\$134.2	\$5,394.7	\$5,529.2
<b>Total</b>	<b>\$0.3</b>	<b>\$134.2</b>	<b>\$11,401.9</b>	<b>\$11,536.4</b>

Industrial parks in Mexico are closely linked to the demand of truck trips across the border. State Development Plans for the Mexican state of Baja California prioritize the promotion of industrial parks throughout Baja California and may lead to an increased demand for commercial crossings through Imperial County’s POEs. The potential for increased near-sourcing (i.e., the return of manufacturing and associated industries closer to the U.S.) may result in increased demand and growth of industrial parks near the U.S.—Mexico border. As a result of Free Trade Zones, industrial parks along the U.S.—Mexico border are heavily reliant upon goods movement activities to move raw, semi-finished, and finished goods back and forth across the border to meet producer’s needs. This makes drayage a critical component of the movement of goods across the border.



Traffic at the San Ysidro — Tijuana Border Crossing

<sup>15</sup> Southern California Association of Governments, Goods Movement Border Crossing Study and Analysis (2012)

# Work is Being Done, Leading to Significant Economic Benefits

## Examples of Projects to Mitigate Costs at Border Crossings

### **Pacific Highway POE (Washington State): Six Month Pre-Inspection Pilot Program Launched**

Beginning in June, 2013, cargo trucks crossing into the U.S. from Surrey, British Columbia now have the option of submitting to a pre-inspection process during their southbound trips. The project, a joint collaboration between the Canada Border Services Agency and Public Safety Canada, consists of two phases. The first phase allows trusted traders use of a dedicated CBP pre-inspection commercial primary booth, located on the Surrey, British Columbia side of the border. Traders qualify as trusted if they participate in the FAST (Free and Secure Trade) program, a commercial clearance program for known low risk shipments entering the U.S. from Canada and Mexico. The pre-inspection process includes radiation screening in addition to basic, primary processing. Additionally, the first phase of the pilot project tests the viability of developed technologies and joint U.S.—Canada procedures to conduct pre-inspections. A second phase of the pilot project will allow the CBP to monitor wait times and provide traffic mitigation as needed. The pilot project is slated to continue at the Pacific Highway Crossing in Washington state for up to six months, Monday through Friday, between 8 a.m. and 4 p.m. The project will ultimately provide officials in both countries with information on the effectiveness of pre-inspection processes.

### **Otay Mesa East POE & SR 11 (California): Increasing Capacity by Adding a Third Crossing**

SANDAG, in cooperation with Caltrans, the U.S. General Services Administration (GSA), counterpart agencies in Mexico, and other project stakeholders, is working on developing the new Otay Mesa East POE and associated transportation network, SR 11. The project is located approximately two miles east of the existing Otay Mesa border crossing and will constitute a third border crossing along the San Diego region's border with Tijuana. The improvements on the U.S. side of the border are expected to cost in the range of \$615 million to \$715 million and are to be funded through tolls, fees, and other revenues such as the state's Proposition 1B Trade Corridor Improvement Fund (TCIF).

### **Blue Water Bridge (Michigan): Dedicated FAST Lane and Staggered Inspection Booths**

The Blue Water Bridge between Michigan and Canada is the second-busiest truck crossing, accounting for approximately 14 percent of the truck trade facilitated between the two countries. In the aftermath of 9/11, extensive border security measures were created, resulting in congestion and delays. Improvements on both the Canadian and U.S. sides of the border have helped mitigate the problem. Canada opened a dedicated FAST truck lane, resulting in little-to-no wait time for qualifying Southbound trucks. Michigan demonstrated a commitment to utilizing existing infrastructure as best as possible. With only a \$1.5 million investment from Michigan Department of Transportation, the bridge added additional, staggered inspection booths for commercial trucks. Wait times went from 15 minutes to an impressive 1 minute and 30 seconds.

#### **FACT**

\$1 million in goods and services cross the U.S.'s northern border every minute, making the Canada—U.S. trade relationship the largest in the world.<sup>16</sup>

<sup>16</sup> The White House, United States- Canada Beyond the Border: A Shared Vision for Perimeter Security and Economic Competitiveness (2011)

## **Nogales POE (Arizona): Increasing Truck Weights to Minimize Costs**

At the Nogales POE, traffic increases each year from late November through January, and stays constant until Mexico's harvesting season ends in May. Produce trucks are limited to carrying only 80,000 pounds into Arizona, meaning higher transport costs and more trucks on the road. In an effort to expedite crossings and decrease traffic, the Arizona Department of Transportation (ADOT) used federal guidelines and engineering studies to determine how much additional weight roads could handle and started offering overweight permits through a pilot program in 2010. For \$75 (on top of necessary permits), trucks can carry up to 90,800 pounds of produce in sealed containers. The permit is only available for trucks crossing at the Nogales POE, and trucks can only travel up to 25 miles north of the border. After just nine months, ADOT reported that permits issued through the pilot program generated \$1.23 million to assist funding the needed transportation infrastructure.<sup>17</sup>

## **Peace Bridge (New York): Expedited Plan Gains Approval**

New York Governor Andrew Cuomo and The Honorable Gary Doer, Canada's ambassador to the United States, recently announced that \$140 million in planned projects at the Buffalo and Fort Erie crossing to ease traffic movement would be expedited. These plans include widening and upgrading the plaza on the U.S. side of the Peace Bridge, as well as placing an initial inspection point of U.S.-bound trucks on the Canadian side of the span. The Peace Bridge crossing between Buffalo, New York and Fort Erie, Ontario is the third-busiest U.S.—Canada truck crossing.

## **Benefits of Improving Border Crossings**

President Obama and Canada's Prime Minister Harper announced an agreement in 2011 titled "Beyond the Border: A Shared Vision for Perimeter Security and Economic Competitiveness." The deal was designed to improve efficiency at border crossings, while simultaneously ensuring high security standards were in place. One element of Beyond the Border, the Small and Remote Ports of Entry Initiative, called for a pilot project to test the viability and potential benefits of expanding remote traveler processing. On May 24, 2013, the Canadian Minister of Public Safety announced two processing pilots: one taking place at Morses Line, Quebec,<sup>18</sup> and a second at Piney, Manitoba.<sup>19</sup> Both pilots are scheduled to begin in April 2015 and are designed to improve access to border services for Canadian travelers trying to cross the border after regular hours of service, but not at the expense of security. The Small and Remote Ports of Entry Initiative will utilize technology to process travelers remotely, with a system involving two-way audio, one-way video cameras and increased lighting. Both POEs will be connected to a remote monitoring center, staffed by Canadian border services officers 24 hours a day, seven days a week. The system requires pre-registration and will only be open to Canadian and American citizens and lawful residents.

The pilot locations were chosen due to the low volume of both commercial and traveler traffic crossing the border. Once completed, the pilots will be reviewed against performance measures to determine success, viability and whether expansion should be undertaken. The review will be conducted using qualitative and quantitative data collected before, during and after the pilot and will also verify that remote traveller processing users are complying with border-related legislation.<sup>20</sup>

<sup>17</sup> Trenkner, Tina, Governing, "AZ Permits for Overweight Trucks Expedite Crossings at Border" (14 Feb 2011)

<sup>18</sup> Canadian Border Services Agency, "Canada Announces Remote Traveller Pilot Projects to Extend Service Hours at Morses Line, Quebec Port of Entry" <<http://www.cbsa-asfc.gc.ca/media/release-communique/2013/2013-05-24-eng.html>> (24 May 2013)

<sup>19</sup> Canadian Border Services Agency, "Canada Announces Remote Traveller Processing Pilot Project to Extend Service Hours at Piney, Manitoba Port of Entry" <<http://www.cbsa.gc.ca/media/release-communique/2013/2013-05-24a-eng.html>> (24 May 2013)

<sup>20</sup> Canada Border Services Agency, Fact Sheet: Small and Remote Ports of Entry Initiative-Pilot of Remote Traveller Processing at Piney, MB <<http://www.cbsa.gc.ca/media/facts-faits/127-eng.html>>



## THE BORDER MEANS JOBS — NAFTA RELATED JOBS

The Otay Mesa community in Southern California is home to over 500 maquiladora operations. The aforementioned Otay Mesa East POE project (discussed on page five) will make improvements that allow for expansion, hiring, and growth of private sector production in the California/Mexico border region. There are more than 1,500 acres of industrial land that have been approved for Foreign Trade Zone uses along the corridor,<sup>21</sup> allowing for U.S. businesses to reduce, defer, or eliminate payment of U.S. Customs duties. Mexico is the U.S.'s third largest trading partner (after Canada and China)<sup>22</sup> and California's number one export market.<sup>23</sup>

**FACT**  
7.1 million U.S. jobs are supported by trade between the U.S. and Canada.<sup>24</sup>

## Policy Recommendation

### Create a Federal Freight Trust Fund (FTF) to Facilitate Strategic Freight Investment:

Given the limited financial resources available for infrastructure investments, a new funding mechanism may be needed to extend across our nation and to our borders. The new program should select projects through merit-based criteria that identify and prioritize those with a demonstrable contribution to national and international freight efficiency. Long-term funding must be made available to ensure that, once a project is approved, funds will flow through to project completion. Funds would be available to support multi-jurisdictional and multi-state projects, regardless of mode, selected on the basis of objective measures designed to maximize and enhance system performance, while advancing related policy objectives such as environmental improvement.

## Policy Considerations

To minimize the negative economic effects of delays at the border, a set of policy options can be explored on both sides of the border to reduce crossing times. In most cases, the options require cooperation among federal, state and local agencies to be successfully implemented. The options focus primarily on truck freight, which is not to say options should not be explored to improve freight rail border crossings. These options can be divided into three broad policy categories: (i) optimize use of existing capacity, (ii) improve throughput, and, (iii) expand capacity.

### *Policy 1: Optimize Use of Existing Capacity*

Based on experiences of CAGTC members, especially those in Imperial County, CA, a host of options requiring further research has been developed and listed below. The objective would be to reduce border-crossing times by providing incentives for decision-makers (e.g., brokers and logistic managers) to use capacity in an efficient way and therefore allocate demand appropriately across all available capacity. A typical barrier to successfully implementing these options is the flexibility of business practices.

- **Establish Standards:** A systematic review of land border crossings should be conducted in order to establish benchmarks and performance standards for POEs that have multiple modes requiring customs clearance. Priority analysis should be given to crossings with 24/7 hours of operation and multi-modal POEs that include both rail and truck movements.

<sup>21</sup> The City of San Diego, Economic Development, International Trade Foreign-Trade Zone <<http://www.sandiego.gov/economic-development/sandiego/trade/tradezone.shtml>>

<sup>22</sup> Executive Office of the President of the United States, Office of the United States Trade Representative, Americas, U.S.-Mexico Trade Facts <<http://www.ustr.gov/countries-regions/americas/mexico>>

<sup>23</sup> California Chamber of Commerce, Trading Partner Portal: Mexico, Leading California Exports Graph (2012)

<sup>24</sup> Connect Canada, "The Canada-U.S. Relationship vital to our mutual prosperity and security" <[http://canada-minnesota.org/Attachments/Canada-US\\_Relationship\\_Summary.pdf](http://canada-minnesota.org/Attachments/Canada-US_Relationship_Summary.pdf)>

- **Institute an Appointment System:** This would allow commercial users of POEs to electronically schedule border crossings, free of charge, and receive a window of time within which trucks may cross. Non-scheduled crossings would wait in the standard queue, which would normally require longer wait times to cross. In this way, CBP and neighboring country border patrols can best allocate available capacity and inspection resources. However, in order to implement this alternative, adequate infrastructure is needed to allow trucks with appointments to access dedicated lanes and booths.
- **Consider Permits for POE Use:** If legally possible, POEs could distribute “licenses” or “user permits” to trucking companies to provide preferential entry. Licenses could act as all day appointments and licensed trucks would be granted a defined percentage of daily border crossing capacity. However, in order for this strategy to accommodate international trade and economic integration in the region, it would have to be combined with capacity expansion alternatives such as increasing operating hours or construction of new POEs.
- **Explore Variable Pricing:** Pricing is a common tool to manage demand for congested infrastructure and recent efforts indicated that a majority of the users of Imperial County POEs are not opposed to the strategy. Two forms of variable pricing mechanisms may be explored at Imperial County POEs, though it should be noted that in both cases the adequate infrastructure (e.g., dedicated lanes and variable informational signage) must be present for the alternative to be successful.
  - o Congestion pricing - Real-time congestion pricing is a strategy that varies the total cost associated with border crossings depending on traffic levels. With appropriate adjustments to tolls and fees, traffic congestion can be dissipated over time and/or available physical capacity.
  - o Value pricing - Value pricing adjusts the cost associated with border crossing depending on the urgency, or other measure of importance, of each shipment. Many shipments are time sensitive due to current supply chain inventory practices or perishability. Importers may determine that it is in their best interest to expedite shipping and may choose to pay additional tolls or fees based on their demand for time-sensitive crossings.<sup>24</sup>
- **Provide Relevant Information to Decision-Makers:** This potential strategy consists of expanding the current web-based system used by CBP to report open lanes and current wait times at each POE, notifying brokers and shippers of congestion conditions at POEs, allowing for more efficient decisions about when to cross the border, and providing information that enables the selection of appropriate dispatch times prior to loading the trucks.
- **Explore Implementing “Windows” of Priority:** Border crossing capacity can be optimized by limiting or prioritizing access to loaded trucks during peak hours or predetermined hours of the day. Processing of empty trucks can be minimized during those hours and encouraged throughout the rest of the day.<sup>25</sup>

<sup>24</sup> An example is agriculture shippers who place a premium on rapid access to the U.S. market.

<sup>25</sup> Given the importance of drayage in regions such as Amerial County, CA, this option must be carefully considered and input from the commercial users of the POE must be elicited to guarantee a successful implementation.

- **Customize Pre-Clearance and Pre-Inspection Programs:** Increase participation in incentivized pre-clearance, pre-inspection and compliance programs by customizing them to specifically address each POE's specialized function. For example, CTPAT works well for manufacturing shipments in Imperial County, but presents challenges for fresh produce.
- **Improve Resource Management:** Resource management of lane opening and closing times, and ensuring the number of lanes open is on target with demand, will go far to increase efficiency. Crossings that blend railroad and truck traffic present a particular challenge due to the length of time it takes for trains to cross.
- **Relocate Customs Clearance Responsibilities:** Moving some of the customs clearance responsibilities further from the border, where loads can remain secure, breaks up congestion. Technologies such as GPS, tagging, and other ITS capability can address concerns of cargo bypassing clearance prior to entering the United States.
- **Allow Hours of Service Exemptions:** Lengthy wait times at congested border crossings have a negative impact on trucking productivity and can place drivers at risk of violating the Hours of Service rule. Hours of Service exemptions at border crossings could assuage concerns of drivers who have cross border routes.

### ***Policy 2: Improve Throughput***

Throughput increases can be achieved by raising the rate of movement and pace of inspections at the POEs. However, this does not equal faster inspections or compromising the security of the inspection process. The options considered here are related to the logistic and intelligence processes performed before the actual inspection.

- **Segment Trucking Population:** With proper segmentation of commercial trucks, CBP and other agencies can efficiently deploy differentiated services to increase throughput for specialized shipments. U.S. border authorities should be able to quickly transition lane types and processing modes to accommodate the highest demand segments at any given time.
- **Expand Trusted Traveler Programs:** While FAST lanes have been proven to reduce border crossing times at Imperial County POEs, this solution cannot be implemented by all trucking companies due to the nature of the transportation processes in the region (i.e., drayage). Special trust-based programs could be designed for trucks carrying low-risk agriculture products on a seasonal basis or products from industrial parks that perform several crossings during a single day.

### ***Policy 3: Expand Capacity***

This category of alternatives represents increasing the supply of border-crossing capacity by either enlarging physical infrastructure or increasing staff and operating hours. This, in turn, improves the ability to process growing traffic volumes in the region.

- **Expand and Improve Physical Infrastructure:** Options for expanding physical infrastructure include improvements to existing infrastructure (e.g., improving access roads to the POE, increasing the number of approaching lanes and inspection booths and redesigning secondary inspection facilities to accommodate more trucks) or construction of new infrastructure (i.e., a new POE). In either case, bilateral effort is required to improve infrastructure on both sides of the border. Infrastructure should include both Intelligent Transportation System/scanning capability as well as queuing facilities to decrease travel time and congestion.

In addition to federal investment, border states should also support highway and rail investment necessary to border crossings for the economic vitality of their state and local border communities. Incentives that encourage Private-Public Partnerships and participation in the planning and financing of border infrastructure could assist in shouldering the cost.

- **Increase Staffing and Operating Hours:** Increased operating hours at POEs is an option to increase opportunities for trucks to cross the border and to potentially spread the demand for the use of the POEs throughout different hours of the day. There is an estimated \$2 million total increase in GDP per CBP staff added to a port of entry.<sup>26</sup>
- **Install SENTRI lanes at all major U.S. border crossings:** Secure Electronic Network for Travelers Rapid Inspection (SENTRI) lanes allow participating travelers to use dedicated facilities with secure documents for a fast secure crossing. This feature is a major incentive for attracting new companies and workers to a border region.

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<sup>26</sup> Roberts, B., Heatwole N., Wei D., Avetisyan M., Chan O., Rose A., & Rose A., USC CREATE Homeland Security Center, National Center for Risk and Economic Analysis of Terrorism Events, University of Southern California, The Impact on the U.S. Economy of Changes in Wait Times At Ports Of Entry (4 April 2013)

## ABOUT CAGTC

The Coalition for America's Gateways and Trade Corridors (CAGTC) was established to bring national attention to the need to significantly expand U.S. freight transportation capabilities and to work toward solutions for this growing national challenge. Our sole purpose is to raise public recognition and Congressional awareness of this need and to promote sufficient funding in federal legislation for trade corridors, gateways, intermodal connectors and freight facilities.

### OUR WORK

- Bring national attention to the needs of our multimodal freight system
- Educate members of Congress & develop consensus for federal investment policy that supports intermodal connectors, trade corridors, freight facilities and gateway access
- Educate the public, primarily through media outreach, to increase appreciation and support for freight system needs

### MEMBERSHIP

CAGTC is comprised of over sixty representative organizations, including state DOTs, MPOs, ports, engineering firms, and freight corridors that have come together to improve national freight policy.

## CAGTC

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