

Arizona-Mexico Projects Update

Port Efficiency, Connectivity and Cross-Border Collaboration

John Halikowski

Director
Arizona Department of Transportation

November 18, 2016

Improved Cross-Border Collaboration



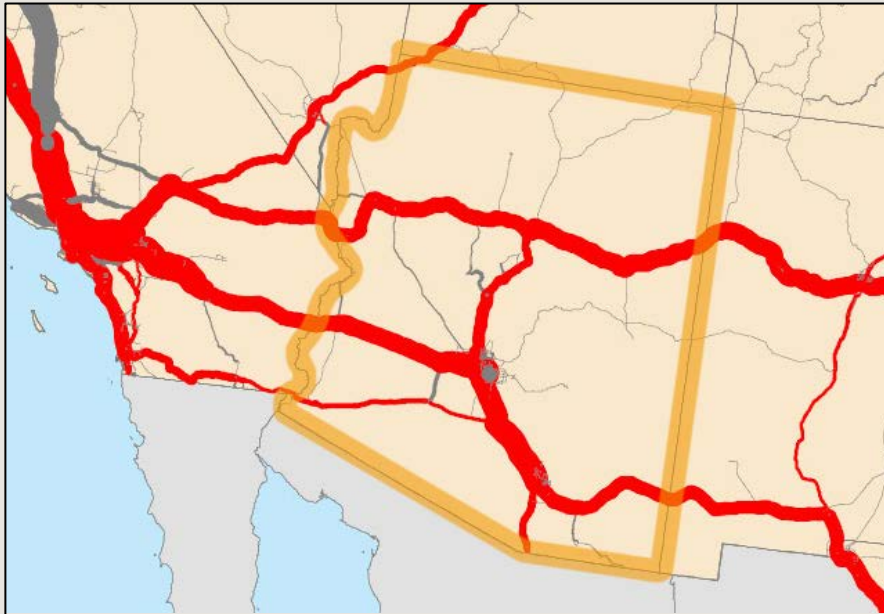
High-level U.S.-Mexico communication and joint planning shift in the right direction

- New governors in Arizona and Sonora bring closer collaboration between the neighbor states
- 2016 Arizona-Mexico Commission Summit with Arizona-Sonora MOU
- More than a handshake — Arizona and Mexico commit \$1M+ for border region studies and trade corridor improvements

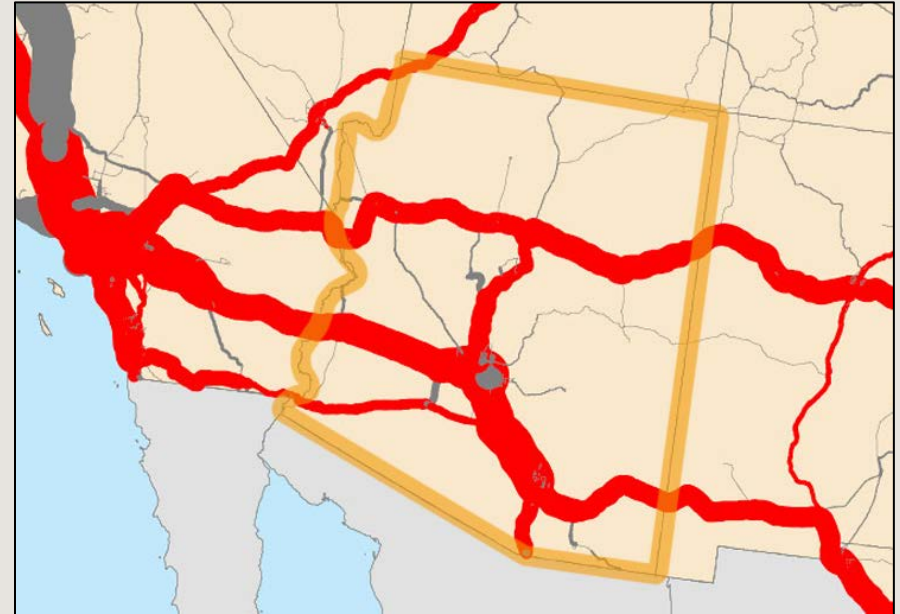


Studies Show Border Region Strengths

Average Daily Long-Haul Freight Traffic



Today

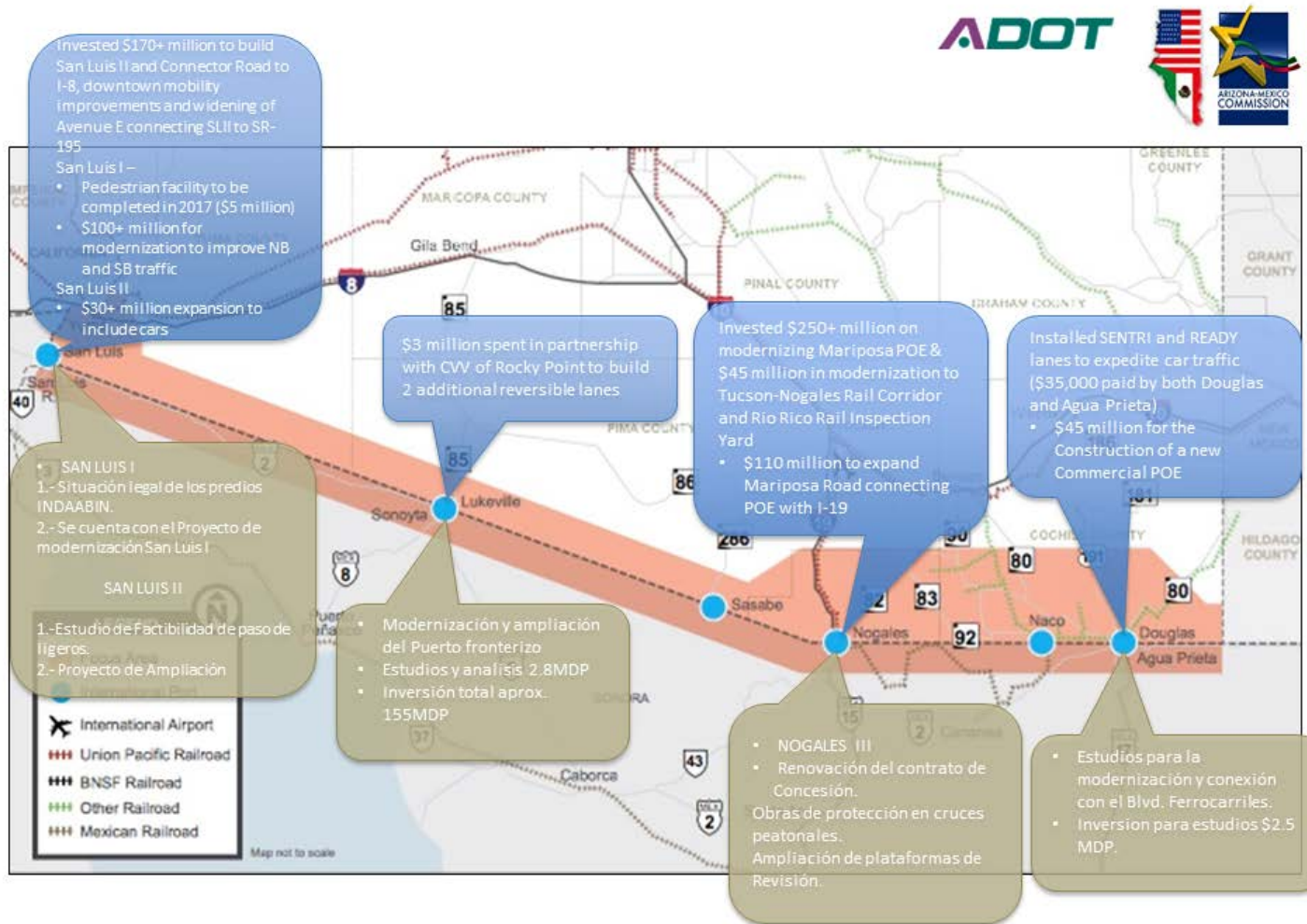


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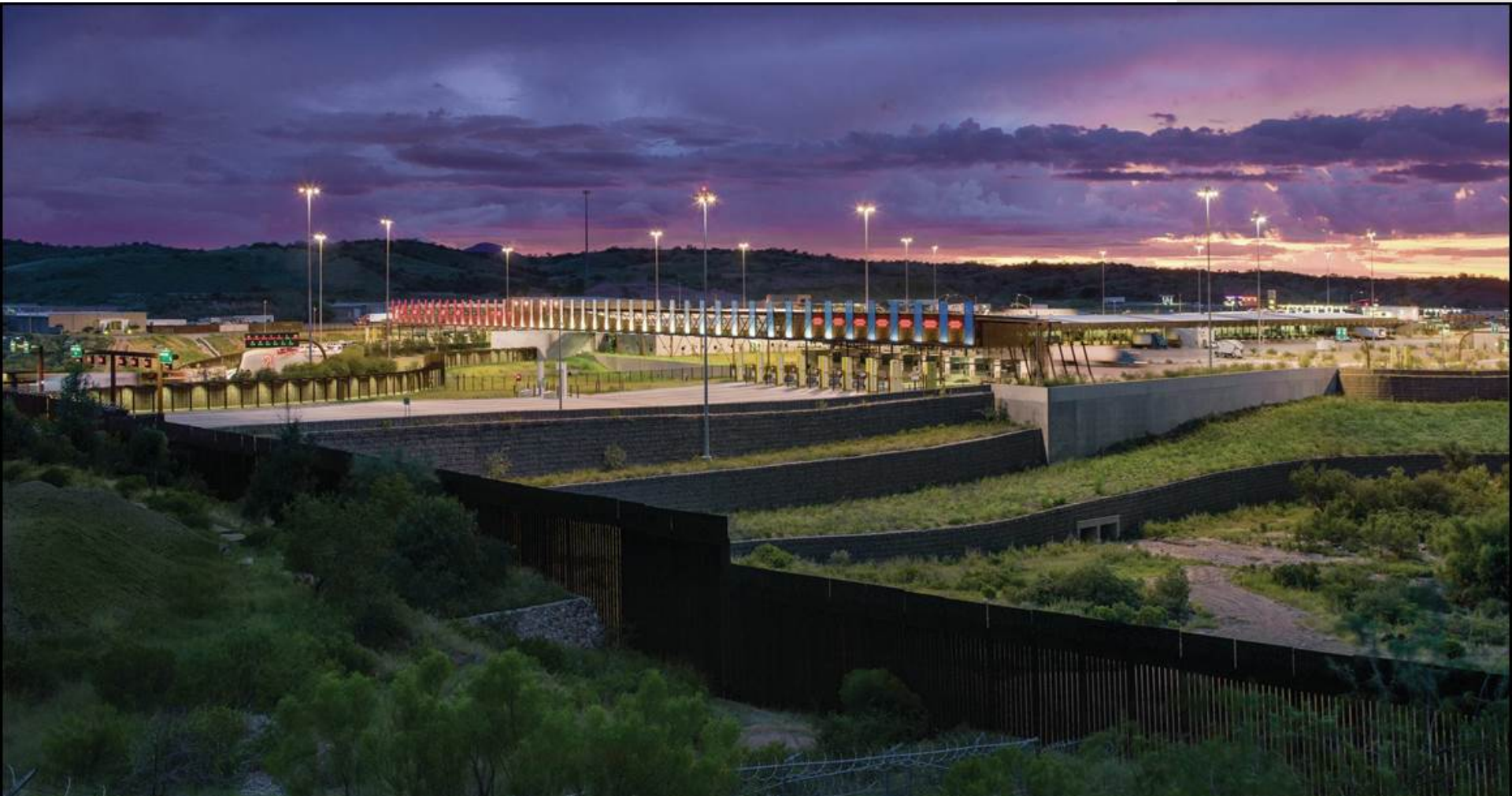
Better understanding of border region will drive Arizona's competitiveness and growth

- Binational Corridor Study highlights AZ footprint in western Mexico
- Border Business Case for individual community promotion
- Arizona-Sonora Border Master Plan – one of the first by any state
- Border Wait Time Study provides real-time metrics to identify necessary improvements at POEs

19 projects and more to come ...



\$700M+ for POEs and Connectivity



POE investment opens the door to \$43 billion in North American trade through Arizona

- \$250M Mariposa expansion — capacity to handle more than 4,000 trucks per day
- New San Luis II POE and ADOT's roadway improvements boost trade and alleviate congestion in Yuma/San Luis region
- Port improvements promoting investment in border communities, e.g., cold storage facility at Mariposa



Unified Inspections: A First on the Border



Historic unified inspections cut average wait times from 8 hours to 20 minutes

- Pilot program for joint U.S./Mexican inspections of C-TPAT/FAST certified companies
- Grassroots collaboration with local customs officials
- Unified inspections set Arizona apart and offers a border that moves at the speed of business



Multimodal Connectivity Enhanced



Truck and rail shipping both experiencing more efficient and profitable operations

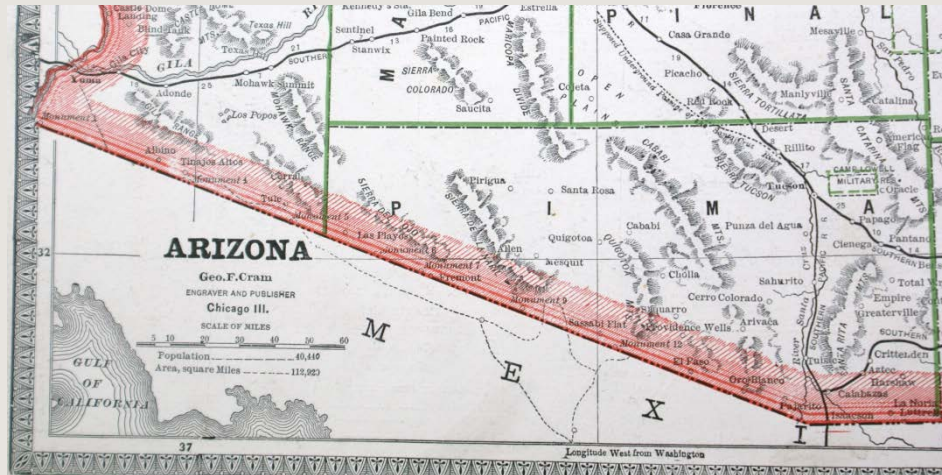
- Overweight truck permits offer cost savings and efficiency to the produce industry
- Rail improvements in U.S. and Mexico encourage multiple options for long-haul shippers
- State Route 189 improvements to fix traffic bottleneck accelerated to start in 2019 — two years early



Honsha Project — process improvements to change negative perception of Arizona POEs

- Shift from random inspections to a risk management approach
- Elimination of redundancies in U.S. safety inspections
- Engage in new level of dialogue between enforcement and the trucking industry
- Roll out statewide communication plan to share the process changes with trucking industry

Stay tuned for more success stories
from the border ...



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