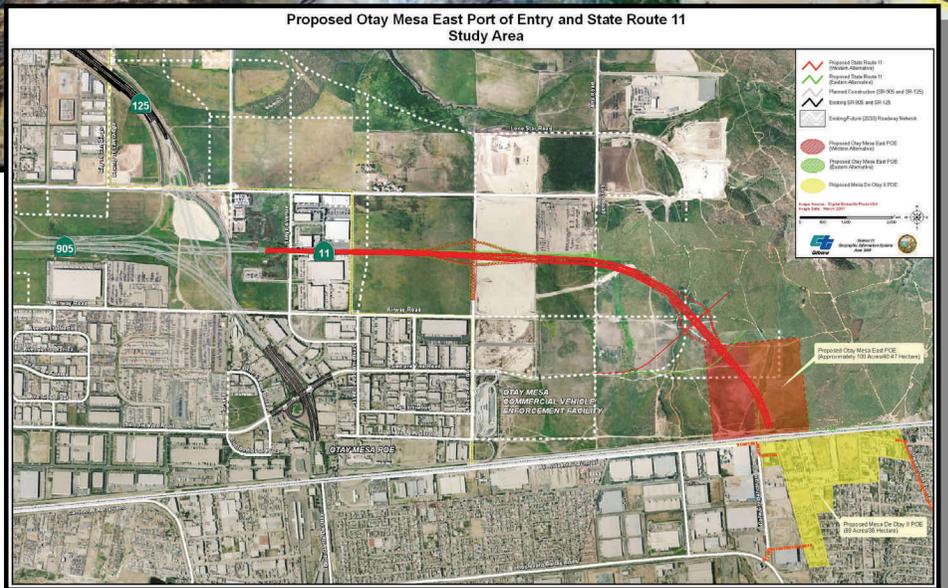


Otay Mesa East Port of Entry and State Route 11



Transportation Border Congestion Relief Program Application
California Department of Transportation
June, 2008



California Department of Transportation
Transportation Border Congestion Relief Program (TBCR)

A Comprehensive Approach to Transportation Border Congestion Relief

Project Title: OTAY MESA EAST PORT OF ENTRY & STATE ROUTE 11

Lead Agency: Caltrans, District 11

Contact Person: Mark Baza, Project Manager, (619) 688-2545

Introduction

Participation in the U.S. Department of Transportation's (DOT) Transportation Border Congestion Relief Program (TBCR) by the State of California Department of Transportation (Caltrans) on the proposed Otay Mesa East Port of Entry (POE) and State Route 11 (SR-11) project (Project) would benefit both Caltrans and the DOT. Caltrans and our key project partners, U.S. General Services Administration (GSA), U.S. Customs and Border Protection (CBP), and San Diego Association of Governments (SANDAG) would greatly benefit from the expertise and assistance that DOT would provide under the Program and the DOT would benefit from a project that offers the following innovations:

- The State of California proposes to finance the construction of the new land port of entry (POE) complete with state-of-the-art technology for security and enforcement, and furnishings primarily through tolls or user fees, at no cost to CBP or GSA;
- The POE and highway will include Intelligent Transportation Systems (ITS) to facilitate travel and goods movement, while securing the border of the U.S.;
- The State of California, in cooperation with the GSA, is preparing Tier 1 and Tier 2 National Environmental Policy Act (NEPA) documentation and performing preliminary engineering for both the POE site and SR-11.
- The U.S. General Services Administration (GSA) will be the developer and owner of the new POE;
- Diplomatic Notes have been exchanged between the U.S. and Mexican governments, agreeing that a new port is in the best interests of both countries and Mexico is proceeding with the design of their POE facilities and currently plan to begin construction in 2010.
- In an effort to meet Mexico's very aggressive schedule, the State of California and the GSA propose to pursue all available opportunities to advance financing and advance the project delivery process from design through construction, such as design sequencing, design-build, and at-risk construction management; and
- The positive economic impact of the Project is estimated to exceed \$31.6 billion over the first 10 years of operation from 2015-2024, with \$29.1 billion from increased output due to enhanced freight crossings and \$2.5 billion from enhanced personal vehicle crossings.

The proposed Project fully meets the objectives of the TBCR Program. The Project's ultimate goal is to reduce land border travel time delays and help reduce associated national and regional

economic costs without compromising U.S. border security. To meet this goal, Caltrans is pursuing non-traditional transportation project delivery and operation methods. In 2006, the San Diego Association of Governments (SANDAG) commissioned a financial feasibility study, “State Route 11 Toll Road and East Otay Mesa Port of Entry,” to determine the viability of using non-traditional financing methods on the Project. Throughout the planning and now into the environmental and design stages of the Project, Caltrans has promoted and supported a more efficient coordination process among the various Federal and local agencies who have an interest in the Project and has been working with interagency and border liaison entities, such as the U.S.-Mexico Joint Working Committee. In addition, a “regional interagency work-group” that included GSA, CBP, Federal Highway Administration (FHWA), U.S. Department of State (DOS), U.S. Environmental Protection Agency, U.S. Fish and Wildlife Service, White House Council on Environmental Quality, U.S. Army Corps of Engineers, California Transportation Commission (CTC), SANDAG and Caltrans was established to follow-up on project related issues. Caltrans and SANDAG are also considering an innovative approach to tolling that would combine the toll processes on the U.S. and Mexican sides of the border into one toll collection and distribution system. Border efficiency could thereby be maximized by: a) managing the variable pricing in a coordinated way, and b) reducing toll collection locations and thus allowing easier flow of vehicles across the border.

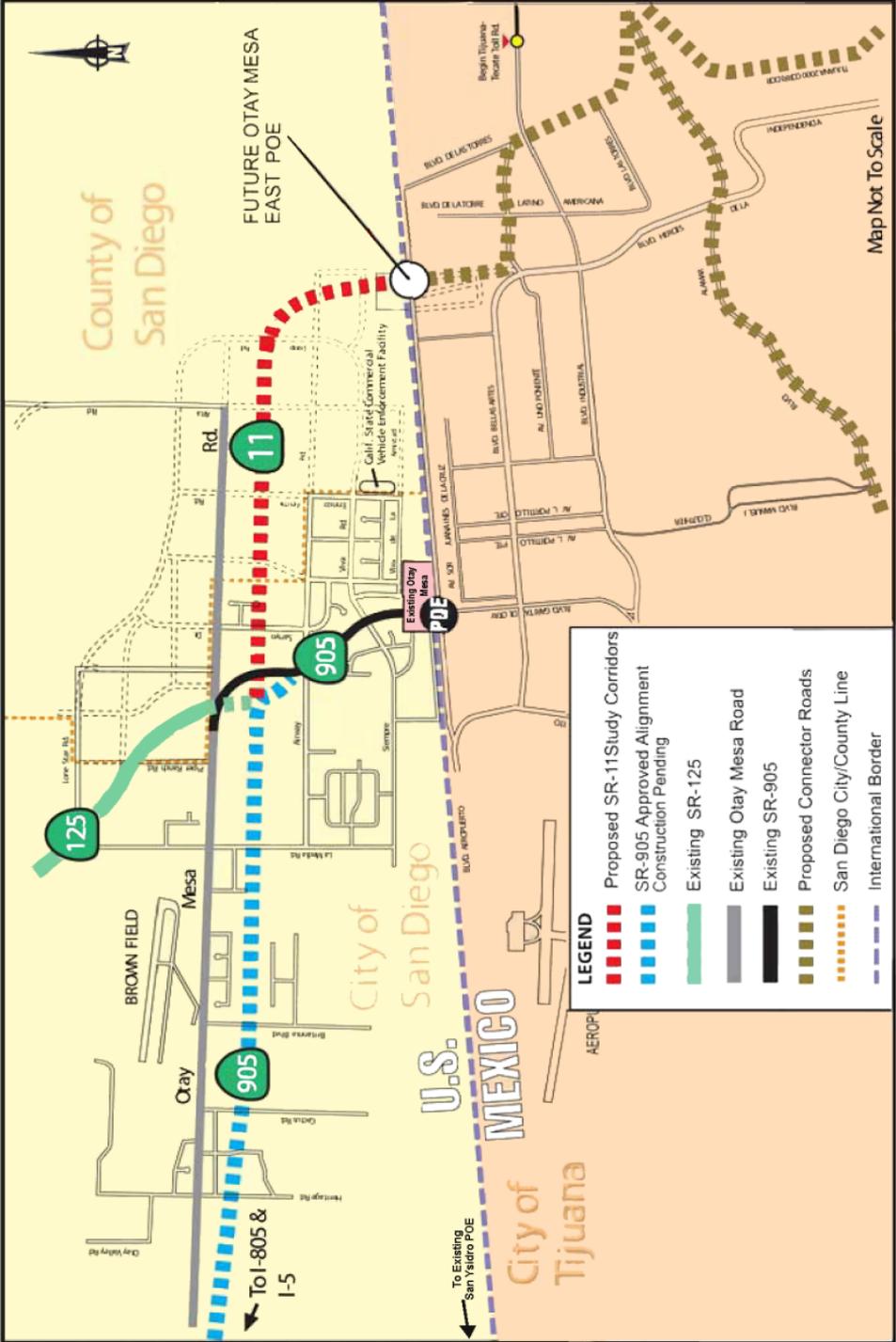
Areas of Information

The following information is provided in accordance with the requirements stated in the *Federal Register/Vol. 73, No. 105*, dated May 30, 2008. The proposed Project would create a new land POE to help accommodate existing capacity at the other area POEs (San Ysidro POE and Otay Mesa POE). The Project will not cross any Federal or Indian Lands and the Mexican government is currently designing a new POE and associated roadways that they will need on their side of the border. Project elements are as follows:

1) Project Description

Caltrans is proposing to construct the Otay Mesa East Port of Entry (POE) and its associated transportation network, State Route 11 (SR-11), to serve the San Diego, California and Tijuana, Baja California, Mexico region. Caltrans, in collaboration with its regional partner, the SANDAG, has been following a non-traditional project development path to keep the project moving forward. This project is needed to alleviate current and forecasted congestion at the U.S. border with Mexico in San Diego County. It is a prime example of how non-traditional transportation project finance, delivery and facility operation mechanisms can be used to advance critical projects that will improve land border travel times and reduce national and regional economic losses.

The Otay Mesa East POE is proposed to be located on a 100-acre parcel in San Diego County, California, on the U.S./Mexico international border, approximately 2 miles east of the existing Otay Mesa Port of Entry (see Figure 1). The site will be sufficient to accommodate all of the federal agency and security functions necessary for the long-term effective operation of an international POE (see Figure 2). The GSA is the lead agency for the design and construction of the POE. Caltrans, in cooperation with FHWA, is proposing to construct SR-11 to connect the new POE with the California State Highway system at the SR-905/SR-125 interchange, via a four-lane, 2.7-mile long highway facility. SR-11 will



County of San Diego

FUTURE OTAY MESA EAST POE

City of San Diego

U.S. MEXICO

City of Tijuana

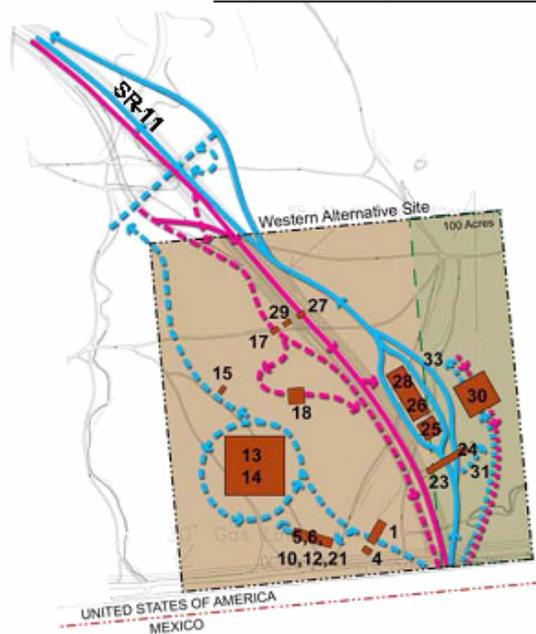
LEGEND

- ▬▬▬ Proposed SR-11 Study Corridors
- ▬▬▬ SR-905 Approved Alignment Construction Pending
- ▬▬▬ Existing SR-125
- ▬▬▬ Existing Otay Mesa Road
- ▬▬▬ Existing SR-905
- ▬▬▬ Proposed Connector Roads
- ▬▬▬ San Diego City/County Line
- ▬▬▬ International Border

Map Not To Scale

include construction of three highway connector ramps at the SR-125/SR-905 junction and two interchanges, one at SR-905 and the other at Siempre Viva Road.

Figure 2: Otay Mesa East POE Site Layout & Features



1. Commercial Import Primary Inspection Booths/Canopies
4. Commercial Import FAST Inspection Booths/Canopies
5. Commercial VACIS Lanes (Building)
6. Commercial X-Ray Lanes (Building)
10. Commercial Bulk Storage Inspection Bins (20x20)
12. Bird Quarantine Building
13. Commercial Import Inspection Building
14. Commercial Import Inspection Docks
15. Commercial Import Exit Booths
17. Commercial Export Primary Inspection Booths/Canopies
18. Commercial Export Inspection Building/Docks
21. Seizure Vault
23. Non-Comm Inbound Primary Inspection Booths/Canopies
24. Non-Comm SENTRI Primary Inspection Booths/Canopies
25. Non-Comm Inbound Primary Headhouse
26. Non-Comm Inbound Secondary Inspection Booths/Canopies
27. Non-Comm Outbound Primary Inspection Booths/Canopies
28. Non-Comm Outbound Secondary Inspection Spaces/Canopy
29. Non-Comm & Comm Outbound Inspection Building
30. Main Building
31. Bus Offload Spaces (10x60)
33. Bus Inspection Space (12x60)

Capital costs of the combined highway and POE project are estimated at between \$550 and \$660 million. The project is evaluated as a whole because neither SR-11 nor the POE can exist on its own. The current plan for funding involves the collection of a toll or user fee for the use of the Otay Mesa East POE and/or the connecting roadway, SR-11. The revenue generation capability of the project allows it to be fully financed in a non-traditional way, through a public-public or public-private partnership. Therefore, likely financing mechanisms include public and private sources. The CTC has programmed \$13 million for the POE and SR-11 from the State Interregional Transportation Improvement Program to initiate environmental studies. SAFETEA-LU also included \$800,000 for this project. Additional funding from local, regional, state, and federal sources as well as private sources will also be pursued. The CTC has also adopted a program that will provide \$75 million for the project from the Trade Corridors Improvement Fund (TCIF) program of the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, that was approved by California voters under Proposition 1B in 2006.

The proposed project delivery schedule is as follows:

- Submitted Presidential Permit Application - January 2008
- Phase 1 (Programmatic Level) Environmental Document – Summer 2008
- Presidential Permit Approval - Summer 2008
- Phase 2 (Project Level) Environmental Clearance - Spring 2010
- Right of Way - December 2011
- Design Completion – December 2011
- Begin Construction - January 2012
- End Construction – December 2014

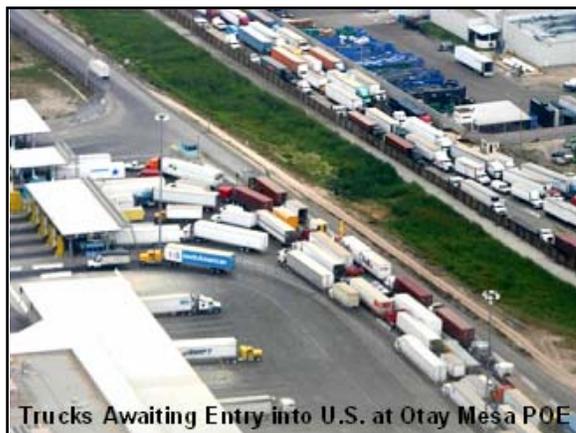
Substantial coordination between different levels of government on both sides of the border has been ongoing and the project is moving forward as scheduled. Notwithstanding unexpected delays, construction is projected to begin in 2012 with the POE becoming operational in 2015.

Efforts have been made to involve stakeholders in the development process. Representatives from the FHWA, GSA, SANDAG, County of San Diego, and City of San Diego were added to the Project Development Team in order to facilitate the coordination of project delivery on an accelerated schedule. Presentations describing the project features and planned schedule were given to the SANDAG Border Committee on March 23, 2007, and the East Otay Mesa Chamber of Commerce on September 12, 2007. Bi-national collaboration and cooperation on the need for additional border transportation infrastructure is evidenced in the 1998 SR-11 Letter of Intent that was signed by Caltrans, the County of San Diego, the City of San Diego, SANDAG, the Municipality of Tijuana, the Municipality of Playas de Rosarito and the Secretariat of Human Settlements and Public Works of the State of Baja California. The letter included support for the creation of a new POE designated as, Otay Mesa East-Otay II. The result of the significant coordination that has occurred to date with the stakeholders affected by the proposed project is that they all agree with the need for the project and support its implementation.

2) Congestion Reduction and Reduction in Land Border Travel Times

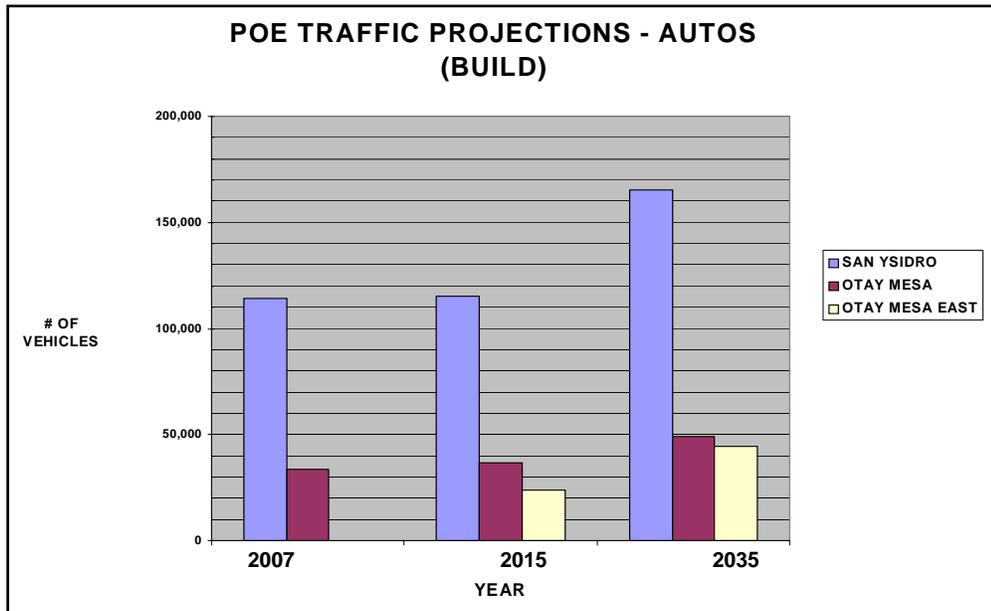
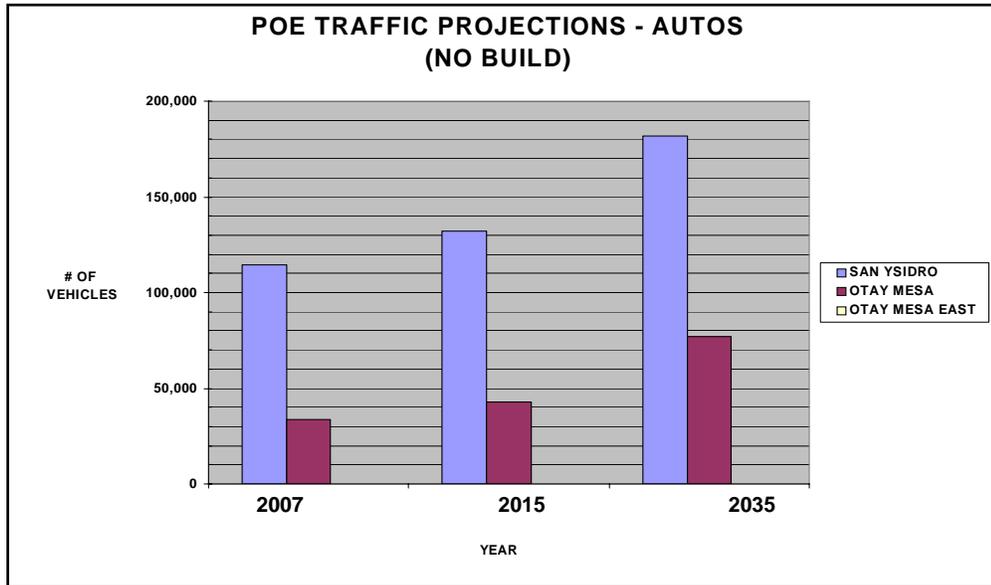
The existing San Ysidro and Otay Mesa POEs have become bottlenecks in the system of interchange between the two countries, increasingly restricting the free movement of people and goods at certain times. The San Ysidro border crossing is the busiest in the world. Mexico is the United States' second largest trading partner, and within San Diego County goods movement is currently limited to the existing Otay Mesa POE. There is significant existing demand for additional border crossing capacity for both individuals and goods movement, and forecasts predict tremendous ongoing growth in this demand.

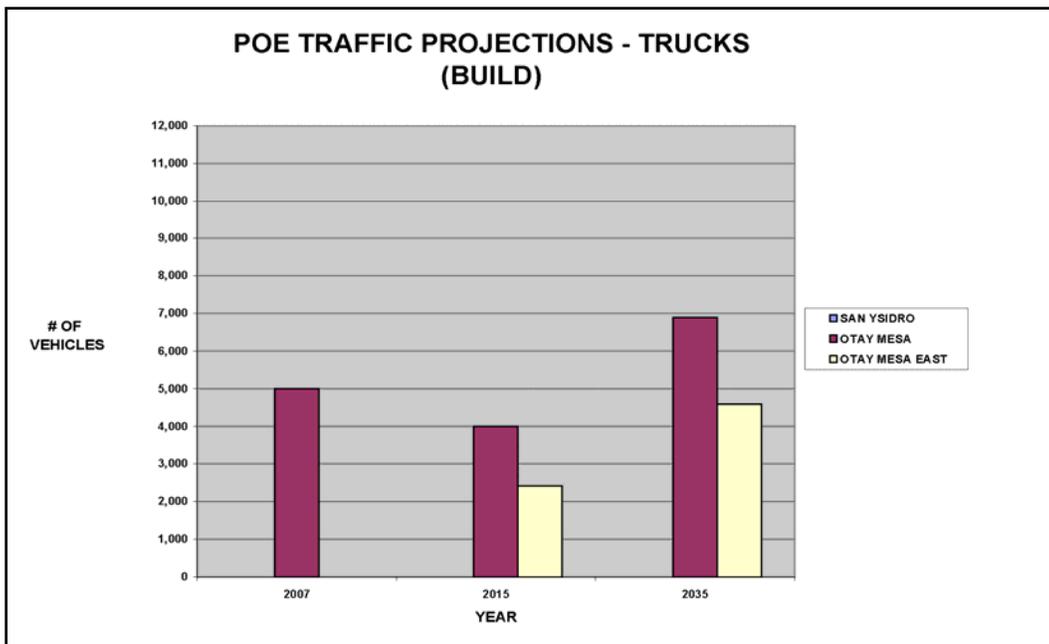
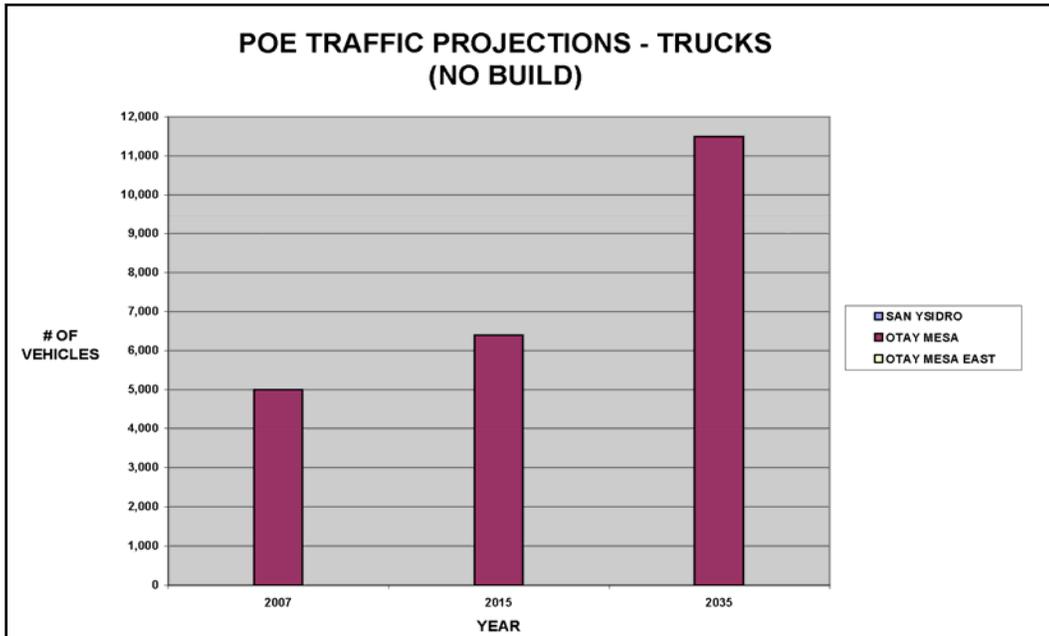
Current levels of service around the Otay Mesa area vary at peak travel times. The segments of SR-905 from I-805 to Ocean View Hills Parkway, and from Otay Mesa Road to Siempre Viva Road, as well as the segments of I-805 from SR-905 to Palm Avenue, reach failing levels (LOS D or worse) under current conditions. Portions of local roads also have low levels of service under current conditions. Otay Mesa Road, Airway Road, and La Media Road, classified as collector streets, have LOS D or worse.



The proposed Project has been identified by federal, state and local governments in both the United States and Mexico as being necessary to alleviate existing congestion and accommodate future growth in bi-national trade and traffic in the California-Mexico border region. It will increase capacity at the U.S./Mexico border crossings thereby decreasing wait times at the border. The new POE would provide an alternate entry for commercial traffic

that is currently limited to the existing Otay Mesa POE. It would alleviate 34% of the traffic volume at the existing Otay Mesa POE, based on 2015 projections, and 36% based on 2035 projections (see charts below). By providing alternatives to both commercial and non-commercial traffic, wait times at the existing POEs (Otay Mesa and San Ysidro) will inevitably decrease. Improvements made to the existing POEs and the addition of a new POE is needed for commercial and passenger vehicles to enter and exit the ports efficiently. Overall, it is anticipated that construction of the Otay Mesa East POE would result in regional savings of over \$3 billion annually through reduced travel times and more efficient goods movement.





3) Use of Intelligent Transportation Systems

The proposed SR-11 is on a new alignment and the new POE, planned for undeveloped land, will be equipped with state of the art transportation technologies to benefit users by enhancing the mobility and efficiency of the POE and SR-11. As part of the process of facilitating traffic across the border, some of the lanes will be established as Secure Electronic Network for Travelers Rapid Inspection (SENTRI) lanes. These lanes provide for a more rapid security check, inspection and entry into the United States, and when operating at their peak, can process significantly more cars through the security gates than adjacent

standard lanes. The ultimate goal at the proposed POE is to provide a 30-minute wait time for normal lanes and a 6-minute wait for SENTRI lanes. Reliability of the wait time is another key goal. Other technologies that may be employed include FasTrak™ with variable congestion pricing traffic management techniques. This is an electronic toll collection (ETC) system that allows users to prepay tolls, eliminating the need to stop at a toll plaza.

The corridor system management plan for the proposed Otay Mesa East/SR-11 POE project is intended to provide a unified, multimodal system management concept for managing and preserving mobility in the corridor. When fully implemented, SR-11 will incorporate strategic ITS technologies to help manage demand and efficiency of the corridor/POE, as well as system security. ITS improvements will provide a safer and more reliable route, helping to minimize accidents that can cause non-recurrent congestion and delays. An important component of this system will be traveler information. San Diego has recently launched an extensive traveler information system known as 511, which is accessible both by phone and via the Internet. In addition to linking into the 511 system, the proposed project will include changeable message signs on both sides of the border to better inform travelers about wait times at the various border crossings and provide individuals with the information to make appropriate travel choices.



The planning and development of the Project are also being closely coordinated with area jurisdictions, such as the County of San Diego, to ensure that proposed land uses do not encroach upon the corridor and that local arterial access is consistent with project plans. SANDAG has also implemented the Freeway Performance Monitoring System (PEMS) in the San Diego region. PEMS provides a robust source of data that enables monitoring of the performance of individual transportation corridors, as well as the overall system. Emphasis is placed on assessing and identifying portions of the corridor/system that are not performing optimally. With the inclusion of SR-11 data in PEMS, ongoing operations of the corridor can be monitored so that problems can be addressed early and long-term corridor mobility can be preserved. This data feeds into 511, area traffic reports, and other sources of traveler information.

Another aspect of ITS will be smart cards, RFID tags, or other techniques that will be used to comply with the new Western Traveler Hemisphere Initiative requiring positive identification of the citizenship of people crossing the border. In addition, the construction of this POE will enhance safety and security for inspectors by providing a state-of-the-art facility for them to work in. The site layout will improve visual sight lines for CBP inspectors and truck drivers. Coupled with the planned expansion of the San Ysidro POE, this Project will allow for up-to-date technology to be implemented in the region and improve site logistics for the benefit of the region.

4) Economic Benefit and Support of Commerce

Border delays result in increased transportation costs and interruptions in the manufacture and delivery of goods. Inadequate infrastructure capacity cannot accommodate the increases in trade and security requirements that have occurred at the border crossings between San Diego County and Baja California. At the state level in 2007, an estimated at \$847 million in foregone output and \$242 million in labor income was lost (or more than 4,300 jobs). For the United States, total output losses were estimated at \$1.5 billion and employment losses at more than 9,000 jobs in 2007. Unless significant improvements in border crossing and transportation infrastructure and management take place, border delays will continue to increase and the economic losses incurred by the regional and national economies will more than double in the next ten years.

Port of Entry	2001	2002	2003	2004	2005	2006
San Ysidro						
Northbound Crossings						
Passenger Vehicles	15,875,483	15,249,703	17,368,166	17,878,897	16,961,998	17,073,761
Trucks	n/a	n/a	n/a	n/a	n/a	n/a
Buses	105,900	91,907	109,203	110,727	105,701	99,057
Pedestrians	12,645,326	7,577,569	7,874,109	9,811,395	8,773,167	7,225,871
U.S.- Mexico Trade						
Total Trade by Truck	n/a	n/a	n/a	n/a	n/a	n/a
Exports by Truck						
Imports by Truck						
Total Trade by Rail	\$71,551,437	\$65,541,805	\$68,407,265	\$135,859,906	\$162,978,657	\$175,858,450
Exports by Rail	\$71,335,135	\$65,299,988	\$68,033,554	\$135,705,761	\$161,339,532	\$175,489,616
Imports by Rail	\$216,302	\$241,817	\$373,711	\$154,145	\$1,639,125	\$368,834
Port of Entry						
Otay Mesa						
Northbound Crossings						
Passenger Vehicles	4,198,508	3,868,417	4,723,433	5,787,714	6,822,796	6,000,699
Trucks	700,453	725,710	698,228	724,903	724,572	752,981
Buses	53,264	69,847	51,526	43,682	38,957	41,650
Pedestrians	666,042	1,830,903	1,442,874	1,499,949	1,540,469	1,365,345
U.S.- Mexico Trade						
Total Trade by Truck	\$19,384,772,659	\$20,367,624,663	\$19,660,723,948	\$22,171,883,070	\$24,400,618,960	\$28,597,443,478
Exports by Truck	\$8,225,985,115	\$8,549,456,838	\$8,260,389,400	\$8,917,456,915	\$9,269,520,520	\$9,937,653,489
Imports by Truck	\$11,158,787,544	\$11,818,167,825	\$11,400,334,548	\$13,254,426,155	\$15,131,098,440	\$18,659,789,989
Total Trade by Rail	n/a	n/a	n/a	n/a	n/a	n/a
Exports by Rail						
Imports by Rail						

The proposed Project will improve the capacity and performance of San Diego County's land port-to-border goods movement corridors. At a minimum, it will generate jobs, increase mobility, relieve traffic congestion, improve air quality, protect public health, and enhance public and port safety. This project is a critical part of Otay Mesa's role in facilitating the North American Free Trade Agreement (NAFTA) trade between the U.S. and Mexico, which is positive for both nations' intertwined economies. By increasing cross-border capacity and velocity at the U.S.-Mexico border, the project will decrease wait times at the border. By accommodating growth and alleviating the delays with proper infrastructure, the same amounts of gross output and job loss would be recovered, thereby increasing the economic viability of freight movement through the U.S.-Mexico border in San Diego County. The border crossing improvements would provide opportunities for increased goods movement, while at the same time avoiding losses due to unpredictable delays.

The positive economic impact of the new Otay Mesa East POE is estimated to exceed \$31.6 billion over the first 10 years of operation from 2015-2024, with \$29.1 billion from increased output due to enhanced freight crossing and \$2.5 billion from enhanced personal vehicle crossings. Some industries expected to benefit the most from the new POE over the 10-year period are electronics (\$19.7 billion), machinery (\$4.2 billion), precision instruments (\$1.8 billion), and manufacturing (\$1.25 billion).

5) Value to the Users of the Project

Benefits of the proposed Project to its users include reduced border travel times, faster and more convenient access to terminals for commercial vehicles, environmental benefits, increased travel speeds and economic stimulus throughout the region. By allowing some of the traffic to be absorbed at the new POE, wait times and traffic flows at the existing POEs (Otay Mesa and San Ysidro) will inevitably improve for both commercial and non-commercial traffic. The 2007 demand at the existing Otay Mesa POE included an Average Daily Traffic (ADT) of 5,000 trucks. Traffic modeling forecasts that this demand will grow to 6,400 ADT in 2015 and 11,500 ADT in 2035. An additional border crossing for commercial traffic would accommodate 37% (2,400 ADT) of the traffic volume in 2015 and 40% (4,600 ADT) in 2035. Passenger vehicle demand under no-build conditions in 2035 is projected to be 77,100 ADT at the Otay Mesa POE and 182,000 ADT at the San Ysidro POE. Correspondingly, an additional border crossing will reduce 2035 passenger vehicle demand by 37% (28,200 ADT) at Otay Mesa and by 10% (16,400 ADT) at San Ysidro.

Reducing border wait times and enabling traffic to move through the region faster will have a direct effect on reducing pollutant emissions created by idling traffic. In addition, over 8.4 million personal trips a year are deterred by current levels of delay at the border crossings. These lost trips amount to \$1.28 billion in lost business income. Benefits to the local community will also accompany the opening of the POE and highway. Plans to develop the local area to accommodate business, commerce and industry will likely begin as soon as full funding is committed, which will accelerate economic expansion in the communities of Otay Mesa and East Otay Mesa. The residential and commercial developments described in the San Diego County Land Use Plan and other approved projects are eligible for construction permits after the corridor is dedicated; and in working with the community stakeholders, the sponsors anticipate a spike in warehousing activities. This will serve to strengthen the national and regional economies through infrastructure-supported growth.



Typical Traffic at the San Ysidro POE
SOURCE: SANDAG

A new land border crossing will reduce truck congestion, decreasing the amount of time that goods produced in Mexico spend in transit. Lower shipping costs and reductions in shipping time variances enable faster, more responsive production schedules. Reduced working capital requirements can lead to lower consumer costs. Competing manufacturers pass on savings to buyers. Buyers respond to lower prices with higher demand, thus increasing sales. As companies' costs fall, consumers and producers gain from lower prices, growing sales and

higher net profits. The total projected 10-year gain to San Diego County in trade is estimated to be \$14 billion.

Lower wait times also produce economic gains by allowing labor to be employed where it is economically most efficient. Reducing wait times creates the potential for more Mexican and U.S. workers to commute both ways across the border. Benefits from increased employment and labor productivity are estimated to exceed \$311 million in the 10-year projection.

6) Innovations in Project Delivery and Finance

From the Project's conceptual plan to build a highway in partnership with the federal government, Caltrans has followed a non-traditional project delivery and financing path. While developing the highway component is within Caltrans' traditional realm, developing a land port of entry is not. Since SR-11 serves no purpose without the Otay Mesa East POE, and vice versa, Caltrans ventured into the non-traditional arena to keep the POE project moving forward due to the many demands on the federal government to build and upgrade existing ports of entry and subsequent delays in receiving funds from the Public Buildings Fund for any one project. Therefore, to help bring this project to fruition, Caltrans has entered into an innovative partnership with GSA.

GSA is the lead agency for the design and construction of the POE. All design elements will be performed to GSA's specifications and is subject to their approval. Caltrans is facilitating the financing and approval/permit processes. This process will allow GSA to receive a new turnkey POE facility that meets their needs, at no cost to GSA or CBP. This process differs from when a private entity builds a POE for the GSA and hands it over to them, complete in place. In that situation, the GSA does not necessarily receive a POE that meets their design needs since they have not been intimately involved in, and in control of, its development. With the Otay Mesa East POE, Caltrans will provide the financing for GSA and CBP to receive a border crossing that best suits their needs.

Another innovation was to initiate regulatory changes to facilitate Project development. In December 2007, the SANDAG Board of Directors approved the 2008 Legislative Program that allows them to seek state and federal legislation to implement the Otay Mesa East POE and SR-11 as possible toll-funded facilities. This legislative goal will allow SANDAG to pursue statutory authority to build and operate a toll road and construct the new POE at Otay Mesa East to reduce border wait times, as well as support interregional partnerships, and bi-national trade and border projects. Project revenues from tolls are projected to be approximately \$8.4 million for the first year of operation (2015), with the annual revenue increasing to \$16 million after five years. Growing at an average annual compounding rate of 2.7%, annual revenue is estimated at \$51.8 million in 2060.

Other non-traditional financing methods being considered by Caltrans include financing the POE as a turnkey operation for GSA. In addition, since GSA traditionally uses a design-build project approach and Caltrans does not, Caltrans would partner with GSA to implement a design-build project for the POE. For the highway Caltrans will explore all available methods, such as design sequencing, design-build, or at-risk construction management. The involved agencies are also considering an innovative approach to tolling that would combine the toll processes on the U.S. and Mexican sides of the border into one toll collection and

distribution system. Border efficiency could thereby be maximized by: a) managing the variable pricing in a coordinated way; and b) reducing toll collection locations and thus allowing easier flow of vehicles across the border.

Caltrans will also be pursuing public fund sources or grants for advanced funding, such as the Transportation Infrastructure Financing and Innovation Act (TIFIA) and Private Activity Bonds (PABs). TIFIA is a federal program enacted to leverage limited federal resources and stimulate private capital investment in transportation infrastructure by providing credit assistance in the form of direct loans, loan guarantees, and standby lines of credit to projects of national or regional significance.

7) Exceptional Environmental Stewardship

An innovative method that was used to complete the environmental review process effectively is the evaluation of the Project at a programmatic (Tier I) level in accordance with the NEPA and the California Environmental Quality Act (CEQA). The programmatic evaluation allowed for identification of an alternative based upon environmental study of the project footprint and biological resources. This level of analysis was sufficient to identify critical environmental issues associated with construction of the new POE and highway. The Program Environmental Impact Report/Phase I Environmental Impact Statement (PEIR/PEIS) has been completed and is being reviewed. The PEIR/PEIS identifies the preferred alternative to allow: (1) route adoption by the CTC; (2) consideration and approval of a Presidential permit for the POE by the U.S. Department of State (DOS); and (3) designation and acquisition of right-of-way for SR-11 and the POE. The next phase of environmental analysis will evaluate both components of the project (the POE and highway) in detail and will identify and analyze operational alternatives. It is expected that Caltrans and the GSA will proceed independently with the Tier II (project level) environmental review of the highway and POE projects respectively, and will complete the necessary documentation required under NEPA and CEQA. This project represents the culmination of several years of bi-national planning and coordination in the areas of goods movement and border infrastructure.

The project will reduce environmental impacts in and around the project area. Through a reduction of queuing, air quality will improve. It should be noted that, in California, legislation is in process to reduce the idling time in commercial vehicles by turning off their engines (which is not a problem for newer vehicles). By increasing throughput through the addition of the Otay Mesa East POE, wait times will decrease, which will have a direct beneficial relationship in reducing the amount of time trucks sit idle producing emissions, while waiting to cross the border. Reductions of emissions in the corridors serving the other two ports will also occur as a result of decreased wait times and congestion due to the additional capacity created by the new POE. It is estimated that the existing Otay Mesa POE would benefit from a reduction of 2,100 vehicle hours traveled per day will occur in 2020, or 67% reduction in truck cross-border idle time (from 90 to 30 minutes).

8) Finance Plan and Potential Private Sector Participation

The current plan for funding involves the collection of a toll or user fees for the use of the POE and/or SR-11. To provide the incentive to pay the toll, non-congested conditions must be preserved at this facility and wait times must be reliably low, or potential users will

choose to use the other existing free cross-border alternatives in the region or not cross the border at all. Variable pricing systems will be incorporated into the proposed project in order to assess the toll/user fees. Through variable “congestion” pricing, demand and efficiency of the corridor can be managed and preserved. Another advantage of a public toll or fee-based system, is that there will be an ongoing source of revenue. Thus, funding will be available to make necessary modifications to preserve corridor mobility. It is envisioned that the entire toll collection system will be privately run through a concession. Private sector participation would be solicited to help develop, implement, operate and maintain the toll collection technology and toll collection process.

The revenue generation capability of the project allows the project to be financed in a non-traditional way, through a public-public partnership (P3) or public-private partnership. For public agency partnerships, government backed bonds (i.e., municipal bonds) are sold based on anticipated revenue from the project’s user fees or tolls coupled with traditional programming funds (federal, state, and local), and a public agency or partnership of government agencies uses the funding to develop and build the project and to fund operation/maintenance for a certain number of years. In a public and private partnership, capital investment is made by the private sector via a contract or lease agreement whereby the private company will provide required capital and operation/maintenance investments for a certain number of years. Using this sort of partnership for a Port of Entry is new, but the mechanism has worked successfully for transportation facilities in California and numerous other U.S. states.

Whether or not the project is fully or partially funded as a P3 will be dependent on a number of factors including the capability of local government to sell bonds based on projected revenues, the ability for the State of California to pass enabling P3 legislation, the ability of the CBP and/or GSA to receive user fees or advanced funding for construction costs, operations and maintenance (including the possible development of federal legislation to provide them with that capability), and most importantly the marketability of the project. Legislation that is currently pending (State Senate Bill 1486) would create the necessary tolling authority in SANDAG, promote the development of this project as a public-public partnership fully funded through toll collection, and put Caltrans in the lead position over design and construction with the use of private consultants, construction contractors, and toll concessionaires as appropriate.

9) Planning and Coordination Status

The proposed project was first identified over ten years ago and has been under discussion, planning and project development with various agencies since that time. In 1998, a bi-national Letter of Intent was signed by state, regional and local governments in support of the project. Caltrans completed a Project Study Report for SR-11 in 2000, which served to provide a scope, schedule and tentative cost for SR-11 and the POE that allowed the project to be included in the Interregional Transportation Improvement Program (ITIP), so that the project could then proceed to the environmental process. Caltrans has also undertaken environmental studies, financial feasibility studies and POE feasibility studies for the project as a whole. SANDAG, the metropolitan planning agency for San Diego County, has included SR-11 in their “2030 Regional Transportation Plan: Pathways to the Future,” (November 2007) and their “2006 Regional Transportation Improvement Plan” (RTIP),

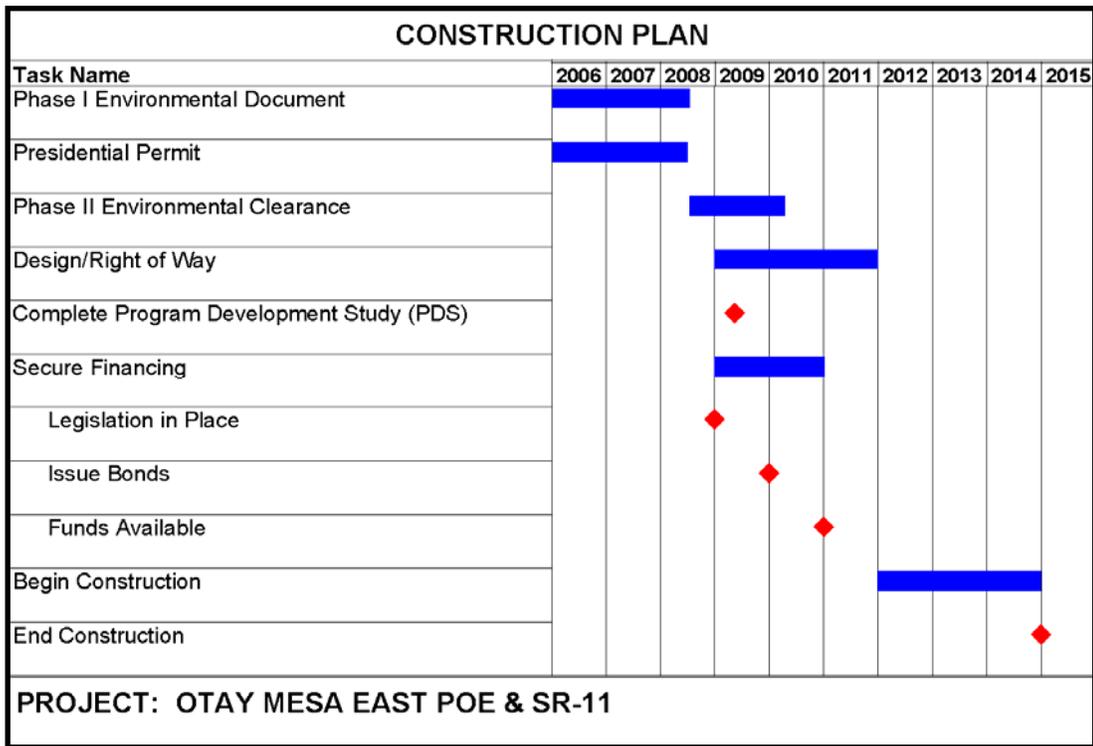
which covers Fiscal Years 2007 through 2011. SANDAG has also conducted economic impact studies, financial feasibility studies and other regional studies in support of the project. Locally, the project is conceptually shown in the circulation elements of the County of San Diego's East Otay Mesa Specific Plan and General Plan. SR-11 is also recognized at the federal level by its inclusion in Section 6002 of SAFETEA-LU – List of High Priority Projects (Public Law 109-59, 8/10-2005) in San Diego, which covers the five-year period ending 2008/2009.

Bi-national recognition of the need for additional border infrastructure and collaboration on the planning, programming and construction of that infrastructure has also been occurring with the Mexican agencies that will be developing the Otay Mesa East POE's counterpart, Mesa de Otay II and its associated roadway network. Progress to date includes a 1998 Letter of Intent expressing support for the development and planning of the project that was signed by Caltrans, the County of San Diego, City of San Diego, SANDAG, the Municipality of Tijuana, the Municipality of Playas de Rosarito and the Secretaría de Asentamientos Humanos y Obras Públicas del Estado de Baja California (SAHOPE - the Secretariat of Human Settlements and Public Works of the State of Baja California). In 2005, the SANDAG Borders Committee and the Committee on Bi-national Regional Opportunities (COBRO), in partnership with the City of Tijuana's Instituto Municipal de Planeación (IMPLAN - Municipal Institute of Planning), identified the Otay Mesa-Mesa de Otay bi-national corridor as an area of opportunity to create an effective bi-national planning partnership. On May 17, 2006, the Mexican Federal Government sent a diplomatic note to the U.S. Department of State indicating the Mexican government's interest in conducting the necessary feasibility studies on both sides of the border. Mexico has been diligently preparing the reports necessary for them to develop the facilities that they need to support the proposed Project.

To date, Caltrans has received over 23 letters of support for the proposed Project, from such entities as: United States Senators Diane Feinstein and Barbara Boxer, California Governor Arnold Schwarzenegger, California State Senators Denise Ducheny and Christine Kehoe, State of Baja California Governor Jose G. Osuna, both the Municipality and City of Tijuana, the Tijuana Economic Development Council, San Diego Regional Chamber of Commerce, Otay Mesa Chamber of Commerce, City of San Diego Mayor Dick Murphy, SANDAG, County of San Diego, San Diego Regional Economic Development Corporation and the Secretariat of Human Settlements and Public Works of State of Baja California.

10) Proposed Project Time-line

The schedule for construction of the proposed project is dependent upon the completion of a number of steps. These steps include approval of the Presidential permit application and award of the Presidential permit; financing approvals and funding for the highway and non-federal components of the POE and for the federal border station, including enabling legislation to allow for public-public or public-private partnerships; and receipt of various federal and state permits in both the U.S. and Mexico. Caltrans anticipates that the schedule for construction of the facility, including securing all permits and necessary approvals, financing and construction, will be as follows:



Coordination with interested Federal agencies and local stakeholders is ongoing. The proposed project is included State and local planning organization plans. Plans are being developed in compliance with the Clean Air Act. The Project is supported by both the CBP and GSA. A Presidential permit is required for the proposed POE and the application was submitted to the U.S. Department of State, who published it in the Federal Register on January 24, 2008. The Presidential Permit and Phase 1 Program Environmental Impact Statement (EIS) are scheduled for approval in September 2008.