

JOINT INTERIM COMMITTEE
TO STUDY THE EFFECTS OF BORDER
WAIT TIMES INTERIM REPORT 2014



A Report to the House of Representatives
84th Texas Legislature

**JOINT INTERIM COMMITTEE
TO STUDY THE EFFECTS OF BORDER WAIT TIMES
INTERIM REPORT 2014**

**A REPORT TO THE
HOUSE OF REPRESENTATIVES
84TH TEXAS LEGISLATURE**

**RAFAEL ANCHIA
HOUSE CHAIRMAN**

**ROBERT NICHOLS
SENATE CHAIRMAN**

**COMMITTEE CLERK
JEFF MADDEN**



Joint Interim Committee
to Study the Effects of Border Wait Times

January 12, 2015

Robert Nichols
Senate Chairman

P.O. Box 2910
Austin, Texas 78768-2910

Rafael Anchia
House Chairman

The Honorable David Dewhurst
Lieutenant Governor of Texas
Members of the Texas Senate
P.O. Box 12068
Austin, Texas 78711

The Honorable Joe Straus
Speaker, Texas House of Representatives
Members of the Texas House of Representatives
Texas State Capitol, Rm. 2W.13
Austin, Texas 78701

Dear Lieutenant Governor Dewhurst, Speaker Straus, and Fellow Members:

House Concurrent Resolution 80, passed by the Eighty-third Legislature during the regular session established the Joint Interim Committee to Study the Effects of Border Wait Times.

The Joint Interim Committee to Study the Effects of Border Wait Times of the Eighty-third Legislature hereby submits its interim report including recommendations for consideration by the Eighty-fourth Legislature.

Respectfully submitted,

Handwritten signature of Robert Nichols in black ink.

Sen. Robert Nichols, Co-Chair

Handwritten signature of Rafael Anchia in black ink.

Rep. Rafael Anchia, Co-Chair



Sen. Craig Estes



Rep. Mary González



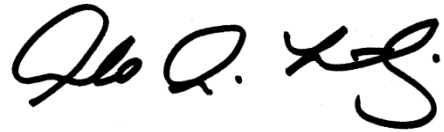
Sen. Eddie Lucio, Jr.



Rep. J.M. Lozano



Sen. José R. Rodríguez



Rep. Armando "Mando" Martínez



Sen. Carlos Uresti



Rep. Larry Phillips

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JOINT INTERIM COMMITTEE TO STUDY THE EFFECTS OF BORDER WAIT TIMES

The Joint Interim Committee to on Border Wait Times was created by The Honorable Joe Straus, Speaker of the Texas House of Representatives in July, 2013. Rafael Anchia was named co-chair. Committee membership in the House included: Mary González, J.M. Lozano, Armando "Mando" Martinez, and Larry Phillips. In August, 2014, Lieutenant Governor Dewhurst appointed Robert Nichols as co-chair, with membership in the Senate including: Craig Estes, Eddie Lucio, Jr., José R. Rodriguez, and Carlos Uresti.

The committee was tasked with studying and making recommendations on how to best to improve the following:

1. Study the effects on international trade of wait times at Texas points of entry between the United States and Mexico.

Note from the Committee

HB 1777 in the 83rd Regular Legislative Session required the Border Trade Advisory Committee (BTAC) to develop a study regarding the effects on international trade of wait times at points of entry between the United States and Mexico. The legislation required that the study include recommendations regarding intergovernmental initiatives to reduce wait times and promote international trade. BTAC in coordination with TxDOT decided that there was ample data from prior studies, and that the Legislature would benefit from a compilation of this literature, aggregating common themes and recommendations that could be presented in accordance with the directive of HB 1777. That report was completed and released on October 1, 2014.

HCR 80 in the 83rd Regular Legislative Session was in filed in response to the testimony heard on HB 1777 by the House Committee on International Trade & Intergovernmental Affairs. HCR 80 called on Speaker Straus and Lt. Governor Dewhurst to create this joint interim committee, for the purpose of further studying the causes and impacts of unnecessary wait times, and making recommendations to the members of the 84th Texas Legislature.

Following the appointments to the committee in both chambers, the Joint Interim Committee decided to utilize the findings of the BTAC report and issue recommendations consistent with the findings of that report and the testimony offered at the Joint Committee's public hearing in El Paso, TX on September 11, 2014.

We begin with the BTAC report's "Executive Summary" and "Recommendations for Mitigating Wait Times." Following that, we analyze the causes of these excessive wait times, share insight developed by the Joint Committee's research as well as from testimony offered from experts at our public hearing in El Paso. Finally, we will offer recommendations for the 84th Legislature and stakeholders as we work towards reducing wait times at our border crossings.

BORDER TRADE ADVISORY COMMITTEE STUDY

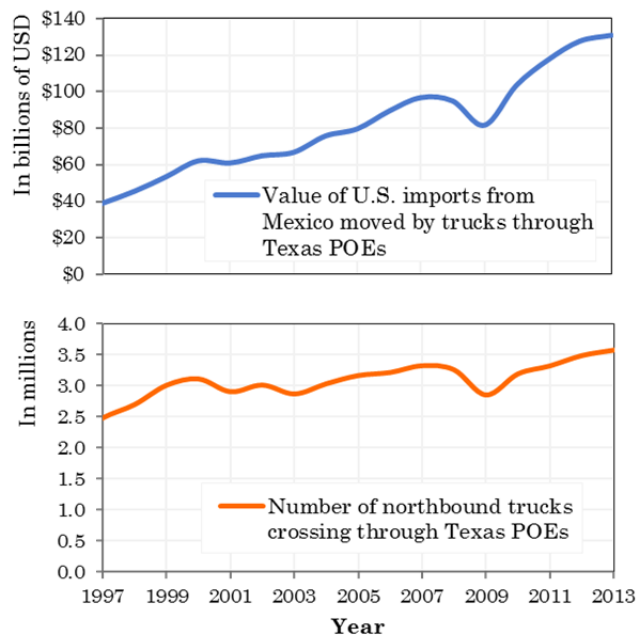
Executive Summary

Section 201.1145 of the Transportation Code requires this report¹, which examines the impacts of wait times on northbound international truck crossings at Mexico-Texas border ports of entry (POEs). Thirteen of the twenty- four border POEs that process trucks on the southern U.S. border are located in Texas. This report includes i) a discussion of the border crossing process, ii) a literature review of recent studies on the economic impacts of border delays, iii) results from interviews with and a survey of U.S. and Mexican border stakeholders on the key issues determining delays, and iv) recommendations for improving northbound Texas border POE truck wait times.

In 2013, total U.S.-Mexico trade amounted to \$507 billion. Of this amount, 66% (or \$336 billion) was moved by truck, and 73% (\$245 billion) of that moved through Texas POEs, accounting for 48% of the total U.S.-Mexico trade (\$131 billion in imports and \$115 billion in exports). Trucks remain the preferred mode of transport by shippers at the U.S.-Mexico border, so any bottlenecks at the southern POEs increase logistics costs and decrease efficiency.

As shown in Figure ES-1, economic and industrial trends suggest that both trade and truck volumes between Texas and Mexico will continue to grow in the near future, although import values have increased at a much faster rate compared to northbound truck volumes over the past 4 years.

Daily and seasonal peak demand and truck volumes regularly exceed the capacity of the binational POE processes and can result in significant delays that weaken the economic competitiveness of the communities where Texas POEs are located. Interviews with carriers, customs brokers, and shippers operating at the



Texas-Mexico border determined that peak demand occurs towards the end of the day shift, at the end of the working week, during holiday season, and at the end of each quarter, when most deliveries are to be made.

This issue, in turn, has motivated the measurement of crossing delays and associated economic impacts to encourage the adoption of processes, systems, or technologies that reduce wait times while maintaining current levels of both national security and compliance. Please note that northbound logistics planners use “crossing time” and not “wait time” as measured by U.S. Customs and Border Protection (CBP). Crossing time in Texas is typically defined as the time it takes, in minutes, for a Mexican dray vehicle to join the northbound border crossing process, pass Mexican customs, pay (where required) and cross the bridge, enter and complete CBP

processing, and finally leave the Texas Department of Public Safety inspection facility (where such facilities operate). In some cases, logistics companies include the travel time from the exit of the U.S. inspection facility to the warehouse, customer, or truck load facilities in estimating total crossing time. This method captures the complete time taken to transfer the loaded commodities through the binational system. The CBP currently defines “wait time” as the time from the end of a fixed point in the queue in Mexico to the CBP primary inspection booths. Wait time is therefore a segment of crossing time, although the CBP is evaluating narrowing its definition.

The literature cites several causes of delay at the border for commercial vehicles, including deficient infrastructure, inadequate staffing, lack of staffing flexibility, and limited hours of operation.

As shown in Figure ES-2, the HB 1777 survey determined other causes of border delays, including rotation of border inspection personnel, seasonal demand (e.g., during holidays), industry response to fulfilling large quantities of deliveries to customers, customs brokering processes, and the thorough inspection of specific commodities such as agricultural products.

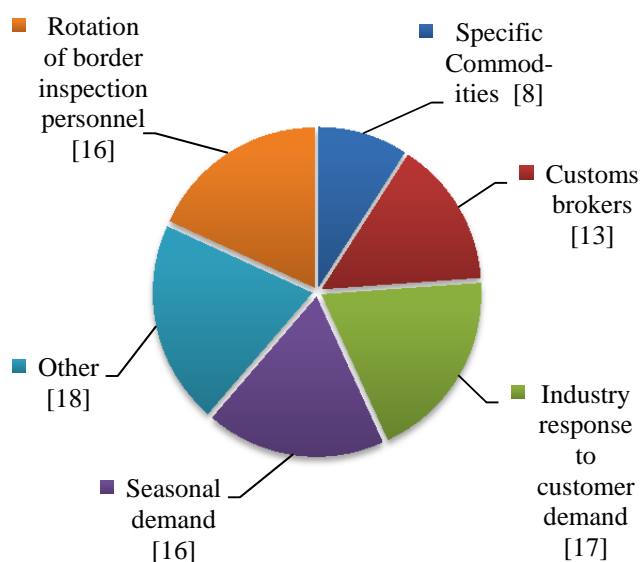


Figure ES-2: Causes of Commercial Border Crossing Delays; [N] = number of responses

Also mentioned in the survey were problems with accurate and consistent measurement of wait times. Cost estimates for border POE wait times for commercial vehicles vary due to different time frames and definitions of delay. Results from the survey and

interviews also determined that there are mixed perceptions of whether wait times are increasing. The difficulty with oversimplifying changes in wait times is that the actual causes of crossings delays are localized. Traffic demand, infrastructural capacity, commodity types, and industry characteristics vary not just from one region to another but also by each bridge.

Various studies have estimated economic losses associated with border wait time delays. Interviews with carriers, customs brokers, and shippers operating at the Texas- Mexico border confirmed findings from earlier studies. Border crossing delays result in a reduced number of crossings per day, failure to meet customer demands, and longer driver hours. In addition, costs incurred by carriers from crossing delays are directly transferred to customers, resulting in an overall increase in annual operating costs for U.S. companies operating in Mexico. The economic impacts of border wait times are felt most critically by just-in-time and time-sensitive cargo industries, such as those dealing with food products and high value equipment.

BTAC Recommendations for Mitigating Border Wait Times

Recommendations for mitigating border wait times derived from the literature, the survey, and interviews are relatively similar because of the limited number of feasible options. All the sources report a range of interrelated issues, suggesting that the problem of long wait times for trucks at the Texas-Mexico border is a multifaceted challenge.

When asked to rank an initial list of recommendations found in the literature, stakeholders selected “increasing staffing at all land ports of entry” as the most feasible option for improving wait times. The other ranked options include 2) increasing operating hours at land POEs, 3) expanding or redesigning current inspection facilities, 4) expanding trusted traveler programs (e.g., FAST and SENTRI), 5) improving the collection and dissemination of wait time data, and 6) streamlining POE entry by separating private and commercial vehicles.

Specific recommendations from stakeholders received in the form of written comments, and categorized as shown in Figure ES-3, are discussed in the following subsections.

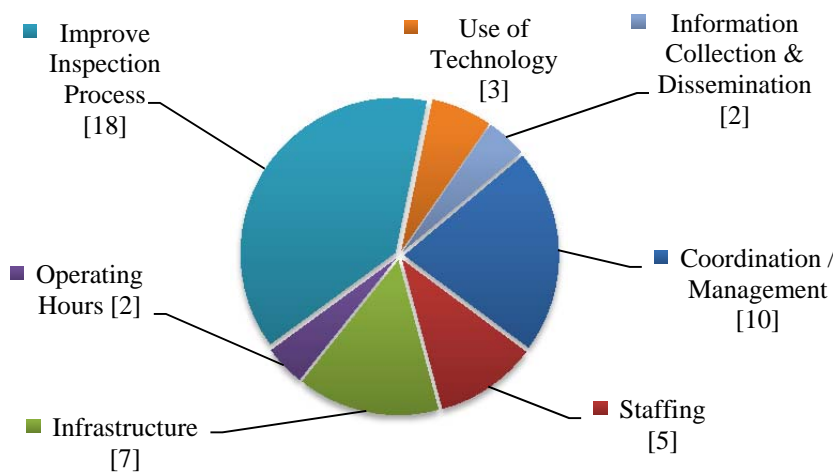


Figure ES-3: Comments on Improving Northbound Commercial Traffic Flow by Category; [N] = number of responses

1. Improving the Inspection Processes

Recommendations for improving inspection processes include the following:

- Expanding the Free and Secure Trade (FAST) and Customs-Trade Partnership Against Terrorism (C-TPAT) programs,
- Standardizing and streamlining the inspection process across POEs,
- Opening and manning all available primary and secondary inspection stations,
- Expediting the processing of empty trucks, and
- Speeding up the inspection process either through pre-screening of cargo before it enters the customs yard or designating specialized ports to process specific commodities.

Trucks enrolled in the FAST program require less processing time compared to trucks not enrolled in the program. The biggest benefit of FAST, however, as reported by the industry, is predictability. Predictability facilitates long-term planning because it allows shippers to

incorporate accurate estimates of crossing time. Companies using FAST have the benefit of incorporating realistic wait times into their overall supply chain and are able to meet customer expectations. Non-FAST lanes do not provide this benefit, as truckers undergo more thorough inspection procedures compared to FAST users, whose credentials are pre-certified. Respondents noted that infrastructure at the border crossing dedicated to the FAST program is underutilized, creating additional congestion and delay at the non-FAST lanes and inspection booths.

The idea of processing only empty trucks is also being embraced at some of the bridges. At the Donna International Bridge, which would like to start processing empties, providing this service to the industry is seen as a way to increase revenue and reduce wait times at the nearby Pharr International Bridge.

The idea for designated ports to process specific commodities, though plausible, warrants further investigation. However, some companies that favor this idea to increase the efficiency of inspections also feel that it should be based on market demand and not government intervention.

2. Coordination/Management

Recommendations on coordination and management issues include the following:

- Improve binational cooperation and planning of infrastructure between the U.S. and Mexico,
- Coordinate inspection processes,
- Create consistency among the rules and regulations between U.S. and Mexican customs, and
- Improve communication and exchange of ideas between the industry and the CBP.

Recent studies, such as the Regional Border Master Plans spearheaded by the U.S./Mexico Joint Working Committee on Transportation Planning, seek to address some of these concerns through the development of comprehensive and prioritized assessment of transportation needs along the border—including the POEs. As of this year, three master plans have been developed for Texas and its partner states in Mexico.

There is also a desire for improved communication between the industry and the CBP. For example, the industry stakeholders in Brownsville report that their CBP office seeks to address their concerns about wait times and overall service delivery. This perception can be attributed to the effective line of communication established through regular meetings between the industry stakeholders and the CBP Port Director.

3. Infrastructure

Recommendations on infrastructural improvements include the following:

- Expanding, redesigning, or reconstructing current land POEs,
- Clearly separating commercial vehicle processing facilities from passenger vehicle processing facilities,
- Providing additional inspection facilities, and
- Constructing new POEs in low density areas.

Separating passenger vehicles from commercial truck traffic is found to reduce congestion significantly when approaching a bridge crossing. Examples provided by stakeholders include improved traffic flows at Ysleta-Zaragoza International Bridge in El Paso and Veterans International Bridge in Brownsville, where separate lanes are provided for each mode.

The need to re-examine current port infrastructure designs to support growing demand was also cited in interviews with border stakeholders. Unfortunately, the CBP had no designated funding to make any major infrastructure changes from 2011 to 2013; however, funding for specific projects in Laredo was appropriated in 2014.

Although trade with Mexico has steadily increased, funding from the Federal Buildings Fund for capital projects ended completely in 2011, as shown in Figure ES-4. Recently, funding was secured through annual congressional appropriations, and successful public-private partnerships for additional staffing have been employed in El Paso, suggesting that those benefitting from improved wait times are willing to share some of the financial burden.



Figure ES-4: Mexico Trade vs. Federal Buildings Fund for Infrastructure

4. Staffing

Recommendations on staffing include the following:

- Increasing the number of inspectors at all land POEs,
- Providing sufficient training to personnel, and
- Providing more flexible staffing schedules to respond to peak demand.

The CBP's overtime budget allocation has decreased since 2008, making it more difficult to increase staffing at POEs. Furthermore, infrastructure at some POEs will not support increased staffing. Additionally, while relevant literature has suggested creating uniform CBP policies and protocol around staff allocation, this has not been implemented in practice. The pilot public-private partnership programs currently underway aim to cover staff overtime pay using bridge toll revenues.

5. Operating Hours

Recommendations from respondents concerning operating hours include the following:

- Increasing POE operating hours to reduce peak demand volumes,
- Modifying staff hours to meet demand, and
- Implementing first a phased and then a permanent rollout of the 24-hour program.

During interviews with border stakeholders, it was observed that most companies cross the border during the afternoon and at the end of the work day rather than in the morning, when there is less congestion. This practice is attributed to current Mexican manufacturing schedules where shipping occurs when production services are completed; in addition, some trucks arrive at the border after long-distance trips from cities such as Monterrey and Torreon. Few companies currently load their trailers late in the day and cross in the morning, as their schedules are driven by customer demand and influenced by a lack of secure storage facilities. Furthermore, security concerns along some major highways in Mexico deter companies from allowing truckers to drive at night.

In 2009, commercial hours at the World Trade Bridge in Laredo and the Ysleta-Zaragoza Bridge in El Paso were extended to 24 hours. Despite the intended benefits of increased speed and volume of processing, this program was terminated after 6 months because of low use by commercial freight during the additional operating hours. Though the failure of the 24-hour program is sometimes attributed to the overall decrease in truck traffic during the 2009 economic recession, the major challenge faced by companies concerning the program was the cost involved to participate. A re-examination of production services, including hiring temporary workers, supervisors, and managers for a pilot program of extended hours, was found to be cost prohibitive. The industry suggests that a phased and permanent rollout of the program would be more beneficial and companies would be more willing to consider that option as part of their operations.

6. Use of Technology

Recommendations from respondents about the use of technology include the following:

- Speeding up the document verification process,
- Implementing an integrated travel information system to provide cross-border travel information for private and commercial travelers,
- Using technology to track trailers to avoid re-inspection by other agencies, and
- Developing and utilizing a single electronic portal that provides all the agencies involved in the inspection processes with access to similar information.

These recommendations were supported by the literature, including past Border Trade Advisory Committee publications, and by current efforts to increase the use of technology in some regions. Literature on the El Paso region supports technology pilot programs and streamlining commercial documents and inspections to reduce the costs of doing business. Using technology to speed up the document verification process is closely related to trusted traveler programs. Finally, a privately owned company based in El Paso (Secure Origins) has begun offering advanced truck surveillance to shippers in order to reduce the risks of smuggling. This idea is supported by a number of companies on the condition that the monitoring of vehicles is performed only by the independent third-party partner.

7. Information Collection and Dissemination

This recommendation refers to strategies for sharing information regarding wait times with drivers and the general public. Recommendations regarding information dissemination include the following:

- Improving the consistency and precision of the CBP's wait time collection,
- Providing an accurate measure of wait times and crossing times for industries to use for logistics decisions, and
- Examining alternative means of data collection and dissemination, such as real-time GIS maps of dynamic traffic conditions.

During the interviews, it was found that companies rarely use the published CBP wait time estimates because of their interest in crossing times as opposed to wait times, as previously discussed. Furthermore, the CBP wait times that are reported hourly have been found by companies to be inconsistent with real-time conditions. The industry is seeking predictability and consistency in border wait and crossing time measurement to adequately plan delivery schedules. As a means of making wait time collection more consistent, RFID (radio-frequency identification) readers have been installed at major Texas land POEs. To improve information dissemination, a Border Crossing Information System, which provides real-time wait time information for a number of major bridges in Texas, is currently available online for the general public. There is also a request to develop a web-based border traffic mapping tool showing real-time traffic conditions and queue lengths.

In conclusion, recommendations for reducing northbound truck delays at border POEs center on enhancing CBP operations—staffing, processes, technology, and internal POE flows—but CBP funding constraints limit the ability to add staff. Furthermore, the CBP faces a major challenge in

adequately securing the border while providing an efficient inspection process for northbound commercial truck traffic in harsh working conditions. The overall conclusion of the study is that the issue of truck POE wait times is complicated, multifaceted, and has no single solution. In the short term, wait times can be reduced through these five feasible steps:

1. Enhancing POE efficiencies at primary and secondary inspection points using technology,
2. Increasing weekday operating hours or providing dynamic staffing schedules to reduce peak demand volumes,
3. Reducing traffic congestion through incentives,
4. Stimulating new operational funding through public-private partnerships, and
5. Adopting a binational definition and measurement of wait times.

JOINT INTERIM COMMITTEE WORK

Committee Action

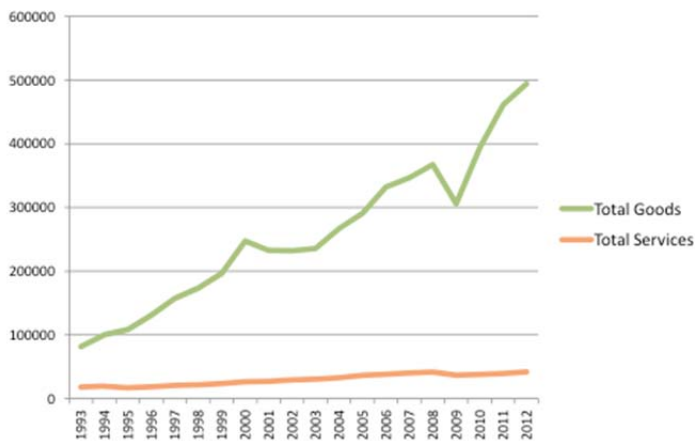
The Joint Interim Committee to Study the Effects of Border Wait Times met on September 11, 2014 in El Paso, TX to hear testimony on opportunities and efficiencies in border crossings.

The following experts gave invited testimony:

Art Corral of Texas Department of Public Safety; Robert Harrison of the Center for Transportation Research at UT Austin; Jesse Hereford of the Border Trade Alliance; Lance Kearby of Electrolux Home Products; Erik Lee of the North American Research Partnership; Mayor Oscar Leeser of the City of El Paso; Hector Martinez of Trans-Expedite, Inc.; Jorge Najera of the Texas Department of Public Safety; Rajat Rajbhandari of the Texas A&M Transportation Institute; Horacio Rojo of Bosch; and Christopher Wilson of Mexico Institute of the Wilson Center.

20 Years of NAFTA

The North American Free Trade Agreement (NAFTA) has dramatically impacted North American trade over the last two decades. Since NAFTA was implemented, bilateral trade between the United States and Mexico has grown exponentially, nearly quintupling the amount of binational trade between the two countries. To put this size of this commercial relationship into perspective, U.S. exports to Mexico are larger than the exports to Brazil, Russia, India, and China combined.² In 2013, Mexico exported goods worth almost \$769 million to the United States every day—roughly 80 percent of Mexico’s total exports.³



*Total U.S.-Mexico Goods and Services Trade, 1993-2012
(In millions of U.S. Dollars)*

Uniqueness of U.S.-Mexico Relationship

Not only is this international trading relationship substantial in size, it is also incredibly deep. In this post-NAFTA era, we have witnessed North American trade evolve from being primarily goods produced in one country and sold to another to a symbiotic, joint-manufacturing relationship between the U.S. and Mexico. In this environment, there are continuous imports of materials back and forth across the border during production. For example, a car built in North America will have crossed an international border approximately 8 times as it is being assembled.⁴ Due to this unique relationship, imports from Mexico actually have a greater positive impact on our economy relative to imports from other countries. That is because for imports from Mexico, 40% is U.S.-built content.⁵ Another way to explain this data point is that for every dollar that America spends on imports from Mexico, the U.S. gets back 40 cents of that in terms of U.S. jobs. This symbiotic relationship with Mexico is unmatched. Bilateral trade with Canada only returns 25 cents on the dollar, while trade with China only returns 4 cents.⁶

Texas' Role in this Relationship

Trade with Mexico is massive and far-reaching throughout the United States. With over half of a trillion dollars' worth of goods traded between the two nations annually, it does not come at a surprise that Texas leads the nation in both exports and imports with Mexico. In fact, in 2012 the total trade value for Texas and Mexico amounted to more than the next seven states combined.⁷ Even with Texas accounting for 40% of the total trade, states as far away as New Hampshire consider Mexico as the top buyer of exports. In fact, 20 states sell more than a billion dollars' worth of goods to Mexico each year.⁸

Top U.S. States Trading with Mexico, 2012 (in millions of U.S. dollars)

U.S. State	Rank of Mexico As Export Market #	Exports Value	Imports Value	Total Trade
Texas	1	\$94,800	\$99,853	\$194,653
California	1	\$26,320	\$36,039	\$62,359
Michigan	2	\$10,459	\$38,140	\$48,599
Louisiana	2	\$6,518	\$5,131	\$11,649
Illinois	2	\$6,367	\$9,133	\$15,500
Arizona	1	\$6,269	\$6,748	\$13,017
Ohio	2	\$4,708	\$6,660	\$11,368
Tennessee	2	\$4,232	\$4,963	\$9,195

Significance of Wait Times

Time is money, and there is a cost associated with crossing the border. These costs are attributable to any necessary expenses and fees, losses in productivity, and losses in economic output. When production requires crossing the border multiple times, the cost associated with making the trip is multiplied for each trip. With an estimated \$1.3 billion worth of goods crossing the border daily, the costs are enormous. In fact, for every minute that trucks are sitting idle at the U.S.-Mexico border, \$116 million in economic output is lost in the United States. In a

2011 study, the research firm Cambridge Systematics reported that by 2035, the El Paso/Juarez regional economy will contract by \$54 billion and 850,000 jobs will be lost.⁹ If border-crossing efficiency were increased even slightly, the economic impact to Texas would be significant.

Logistics of Crossing the Border

Northbound Inspection Process

1. A Mexican customs broker notifies both countries of the origin and destination of the truck and the goods being exported.
2. A driver goes through customs in Mexico (called *Aduanas*).
3. Upon entering the United States, it then first proceeds to a Federal facility where CBP focuses on the cargo being transported. Here, CBP will determine whether or not the truck and its cargo warrant further inspection.
4. If required, the truck goes through a secondary inspection by CBP. This involves the Vehicle and Cargo Inspection System (VACIS), x-ray, and agents from the U.S. Food and Drug Administration, the Environmental Protection Agency, the Federal Motor Carrier Safety Administration (FMCSA, commonly referred to as the U.S. Department of Transportation, or USDOT), and canine or other assessment.
5. The truck then gets cleared by CBP, and sent to the State inspection facility, known as the Border Safety Inspection Facility (BSIF). These inspections are conducted by DPS, and are focused on state requirements regarding road-safety such as weight regulations and ensuring that all lights are in working order.¹⁰

Border Safety Inspection Facilities

At eight of the largest commercial ports of entry in Texas: Bridge of the Americas, and Ysleta-Zaragoza in El Paso; Camino Real International Bridge in Eagle Pass; Laredo-Colombia Solidarity Bridge, and World Trade Bridge in Laredo; Pharr-Reynosa International Bridge on the Rise in Pharr; Free Trade Bridge in Los Indios; and Veterans International Bridge at Los Tomates in Brownsville, there are two separate vehicle inspections that are conducted once the truck crosses the border from Mexico with both CBP and DPS officials as described above.¹¹ The reason for having both CBP and DPS at the border is because CBP focuses on the cargo, while DPS focuses on the vehicle and the driver. While it is the case that every state along the U.S.-Mexico border inspects for both Federal and State violations, Texas is the only state that houses them in separate facilities. In California, only the California Highway Patrol does inspections; in Arizona and New Mexico, Federal agents are housed in the same facility as the State inspectors.¹²

The question that arises from separate Federal and State inspection facilities in Texas is whether this structure contributes to longer delays at the border. After speaking to industry representatives, researchers, and DPS officials the consensus is that such an arrangement is inefficient and adds to overall crossing times. However, estimates vary greatly. For example, at our hearing in El Paso one DPS official testified regarding his first-hand experiences with inspections at the ports of entry in El Paso. He estimated that from the time that the truck exits

the CBP facility until it exits the BSIF facility adds, "5 to 10 minutes." However, he said that if they have to conduct a visual inspection it would add, "30 minutes to an hour on average."¹³ Following the hearing, the Captain who oversees the Border Truck Safety Inspection Program for DPS, Cap. Jessie Mendez contacted committee staff to clarify that, "the screening process is conducted in a matter of seconds resulting in almost no impact on the wait time at the Border Safety Inspection Facility. Also, it should be noted that 94 to 95% of the CMVs entering thru the EP BSIFs are not inspected and just drive right through on their way to their destination."¹⁴

Captain Mendez also made the committee aware of his concerns regarding co-locating the Federal and State inspections, expressing some skepticism and listing obstacles to overcome. Specifically, he said, "The co-habitation of state and federal inspectors occurs and has occurred in other states with neither agency being very pleased with the working arrangement. It should be noted that there are significant compensation disparities between DPS and federal inspectors, DPS inspectors enforce additional laws governing CMV traffic, DPS inspectors take enforcement action against CMV drivers while federal inspectors take their enforcement actions against motor carriers and the federal inspectors are union employees in Texas. Those are some of the issues and concerns that will have to be dealt if co-habitation was to occur."¹⁵

While there are different accounts regarding the estimated length of time that dual inspections add to the overall crossing time, it still remains unclear if having the inspections in the same facility would improve the overall efficiency. Nonetheless, it would stand to reason that requiring DPS to conduct inspections at the same time as CBP would reduce redundancies and improve efficiencies.

Of the eight ports of entry that have operating BSIF facilities, only two of those are permanent structures: Bridge of the Americas and Ysleta-Zaragoza Bridge. The other six are housed in temporary facilities, with plans to construct permanent facilities in the near future.¹⁶

Trusted-Traveler Programs

In direct response to the attacks of September 11, 2001, CBP worked with members of the trading sector to create a program that increased security measures at our border while also increasing the efficiency of inspecting compliant cargo.¹⁷ The result was the Customs-Trade Partnership Against Terrorism (C-TPAT), a voluntary government/private sector partnership program that allows for CBP personnel and resources to be better focused protecting dangerous and illegal cargo from entering our border. C-TPAT is built on knowledge that the supplier maintains security of the cargo at all points of the supply chain, as well as trust that they will continue to maintain this secure advantage with minimal CBP interference.

The security guidelines that a company must follow in order to participate in the C-TPAT program address a broad range of areas including personnel, physical and procedural security; access controls; education, training and awareness; manifest procedures; conveyance security; threat awareness; and documentation processing. These secure areas must be met at all stages of the supply chain. Currently, the program has 10,854 members and accounts for approximately 54% of the total value of imported goods into the U.S.¹⁸ Benefits of participating in the C-TPAT

include more than security, however. Member companies can also increase their supply chain performance, and reduce the risk of loss, damage, and theft. Being C-TPAT certified also allows companies the opportunity to participate in another trusted traveler program: Free and Secure Trade (FAST).

FAST is a bilateral initiative within North America that allows participating companies that are C-TPAT certified to use an expedited cargo release system that speeds the flow of low-risk cargo and conveyances through what are commonly referred to as “fast-lanes” at the POEs. Registered partners are offered expedited passage of enrolled commercial trucks into the U.S. by reducing CBP information requirements, dedicating lanes at heavily-trafficked POEs, using technological advances. FAST lowers the incidence of physical inspections by up to four-to-six times.¹⁹

Despite the numerous benefits of participating in the C-TPAT and FAST trusted-traveler programs, participation is not as high as one might expect. In fact, participation in FAST is declining. In 2008, 92,604 participants were registered before falling to 77,999 in 2012.²⁰ The explanation for the drop is not clear; however, it seems most likely that the effort and cost of enrollment (\$50 for 5 years) outweigh the benefits that the participants feel that they were receiving. This could be because of limited highway capacity that limits the number of FAST-lanes, or CBP staffing shortages that limit the amount of utilized lanes on the bridge, for example.

Testimony that was received from researchers at the committee’s hearing in El Paso highlighted that these trusted traveler programs were a win-win, in that they increased security while improving efficiency.²¹ These programs allow for the trading community to enjoy reliability and predictability, which is extremely valuable when executing the logistics of moving goods across the southern border.

Infrastructure

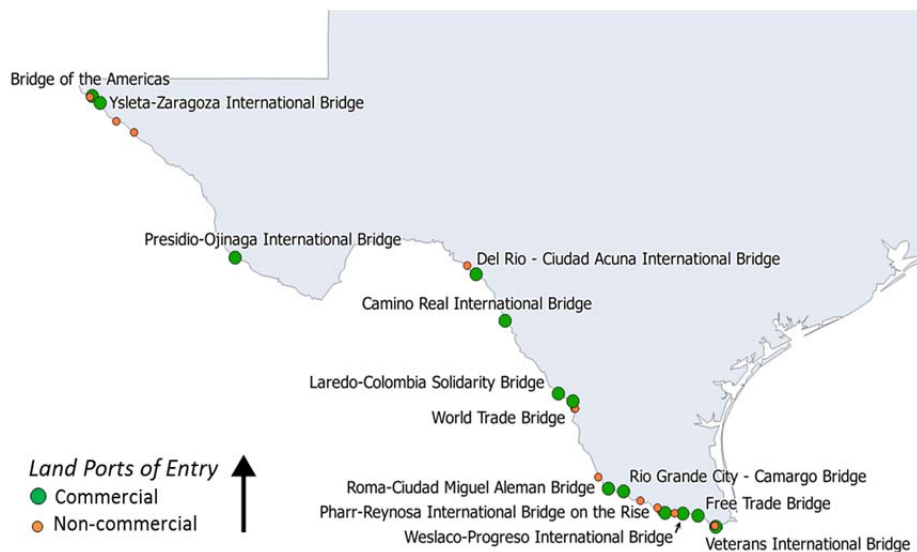
One issue that came up often in the committee's research and testimony was the aging infrastructure at Texas POEs. With the nation's land ports at 40 years old on average, the U.S. is forced to manage 21st century trade with 20th century resources.²² These border crossings were designed and built for a pre-NAFTA trading climate, as well as during an era when the populations of border cities were much smaller. For example, El Paso's border crossings were built in the 1960s and 1970s, when the population of El Paso was about one-third of today's estimate of 675,000, and commercial traffic was exponentially less than the \$1.3 billion worth of goods crossing our border each day today.²³ According to a recent report by the GAO, it would take \$6 billion in infrastructure improvements in order to process today's trade and travel volumes.²⁴

Commercial Truck Crossings

Thirteen of the twenty-four commercial truck crossings along the U.S.-Mexico border are located in Texas: Bridge of the Americas (BOTA); Ysleta-Zaragoza International Bridge; Presidio-Ojinaga International Bridge; Del Rio - Ciudad Acuna International Bridge; Camino Real

International Bridge; Laredo-Colombia Solidarity Bridge; World Trade Bridge; Roma-Ciudad Miguel Aleman Bridge; Pharr-Reynosa International Bridge on the Rise; Weslaco-Progreso International Bridge; Rio Grande City - Camargo Bridge; Free Trade Bridge; and Veterans International Bridge. Combined, these crossings accounted for 68% of trucks crossing from Mexico into the U.S. in 2012.²⁵ Additionally, the Donna International Bridge may soon be open for commercial traffic, processing empty trucks on their return trips across the border, thereby reducing congestion at the nearby Pharr International Bridge.

These POEs are unique to the other U.S.-Mexico border crossings, because they are all bridges built over the Rio Grande River requiring additional resources and capital before improvements can be made. The map below shows all of the land POEs from Mexico, with each of the commercial crossings labeled.



Communication

In testimony given from industry officials as well as from public officials, we heard that the efficiency of our ports of entry could be greatly improved if we simply improved our communication amongst the stakeholders. This includes communication between public officials in the U.S. and officials in Mexico regarding the planning of infrastructure on both sides of the POE; DPS and CBP regarding streamlining the inspection process; CBP and the Mexican customs (*Aduanas*) to create consistent rules and practices; as well as CBP, the Bridge Director, and the industry regarding the exchange of ideas, needs, and best practices.

Recently, progress has been reported regarding increased communication between transportation officials in U.S. and Mexico, with three master plans having been developed for sections of the border region in Texas and its partner states in Mexico.²⁶ This is a great improvement from what we have seen in the past.

The area that we heard most often brought up regarding the need for improved communication was between the Bridge Director, CBP, and the industry. This came up most often relating to the operating hours at the port of entry, so this will be addressed in the category below.

Operating Hours

For most bridges at the U.S.-Mexico border, the busiest operating hours for commercial traffic is from noon to 6pm. The afternoon demand is attributed to a few factors: 1) Mexican manufacturing schedules where shipping occurs once production is complete arrive at this time; 2) Long-haul trucks from Monterrey for example arrive at the border during peak hours, following loading and departing that morning; and 3) the steady flow of short-trip drayage trucks repeatedly crossing the border during operating hours.

In talking with industry representatives, the committee heard that many large manufacturers would like to see increased operating hours during the weekend, rather than 24-hours. This is because many long-haul carriers believe that there are enhanced security risks in moving this cargo at night. Bridge operators cited a pilot program in El Paso in 2009 that showed that there wasn't a demand for these extended hours. However, industry representatives responded by pointing to the expense of altering their business model, increasing staffing and manufacturing hours while knowing that the pilot program would end and they would absorb the expense of converting back to their prior schedule. Furthermore, this pilot project occurred in 2009 during the height of the economic recession. This timing may have also contributed to the program's under-utilization.

Staffing

BTAC's study compiled prior recommendations from prior studies, and most commonly recommended solution is increased staffing at our land ports of entry.²⁷ In a July, 2013 report from the Government Accountability Office (GAO), CBP officials themselves said that they need an additional 3,811 personnel in order to be adequately staffed, even going further to say that all Southwest border ports need additional staff.²⁸ This issue doesn't need any further debate — everyone is in agreement. The obvious holdup is a lack of funding for this increase in personnel. Therefore, we must explore other funding mechanisms, because this staffing shortage is costing us efficiency at the expense of jobs and economic output. Even increasing CBP staff by at least one staff member at each of the 17 major land POEs would increase U.S. GDP by \$61.8 million and result in an annual job growth of 1,053 in the U.S.²⁹

Use of Technology

Technology has the capability to increase efficiency while also improving security at our borders. This can be achieved with both existing infrastructure for more accurate information collection and dissemination; as well as cutting-edge technology with investments from both the public and private sector for uses such as document verification stations, and advanced truck surveillance. Technology has the potential to speed up the verification process for commercial trucks, drivers, as well as passenger-owned vehicles and would lessen the wait times of both the flow of people, goods, and services across our border.

Another use for technology includes improving collection of real-time traffic flow and wait time data that can be shared with drivers and industries for logistics and planning purposes, thereby giving Texas businesses the predictability that they desire.

Funding Opportunities

Public-Private Partnerships

A public-private partnership (PPPs or P3) is a contractual agreement formed between public and private sector partners. The agreements involve a government agency contracting with a private company to renovate, construct, operate, maintain, and/or manage a facility or system. While the public sector usually retains ownership in the facility or system, the private party will be given additional decision rights in determining how the project or task will be completed.³⁰ PPPs provide a path for developing public projects through innovative financing partnerships with the private sector. PPPs allow for a predictable, recurring, and transparent procurement method to bring sustainable projects to meet Texas' infrastructure needs while ensuring accountability to the public and taxpayers.

Coordinated Border Infrastructure Program

The Coordinated Border Infrastructure Program (CBI) was a partnership between the Federal and State governments, along with PPPs. CBI was a Federal program that dedicated funds to improving the border infrastructure by limiting issuance to those projects that were within 100 miles of the border; thereby ensuring investment in the trade infrastructure on which the entire nation relies. This program was eliminated with the issuance of MAP-21, when it was expanded to allow for issuance to projects that could show a national significance. This program expansion increased competition for funds and has negatively impacted the trade infrastructure along our southern border on which the entire nation relies so heavily.

Additional Public-Private Partnership Opportunities

In March 2013, a pilot program allowed private investment in the form of reimbursements to CBP for additional staffing hours for the purpose of increasing inspection personnel at our ports of entry. This addressed the problem of staffing shortages, however, it didn't help with the aging infrastructure issue.

In the DHS Appropriations bill adopted at the beginning of 2014, Congress approved the use of PPPs for infrastructure improvements along the U.S.-Mexico border. The program rules have not been announced at the submission of this report; however, such tools will surely help to address outdated infrastructure at our POEs.

RECOMMENDATIONS

1. Encourage DPS to co-locate inspection facilities with Federal inspectors, particularly for all BSIF facilities that are currently operating in temporary structures.
2. Require DPS to provide the Legislature with justification on a site-specific basis before constructing separate BSIF facilities in the future.
3. Increase awareness of the trusted-traveler programs. Consider incentives for participation in the programs.
4. Support efforts to improve the collection and dissemination of wait time data.
5. Explore PPP opportunities for infrastructure investment along the border.
6. Create a Texas Coordinated Border Infrastructure Program within TxDOT.
7. Encourage increased communication between Bridge Directors, CBP, and industry stakeholders regarding bridge operations and hours at U.S.-Mexico POEs.

ENDNOTES

- ¹ Center for Transportation Research-- UT Austin, ("BTAC Report") Study Regarding International Trade: Economic Impacts of Border Wait Times. Required by HB 1777 in the 83rd Legislative Session.
- ² U.S. Census Bureau and U.S. Bureau of Economic Analysis. <http://www.census.gov/foreign-trade/statistics/country/> and http://www.bea.gov/iTable/index_ita.cfm.
- ³ Salgado, Alicia "Mexico: Twenty years of Free Trade." *Negocios ProMexico, NAFTA at Twenty* edition, June 2014.
- ⁴ Chris Wilson testimony, Joint Interim Committee to Study the Effects of Border Wait Times, 11 Sept 2014
- ⁵ Erik Lee, Chris Wilson, *State of the Border Report: A Comprehensive Analysis of the U.S.-Mexico Border Report*, 2013.
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- ¹¹ Rob Harrison testimony, Joint Interim Committee to Study the Effects of Border Wait Times, 11 Sept 2014
- ¹² Rajat Rajbhandari testimony, Joint Interim Committee to Study the Effects of Border Wait Times, 11 Sept 2014
- ¹³ Art Corral testimony, Joint Interim Committee to Study the Effects of Border Wait Times, 11 Sept 2014
- ¹⁴ Email Correspondence with Committee Staff, 17 Sept, 2014.
- ¹⁵ Ibid
- ¹⁶ TxDOT, *Trade Transportation Activities Report*, 2012
- ¹⁷ CBP, "Securing the Global Supply Chain," http://www.cbp.gov/sites/default/files/documents/ctpat_strat_plan_3.pdf, Nov. 2004
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- ²⁰ Erik Lee, Chris Wilson, *State of the Border Report: A Comprehensive Analysis of the U.S.-Mexico Border Report*, 2013.
- ²¹ Chris Wilson testimony, Joint Interim Committee to Study the Effects of Border Wait Times, 11 Sept 2014.
- ²² Jesse Hereford testimony, Joint Interim Committee to Study the Effects of Border Wait Times, 11 Sept 2014.
- ²³ Mayor John Cook's testimony, Committee on International Trade & Intergovernmental Affairs, March 2013.
- ²⁴ GAO Report, GAO-13-603, July 2013.
- ²⁵ Bureau of Transportation Statistics (BTS), *Border Crossing/Entry Data*, http://transborder.bts.gov/programs/international/transborder/TBDR_BC/TBDR_BCQ.html, Oct. 2014.
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- ²⁷ Center for Transportation Research-- UT Austin, ("BTAC Report") Study Regarding International Trade: Economic Impacts of Border Wait Times, 11 Aug. 2014
- ²⁸ GAO Report, GAO-13-603, July 2013.
- ²⁹ Bryan Roberts, Nathaniel Heatwole, Dan Wei, Misak Vetisyan, Oswin Chan, Adam Rose, and Isaac Maya, "The Impact on the U.S. Economy of Changes in Wait Times at Ports of Entry," Report to U.S. Customs and Border Protection, April 2013, <http://create.usc.edu/CBP%20Final%20Report.pdf>, May 2014.
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