

CITY COUNCIL REPORT

DATE: November 19, 2019

TO: Mayor and Councilmembers

FROM: Jerene Watson, City Manager

CC: Dawn Prince, Deputy City Manager; Leadership Team

SUBJECT: PORT OF ENTRY TOUR OF CALEXICO on November 14, 2019

This report is to provide an update to all of City Council since not everyone was able to attend the Calexico Port of Entry Tour on November 14, 2019.

DISCUSSION:

Our meeting was held at City Hall in Calexico with City Manager David Dale who has been with the city for three years, starting as Public Works Director. We were joined by Councilmember Lewis Pacheco, a Calexico former mayor, later in the meeting.

Port History: Calexico port is in County so not technically a City facility. It was intended and planned as an industrial park by the County that did not work out. A detention center is co-located there and is privately run but not sure for how long as a new state law prohibits private entities running prisons, even though it has been successful.

A freeway was constructed with help from CalTrans and federal funding. Newest port is for vehicular traffic. The port projects have been divided into 3 phases with differing costs: \$99million Ph. 1, then Ph. 2 was planned at a cost of \$299 million but only \$110 million funded in last cycle (the pedestrian crossing was taken out so the ICTC-Imperial County Transportation Commission-funded the expansion. Ph. 3 is expected to come in 2020. One of the challenges has been the delays in funding over a period of years now.

Our initial discussion centered around the challenges of having a Port of Entry.

1. It was noted that **trucks are using their roads creating maintenance** but without the advantages of stopping to shop. While they would like to have a toll road to help with infrastructure, they recognize this won't happen in Arizona.

2. A big **challenge is crossing wait time:** Today they are 2-3 hours at the border. Without a Sentri pass, you will wait in line for at least 2 hours. Time crossing is a killer for economic purposes CBP attitude needs to be they are there to protect us but the scrutiny is frustrating when they take extra time for things like medicines of senior citizens. Southbound traffic delays are growing and the peak time is coming up the next two months due to produce.

3. **Service call stress on fire and police** with regular calls during the night because it is a 24/7 active port. Due to wait times, often farm workers cross during night or sleep in parks for a few hours instead of trying to gauge the crossing times back and forth, basically living a homeless

lifestyle during the weekdays. Once someone is injured, public safety has to respond. City spends \$1million annually on this issue.

4. Environmental issues: raw sewage coming from Mexico into river (they noted it was the #1 most polluted river in US) and the poor air quality and pollution from Mexico are constant issues (air quality was noticeably poor during our visit). They have expressed concerns to new Mexicali Mayor.

Some of the advantages are:

1. There is **pedestrian traffic** that helps with the sales tax revenues. Calexico's Walmart is the top selling location in the entire US **per square foot**. Daily they receive 20,000 vehicles and pedestrians so they are working just to maintain the city and promoting crossers to shop here, noting that workers going to El Centro pass through Calexico. Their financial gain in sales tax is approximately \$1m annually from Mexico out of \$4-5m sales tax annually.

2. **Diversity of the products that cross their ports:** fruits, veggies and produce are primary; auto parts & aerospace manufacturing related items are allowed and make up a secondary tier of commodities.

Federal Funding Process:

Recently opened new road (Chavez road now open)

Pacheco: federal funding for phase I has completed; Phase II will add 6 more lanes and they will demolish the pedestrian walk through. Took from 2015 until this year to get Phase I done.

Good access to politicians at state and federal levels – no outside advisory or lobbying used. The Calexico Police Chief had to go to Mexican government to get changes in pedestrian lines because they didn't want to staff but two out of the 5-6 pedestrian lanes. Today there is only a 5 min wait for pedestrians. Biggest issue is vehicle traffic. New commercial East Port closes at certain times but accommodates in timely manner most of the mass of semis that are hauling

Q: What economic development activities are being used to leverage having a port?

Port is a designated foreign trade zone is biggest draw. They don't have regional efforts; hired an economic guru with state connections.

Infrastructure financing where they demonstrate multiple stakeholders. They seek federal grants and local ballot items like Measure D, which is a ½ cent dedicated sales tax. The gas tax goes to maintain streets. Small Business Administration 1 loans and the state put money towards highways and roads.

City CIP kept at a level to keep roads up. Share meetings across border through IMBA (International Mexican Border Assoc) for economic reasons but for now it is mostly relationship building. They can't afford to do much either.

Q: What are your biggest challenges in economic development?

Major problem is the sewage in water dumped into the river but the wastewater issued is being addressed with help from federal government.

The city hit bottom 3-4 years ago in 2015-2016 politically and financially. Relating to the financial woes, they haven't yet had time to recover economically and are struggling to keep lights on and doors open. They are losing retailers. Toys R Us, Penney's, Melvyn's closed and no new anchor stores have opened so lots of storefronts are empty. An outlet center is trying to grow.

There is no marketing in Mexico

Cannabis is allowed in California so manufacturing, retail and cultivation of this crop is growing and expect revenues will come back.

RECOMMENDATION / CONCLUSION:

This report is for information and to be used with the Douglas Port of Entry Technical Team in preparation for our next meetings with GSA.