

**Annual Report 2008**



## The Entrance to the Pacific Corridor

*The Entrance to the Pacific Corridor is a state and federally designated trade corridor from Texas to Chihuahua City, Chihuahua, Mexico, and continuing to the Mexican Pacific port of Topolobampo in the Mexican state of Sinaloa. Chihuahua is one of the four largest trading partner states with the United States, and this new corridor would capture a majority of this trade for Texas. After the completion of a highway from Chihuahua City to Topolobampo, and improvement of rail facilities, it would offer Texas long-term access to a Pacific deep water port that is approximately 500 miles closer and much less expensive than the Port of Los Angeles.*

*The concept of this major new trade corridor was developed jointly by MOTRAN Alliance and the Departments of Economic Development of the States of Chihuahua, Sinaloa and Durango. All four entities support the development of this corridor strongly. The concept was originally endorsed by Governor Patricio Martinez Garcia of Chihuahua, Governor Angel Sergio Guerrero Mier of Durango, and Governor Juan S. Millan Lizarraga of Sinaloa and Governor George Bush of Texas.*

### Trade with Chihuahua

According to data from the U.S. Department of Commerce, trade with Mexico continues to grow and provides tremendous benefits to the State of Texas. In 2002, Texas exported over \$37.6 billion in goods to Mexico. By far, the largest amount of goods, \$13.6 billion, is destined for Chihuahua. In addition, the Pacific seaport connections of La Entrada al Pacifico will enable a more direct and less congested route to take advantage of the growing Asian-Pacific markets.

### Present Corridors into Western Mexico

Nearly all of the trade with Western Mexico now passes through the port of El Paso and Juarez. The bridge and port facilities at the crossings in El Paso-Juarez are already overloaded, thus motivating the construction of the Santa Teresa crossing approximately 20 miles west of El Paso, into the state of New Mexico. This crossing along with a proposed north-south interstate highway in southeast Arizona, will essentially direct all of the growth in trade with Western Mexico into Arizona and New Mexico and will totally bypass the State of Texas. A study that was done by McCray Research indicates that this trade wants to go northeast.

### Economic Opportunities along La Entrada Al Pacifico Corridor

With the volume of present and future trade with Chihuahua, Durango and Sinaloa, as well as the Pacific Rim countries, there will be enormous opportunities for warehousing, distribution, sub-assembly and assembly of imports, as well as manufacturing warehousing and distribution of exports, all in the State of Texas. Texas already has the basic infrastructure in areas along the proposed corridor to take advantage of these types of businesses. It is estimated that these businesses can result in substantial additional employment and economic impact for Texas if the corridor proposed herein is developed.

**Texas Cities Which Will Benefit** from this proposed corridor will be all cities in West and Central Texas. Those cities located along Interstate Highways I-20 and I-10 will benefit most in that they will then have direct access to Western Mexico and the Pacific. This includes Dallas, Fort Worth, Abilene, Midland and Odessa. If the corridor is completed north from the Midland-Odessa area, then the cities along I-27 including Lubbock, Plainview and Amarillo will also benefit heavily from this corridor.

Secondarily, all cities in West and Central Texas, which have good access to I-27, I-20 or I-10, will benefit considerably due to access to these new markets.

### Updates

In late 2003, the State of Chihuahua finished the initial phase of La Entrada al Pacifico in Mexico with completion of the new highway between Chihuahua City and Ojinaga. This road cuts the driving time in half over the existing roadway, and provides an excellent roadway for transporting delicate freight materials.

Since completion of the road, commercial and individual border crossings have increased significantly at Presidio/Ojinaga.

Governor Reyes Baeza of Chihuahua, Mexico and Governor Aguilar of Sinaloa have both committed their administrations' resources to completion of the project in Mexico in the next five years.

## Border Security Remains a Top Priority

A recent analysis by the Texas Border Coalition of Homeland Security data has shown a drastic reduction in illegal border crossings. From 2005 to 2008 the apprehension of illegal crossings has gone from 411,107 to 179,028, a 56% decrease. The Border Patrol uses these numbers to determine the number of immigrants attempting to cross the border illegally.

Illegal crossings in the Marfa sector have gone from 10,532 in 2005 to 5,539 in 2008, a 47% reduction. According to MOTRAN President James Beauchamp, these numbers reflect the impact of recent border security improvements. "The Marfa sector has by far the lowest number of illegal crossings anywhere in the State of Texas and that's due to the hard work of both federal and local law enforcement."

Beauchamp went on to add, "This is the positive impact of additional manpower and resources put in place by the federal government and by the State of Texas. I think the efforts of Senators Hutchison and Cornyn to add additional federal manpower in Texas, and Speaker Craddick's efforts to secure an additional \$100 million in state funds for border security are definitely paying off."

"Too often people have associated our desire for commerce and economic opportunity through development of transportation infrastructure to be at the cost of safety and security. Nothing could be further from the truth," said MOTRAN Chair Susie Hitchcock-Hall. "We understand that our ability to trade and expand our own economic base must go hand in hand with securing our borders and providing for the safety of the citizens of West Texas."

She also noted that local exports from the Permian Basin area going abroad increased by \$178 million annually from 2005 to 2006. "With the ups and downs of the energy sector, our long-term goal of economic diversification is just as important as ever, however, we remain committed to working with state and federal officials to make sure that the safety and security of our borders is always our top priority."



Fiscal Year	2005	2006	2007	2008	2009
<b>El Paso</b>	122,624	122,256	75,464	31,109	-75%
<b>Marfa</b>	10,532	7,520	5,536	5,539	-47%
<b>Del Rio</b>	68,547	42,636	22,920	21,246	-70%
<b>Laredo</b>	75,268	74,840	56,714	44,590	-41%
<b>Río Grande Valley</b>	134,136	110,528	73,430	76,544	-43%
<b>TOTAL TEXAS</b>	411,107	357,780	234,064	179,028	-56%



### Road Construction in Mexico Continues at a Very Aggressive Pace.

Construction continues on several fronts in Mexico. Early this year work was completed on the Ojinaga industrial route, which provides better access on the southern side of Ojinaga and a more direct connection to the Port of Entry at Ojinaga and Presidio.

The nearly \$4 million project was inaugurated by Chihuahua Governor Reyes Baeza in June of 2008, and is particularly timely with the new Solitaire Homes construction facility being located in Ojinaga. The company is locating in a 30,000 square foot facility where they will manufacture modular homes that are sold throughout the United States.

The firm will initially employ 200 new employees but is expected to employ 1000 workers when fully operational.

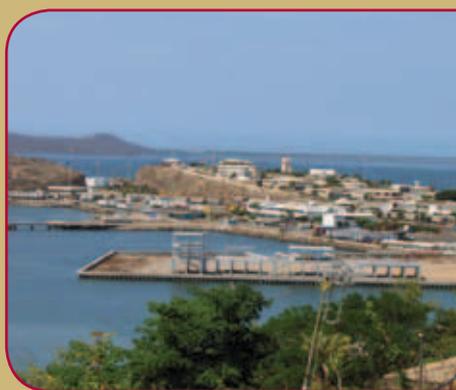


### Dramatic Improvements Underway at Port of Topolobampo

The first phase of planned improvements for the Port of Topolobampo was completed in September 2008.

The first phase included the dredging of the canal from the existing depth of 35.4 feet to 41.3 feet at a cost of \$5.6 million. The initial phase also included an investment of an additional \$35 million which expanded the docking areas of the port by 108 acres.

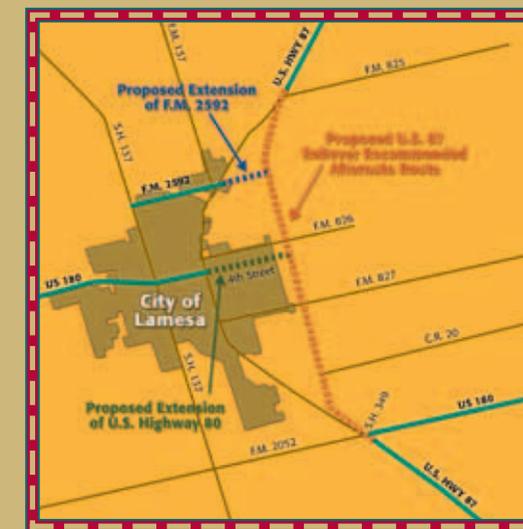
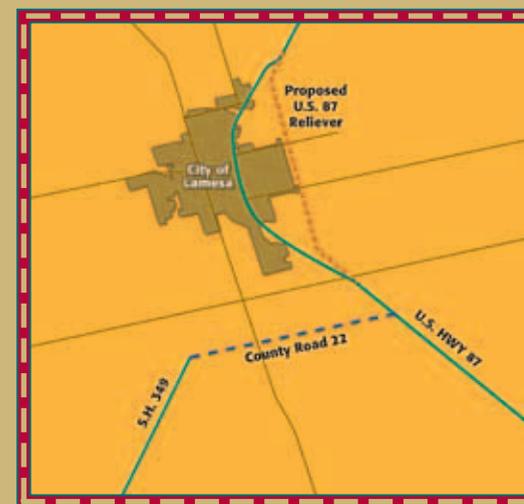
Work is already underway on the second phase which will include another \$10 million to dredge the shipping canal to a depth of 47.6 feet.



"Earlier this year, we were still hearing comments that these improvements would never happen," said 2008-09 MOTRAN Chair Susie Hitchcock-Hall. "It's important to remember progress doesn't occur overnight. These improvements take years of planning and prioritization to bring about. This may seem like a victory for MOTRAN but it is actually the product of years of hard work by so many of our dedicated volunteers."



### Progress Continues on State Highway 349 Improvements



The Texas Department of Transportation continued their work this past year on the planning and environmental review of the expansion of SH 349 to four-lane, divided roadway.

The segment of SH 349 targeted for expansion stretches from the SH 349 Relief Route in Midland to the planned SH 349 Connection to the US 87 Relief Route in Lamesa.

The effort was a joint undertaking of the Odessa and Lubbock TXDOT Districts. In addition to completing the planning process for SH 349, the Lubbock District also held final public hearings for the initial planning of the SH 349 Connector and the US 87 Relief Route in Lamesa.

These improvements are part of the recommendations from the Lubbock to I-10 Study conducted by TXDOT in 1997. A report by Dr. Ray Perryman also showed a tremendous benefit of \$4.6 billion in economic impact for the region by providing a four-lane, divided highway from Amarillo through Lubbock to the Midland-Odessa area.

### Progress Continues on US 385 Development

TXDOT recently completed the initial round of public hearings for the expansion of US 385 to four lane divided construction. The results of the initial planning were submitted to the Federal Highway Administration for review.

The project is part of the La Entrada al Pacifico corridor, but is also part of the route studied and recommended for upgrade as part of the Lubbock to I-10 Study in 1997.

The US 385 segment is also part of the Texas Trunk System planned for upgrade to four lane divided status. "This project has always been part of TXDOT's long-term plans as part of the trunk system," said MOTRAN President James Beauchamp. "With the recent upswing in activity in the oil industry, this is a really important project. Traffic continues to grow between Crane and McCamey, and the growth in the Ft. Stockton area has been phenomenal."

Beauchamp noted while there was some federal money available for the project, the bulk of the funding was still not in place. "It is important that we go ahead and plan these projects and try to get them to the point that they will be ready to go. If we don't do the initial planning, environmental, and right-of way work now, when funding does come available for these projects we will likely lose out to projects that are planned and ready to proceed with funding."

### MOTRAN and Congressman Conaway visit to Chihuahua



A MOTRAN delegation, including Congressman Mike Conaway, made a whirlwind trip to Chihuahua this fall to meet with delegations from the State of Chihuahua and for the Congressman to have a firsthand opportunity to study the opportunities linked to the La Entrada al Pacifico Trade Corridor.

“This was my first trip to Chihuahua and it was eye-opening and productive,” said Conaway. “I had the opportunity to meet with pro-business Mexican officials who are actively promoting trade and other economic opportunities. These officials are aggressively pursuing ways to promote job creation that would, in turn, benefit the job

market in the United States. I look forward to working with them in the future to strengthen border security and improve economic opportunities together.”

The visit included meetings with economic development officials, including Chihuahua City Mayor Carlos Borrueal Baquera, federal transportation officials, Chihuahua Secretary of Industrial Development Alejandro Cano, and Chihuahua Governor Reyes Baeza.



Meetings focused on development that has occurred on the corridor during the last year, as well as, proposed improvements to the South Orient Rail Line. Other participants included Coby Chase, Director of TXDOT Government and Public Affairs Division, Mike Hatley of the Midland Development Corporation. Coby Chase, who also heads TXDOT’s International Division, said of the trip, “The visit was a clear reminder that Mexico understands the future and that’s a healthy road and rail network to connect our economies. Make no mistake: Mexico is serious about moving ahead.”

Past MOTRAN Chair Drew Crutcher echoed those same sentiments. “It is obvious from our conversations with Governor Baeza and economic development officials that they take infrastructure development very seriously and are continuing to move forward to ensure their future economic stability and diversification.”



### MOTRAN Headlines State and Regional Transportation Forums

MOTRAN President James Beauchamp served as one of the panelists for the 2008 Texas Transportation Forum in Austin earlier this year. MOTRAN was represented on the opening session, Momentum: More Lessons from the Front Lines. The Forum was attended by over 1500 professionals and civic leaders from around the state and nation.

In addition, La Entrada al Pacifico was a focus of the West Texas Legislative Summit held in San Angelo this summer. Along with information about development of the corridor, the presentation also focused on the need to build more regional alliances in order to advance the cause of transportation in West Texas. During the summit, Beauchamp shared information on joint efforts by San Angelo leaders and MOTRAN to obtain additional funds for the development and rehabilitation of the South Orient Rail Line brought about after a series of meetings with Texas Pacifico officials.

State Representative Drew Darby who served as a co-host of the West Texas legislative Summit stated, “We value our strong working relationship with MOTRAN. Your effort to improve the South Orient has been very beneficial to San Angelo, the region, and our entire state. We are excited about the opportunities for the Permian Basin and Concho Valley to work together to help expand and diversify our economies through trade and improved infrastructure.”

### MOTRAN Co-Hosts Permian Basin Economic Development Summit with TDA



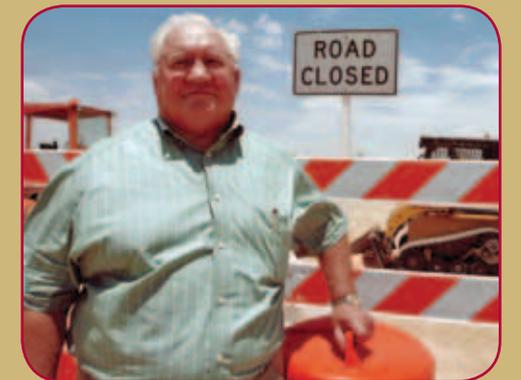
MOTRAN co-hosted the Permian Basin Economic Development Summit with the Texas Department of Agriculture, and the Midland and Odessa Development Corporations earlier this year.

The summit focused on economic development opportunities and tools available to communities in the Permian Basin. The event was held at the University of Texas of the Permian Basin Center for Economic and Energy Diversification and included presentations by UTPB President David Watts, Texas Agriculture Commissioner Todd Staples, and State Senator Kel Seliger. The summit was attended by over 100 economic development, chamber, city, county, and civic leaders.

MOTRAN Chairman Leldon Hensley, and former Chair of the Odessa Development Corporation said, “When people think of MOTRAN they think about transportation, but the development and diversification of economic opportunities in the area has always been the ultimate goal. This summit was a way for us to help familiarize community leaders with the tools available to them through the Department of Agriculture, as well as, programs like the Texas Enterprise Fund and the Texas Capital Fund.”

### Past MOTRAN Chair Drew Crutcher Appointed to 2030 Committee

Past MOTRAN Chair and longtime Odessa engineer Drew Crutcher was appointed to the 2030 Committee this year by Texas Transportation Chair Deidre Delisi to help determine the future transportation needs for the State of Texas.



The blue ribbon committee is composed of 12 members from around the state representing different segments of the transportation industry and business community. The committee is tasked with determining the amount of funding that will be necessary to meet the state’s growing transportation needs between now and 2030.

Crutcher said of his appointment, “I am honored. I’ve had a lifelong interest in transportation. It’s something that is important to Texas. I think it’s something I could help with.” Crutcher, a past chair of the Odessa Chamber also added, “Transportation is the lifeblood of economic development.”

Crutcher is a graduate of Texas A&M, where he received a Bachelors Degree in Engineering and a Masters Degree in Transportation Engineering. He originally came to Odessa to serve as the City of Odessa Traffic Engineer and then went in partnership with John Landgraf to form Landgraf, Crutcher & Associates, a local engineering firm.

MOTRAN President James Beauchamp said of Crutcher, “He is the perfect fit for the 2030 Committee. As a businessman and community leader he understands the challenges and needs that face our state, and as an engineer, he has a real handle on the complexities of transportation modeling and forecasting. I think Drew’s service will be invaluable as he serves as a bridge between determining where we need to be and how we can realistically get there.”

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