

**STRATEGIC PLAN FOR DEVELOPMENT OF THE  
CANAMEX CORRIDOR**

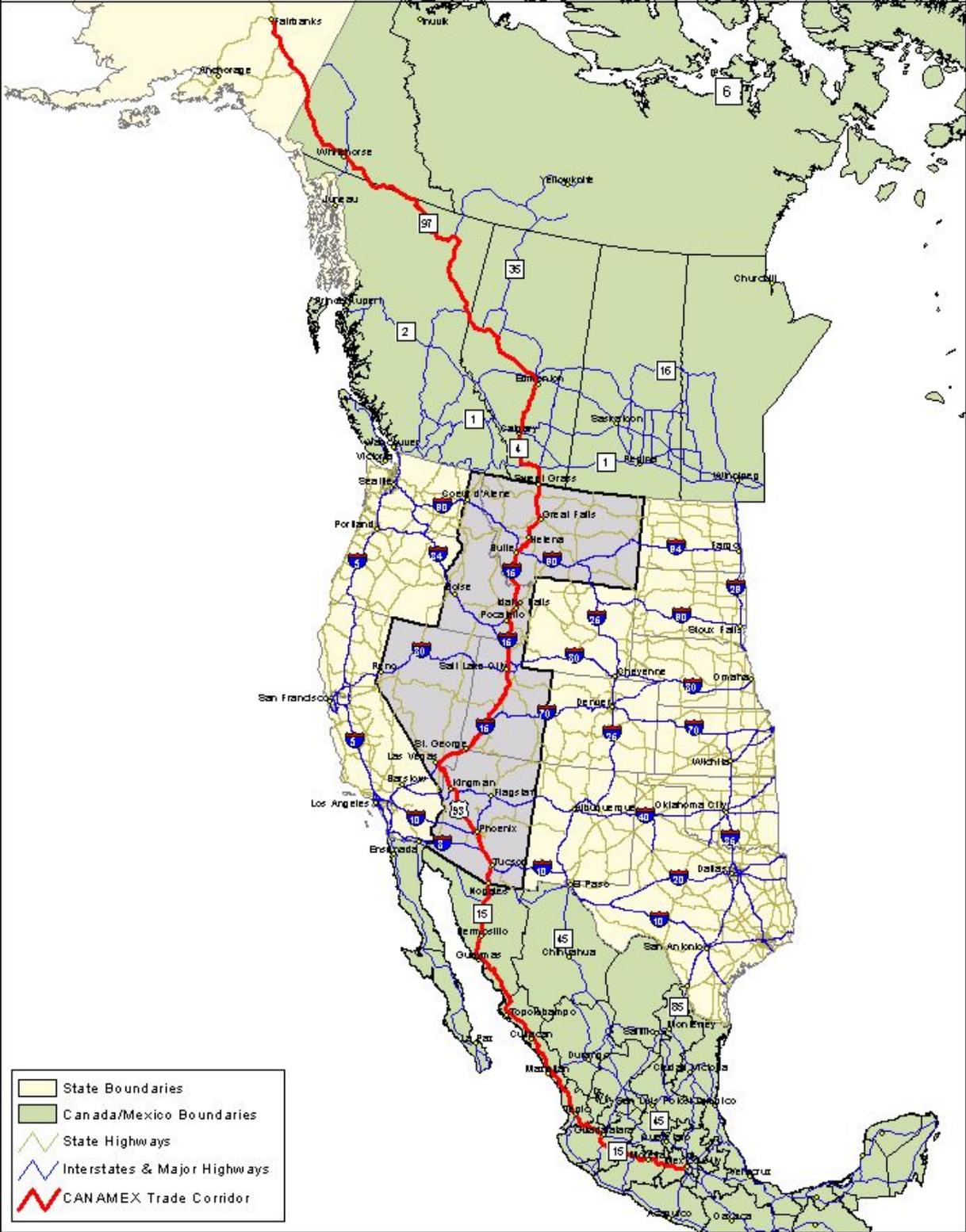
REPORT TO THE GOVERNOR  
FROM  
THE GOVERNOR'S CANAMEX TASK FORCE



DECEMBER 2002



# CANAMEX Trade Corridor



## **DEFINITION OF THE CANAMEX HIGHWAY CORRIDOR**

The Federal Highway Designation Act of 1995 established CANAMEX as a priority corridor  
26) The CANAMEX Corridor from Nogales, Arizona through Las Vegas, Nevada, to Salt Lake City, Utah, to Idaho Falls, Idaho to Montana, to the Canadian Border as follows:

- (A) In the state of Arizona, the CANAMEX Corridor shall generally follow-
  - (i) I-19 from Nogales to Tucson;
  - (ii) I-10 from Tucson to Phoenix; and
  - (iii) United States Route 93 in the vicinity of Phoenix to the Nevada Border
- (B) In the State of Nevada, the CANAMEX Corridor shall follow-
  - (i) United States Route 93 from the Arizona Border to Las Vegas; and
  - (ii) I-15 from Las Vegas to the Utah Border.
- (C) From the Utah Border through Montana to the Canadian Border, the CANAMEX Corridor shall follow I-15.”

The Governor's CANAMEX Task Force and the State of Arizona have embraced a broader definition that includes Arizona's border region, specifically the ports of entry in Douglas and in San Luis as well as major tourism assets adjacent to the corridor consistent with the multi-state CANAMEX Corridor Coalition's development of the Smart Tourist Corridor.

### Acknowledgements

This document was prepared with the support and participation of the Steering Committee of the Governor's CANAMEX Task Force. Whenever possible, supporting documents have been included as attachments. In addition to those, the following major studies provided valuable data and analysis. They include:

*2001 CANAMEX Corridor Plan*, CANAMEX Corridor Coalition  
*2001 Arizona Partnership for the New Economy*, Arizona Department of Commerce  
*2002 Regional Economic Indicators*, University of Arizona Office of Economic Development  
*2002 Statewide Economic Study*, Arizona Department of Commerce

## TABLE OF CONTENTS

Executive Summary.....	5
Introduction.....	8
CANAMEX: Regional Planning Framework.....	8
Governor’s CANAMEX Task Force.....	8
Multi-state CANAMEX Corridor Coalition.....	9
International CANAMEX.....	10
Transportation Infrastructure.....	12
Highways.....	12
Hoover Dam Bypass.....	13
Rail and Multi-Modal Capacity.....	14
Air.....	14
Border Ports of Entry.....	15
CyberPort.....	16
TEA-21 Reauthorization.....	17
International Bill of Lading.....	17
Telecommunications Infrastructure.....	18
Telecommunications Services and Economic Survival.....	18
Ongoing Projects.....	19
Positioning Rural Arizona.....	20
Economic Infrastructure.....	20
Population Growth and Arizona’s 5 C’s.....	20
Global & Industry Trends.....	21
Exports.....	22
Arizona’s Economic Challenges.....	22
Arizona’s Economic Opportunities.....	23
Tourism and the Multi-State Initiative.....	25
Smart Tourist Corridor.....	25
Federal & Native American Outreach.....	25
National Travel Information Number 511.....	26
Scenic Byways.....	26
Strategic Initiatives.....	27

## Attachments

### Regional Cooperation

- A. Executive Order 2001-5
- B. Overview Governor's CANAMEX Task Force
- C. Overview CANAMEX Corridor Coalition (multi-state)
- D. Arizona Delegation letter to Secretary Powell dated June 11, 2002
- E. Letters to Mexican Governors from Governors Hull and Guinn dated November 17 and 20, 2002

### Transportation

- F. Border Infrastructure Funding Summary (Federal Funds & SETIF)
- G. SETIF Summary
- H. Funding Summary: Hoover Dam Bypass
- I. CyberPort: Project Overview
- J. Resolution of Arizona-Sonora Binational Transportation Committee
- K. Airport Small Community Economic Development and Transportation Program

### Economic Development

- L. Arizona's CANAMEX Economic Opportunities
- M. Export statistics

### Governor's CANAMEX Task Force Activities CY 2002

- N. Agendas & Minutes

### List of Weblinks & Other Resources

- O. Related Studies List

## EXECUTIVE SUMMARY

CANAMEX is a multi-administration effort to establish Arizona and the inter-mountain west as a region internationally recognized for its competitive business environment and quality of life. To date, Arizona has provided both the intellectual and political leadership to develop the multi-state corridor concept. Despite significant progress, the commitment of the incoming administration is necessary to fully fund and leverage CANAMEX projects for Arizona's economic advantage.

The recent *State-wide Economic Study* prepared by the Arizona Department of Commerce notes two disturbing trends: ***the lack of economic diversity*** particularly in rural areas and, more importantly, ***the continuing fall in Arizona's per capita income*** relative to the rest of the nation. In 2026, Arizona's per capita income is projected to be just 66% of the national average. CANAMEX can help reverse these trends by focusing on the links between infrastructure and economic development.

With leadership provided by the Governor's CANAMEX Task Force, CANAMEX has emerged from obscurity into one of the economic development lexicons of state, federal and international leadership. CANAMEX projects, including the binational CyberPort initiative, are fully coordinated with federal, state and local counterparts in all three countries. ***CANAMEX is the only trade corridor with engaged participation by official representatives from the three countries and the contiguous states in-between.***

Representatives from transportation, telecommunications, tourism and economic development serve on the Task Force without compensation. Their primary responsibility is to identify and obtain funding for priority projects within the Corridor. To date, ***the CANAMEX Task Force and its political supporters have attracted over \$86 million in federal funds for the Hoover Dam Bypass.*** The Governor's CANAMEX Task Force has attracted over \$7.2 million in federal funds for Arizona's border ports, and has prioritized allocations from the State's Safety Enforcement and Transportation Infrastructure Fund (SETIF), resulting in awards of \$5.1 million from the SETIF Fund.

The Corridor effort cannot afford to lose momentum. The Executive Order creating the Task Force sunsets at the end of 2002. We respectfully recommend that Governor-elect Napolitano reappoint the Task Force, reaffirm Arizona's commitment to the CANAMEX project priorities described in this document and identify a CANAMEX Coordinator and staff to ensure consistency with administration priorities. As the Task Force moves forward, it needs to:

### ***1. Obtain Full Funding for the Hoover Dam Bypass from Federal Sources***

Identified by the Department of Interior as the most important national security priority in the West, the Hoover Dam Bypass still needs \$108 million to fully fund the project. The Governor's CANAMEX Task Force has attracted over \$86 million in federal funds for the Hoover Dam Bypass. Both Arizona and Nevada Departments of Transportation have committed an additional \$20 million each for a total of \$126 million.

**Action:** Work closely with ADOT, the state's congressional delegation and the State of Nevada to obtain full funding for the Hoover Dam Bypass as part of the TEA-21 Reauthorization.

## ***2. Secure \$29.5 million for CyberPort Project as part of TEA-21 Reauthorization***

The CANAMEX Task Force identified the concept of CyberPort in 1999 to achieve a coordinated, seamless, flexible and integrated system for the safe, secure, efficient and effective movement of trade, through our primary ports of entry (Nogales). The initial implementation of CyberPort is projected to cost \$29.5 million. The three phases are described in the body of this Strategic Plan and in the attachments. Efforts to secure \$29.5 million in federal funding have begun and require the immediate attention of Governor-elect Napolitano.

**Action:** Support a 20% match (e.g. State Highway Funds) for federal funds. Coordinate aggressive campaign to secure 80% match in federal funding for CyberPort in TEA-21 Reauthorization.

## ***3. TEA-21 Reauthorization.***

The CANAMEX Task Force strongly supports increased funding for National Corridor Development and Planning as well as the Corridor and Border Infrastructure program. Under TEA-21, only \$124 million per year for five years was made available to fund both of these critical programs and the majority of the monies were earmarked for programs and thus unavailable for allocation. Moreover, both Arizona and Nevada will be seeking a \$108 million earmark to fully fund the Hoover Dam Bypass project (total cost \$234 million). In addition to this earmark, Arizona is seeking \$29.5 million to fund the continuation of the CyberPort Project as well as four specific initiatives that are designed to improve the capacity of the Nogales Mariposa Port of Entry and the efficient movement of trade along the CANAMEX Corridor.

**Action:** Seek earmarks in the TEA-21 Reauthorization for Hoover Dam Bypass (\$108 million), CyberPort (\$29.5 million) and increased funding for the Borders & Corridors program (Sections 1118 & 1119). Work closely with Arizona's Congressional delegation and state legislative leadership to ensure the continuation of both federal and state funding resources to improve Arizona's international ports of entry. Work closely with border communities and enforcement and inspection agencies to coordinate and prioritize project awards.

***4. Affirm Arizona's Commitment to the International Corridor.*** The Task Force encourages the new administration to confirm Arizona's commitment to CANAMEX directly with the governors of the US states of Nevada, Utah, Idaho, Montana, the Mexican states of Sonora, Sinaloa, Nayarit, Jalisco and the premier of the Canadian Province of Alberta. Given its location and trade prominence, Arizona is the logical international gateway for CANAMEX, and can be expected to be its prime beneficiary.

**Action:** Encourage Governor-elect Napolitano to confirm Arizona's commitment to CANAMEX initiatives to her counterparts in the other U.S. CANAMEX states, as well as Premier Klein in Alberta and the Mexican federal officials and Mexican CANAMEX governors of Sonora, Sinaloa, Nayarit and Jalisco.

**5. Accelerate Broadband Deployment in Rural Arizona.** Rural economies cannot compete or diversify without a broadband telecommunications infrastructure. The Task Force seeks to accelerate this deployment through the encouragement of new technologies and a competitive environment, analysis of existing challenges and opportunities, aggregation of public sector demand to entice carriers, and inclusion of advanced telecommunications in federally funded projects.

**Action:** The Governor, and the Directors of the Government Information Technology Agency (GITA), the Department of Administration, the Office of Strategic Planning and Budgeting (OSPB) and select members of the Governor's CANAMEX Task Force and the Information Technology Authorization Committee (ITAC) should meet within the first month of the new administration to develop an action plan for statewide broadband buildout. The plan should include strategies for aggregation of government telecomm buying power, private industry partnerships and community assessments.

**6. Develop Tourism Assets within the CANAMEX Corridor.** In 1998, the Task Force obtained a \$1 million federal grant to develop a plan for the five-state CANAMEX Corridor, that resulted in the establishment of the 10-member multi-state CANAMEX Corridor Coalition with overall responsibility for the CANAMEX Corridor Plan. The Plan was completed in 2001 with specific recommendations that identified five initiatives for multi-state implementation. The Coalition approved the initiative to develop a Smart Tourist Corridor which will include a recommendation on how to increase tourism along the Corridor by providing information on tourist attractions, rest areas, border crossings, etc. through a shared Intelligent Transportation Systems (ITS). The plan will be completed at the end of 2003. Efforts need to begin in early 2003 so that the momentum of this effort is not lost. Each of the five states contributed \$80,000 for the plan to be developed.

**Action:** Identify funding sources to implement the future recommendations of the multi-state CANAMEX Corridor Coalition and its on-going efforts to develop the nation's first Smart Tourist Corridor.

## INTRODUCTION

This strategic plan (i) describes the key strategic initiatives to develop the CANAMEX Corridor in Arizona, (ii) analyzes the economic foundation of Arizona's CANAMEX Corridor with particular focus on rural areas of the state, and (iii) tracks the progress of specific initiatives of the Task Force to improve opportunities along the Corridor. Many of these projects are works in progress. Achievements to date as well as expected benefits are identified.

The Strategic Plan is divided into six sections. The final section describes the immediate next steps on the critical initiatives outlined in the Executive Summary.

- CANAMEX: Regional Planning Framework
- Transportation Infrastructure
- Telecommunications Infrastructure
- Economic Infrastructure
- Tourism and the Multi-State Initiative
- Strategic Initiatives

## CANAMEX: REGIONAL PLANNING FRAMEWORK

### **Governor's CANAMEX Task Force**

With the passage of NAFTA at the end of 1993, it was clear to Arizona's leaders that the state's transportation and telecommunications infrastructure would hold it back from full participation in NAFTA's benefits. While important steps were taken, the 1995 Mexican recession diverted investment interest elsewhere. It was not until 1999 with the creation of the Governor's CANAMEX Task Force that Arizona had the necessary platform to focus development efforts on the Corridor (Attachments A and B).

The Task Force's first objective was to identify and secure federal funding for key projects. That first year, the Task Force attracted over \$50 million in funds for the Hoover Dam Bypass, a multi-state CANAMEX Corridor Study and a Nogales Customs Inspection Facility. Arizona spearheaded the creation of the five-state CANAMEX Corridor Coalition, evidenced by a Memorandum of Understanding signed by all five governors. The purpose of the Coalition was to guide the development of an integrated Corridor plan resulting in actionable projects yielding economic benefits for all participating states, jointly and severally.

One of the key innovations of the Governor's CANAMEX Task Force has been its insistence on the integration and coordination among three separate disciplines: transportation, telecommunications and economic development, including tourism. *To be competitive in the global economy, Arizona must improve its transportation and telecommunications infrastructure through strategic investment.* Strengthening the relationship between economic planning and infrastructure development lies at the core of CANAMEX.

### **Multi-state CANAMEX Corridor Coalition**

The five U.S. CANAMEX states share many important attributes.

- Four of the five states are among the top five fastest growing states in the nation.
- All five have significant amounts of public lands. (NV 95%, AZ 85%, UT 80%, ID 70% and MT 30%)
- All five states are transitioning from natural resource based economies to services and high tech. Similarly, they are all committed to improving their economic diversity, particularly in rural areas.
- Telecommunications infrastructure throughout the region is insufficient to support New Economy requirements.
- Many of the world's most compelling natural attractions are located along the CANAMEX Corridor, including Jasper and Banff National Parks in Canada; Glacier, Yellowstone, the Great Salt Lake, Bryce, Zion, the Grand Canyon, Organ Pipe in the U.S. and the Sea of Cortez in Mexico – nicknamed “Nature’s Aquarium” by Jacques Cousteau. These venues stimulate the very important tourism industry throughout the region, particularly in rural areas.

Work on the CANAMEX Corridor Plan began in January of 2000, after the Task Force successfully secured a \$1 million planning grant from the Federal Highway Administration. The State of Nevada helped the Task Force obtain the federal planning monies. The CANAMEX Corridor Coalition formally adopted the plan in April 2001 (Attachment C). Five initiatives were identified. Four of the initiatives were deemed to be bold, that is they could not be implemented without the regional planning and project framework that CANAMEX provides. Only the first one, Corridor Highway Improvements, was a defined initiative the states would have worked on without CANAMEX.

- ***Corridor Highway Improvements*** over \$6 billion in highway projects along the CANAMEX Corridor were identified over the 30-year planning horizon.
- ***Smart Freight Corridor*** utilizes shared Intelligent Transportation Systems (ITS) to enhance the safety and efficiency for both freight and tourists by integrating information provided to the public, safety and security agencies and emergency response teams.
- ***Smart Tourist Corridor*** relies on shared ITS to strengthen tourism by providing information on tourist attractions, rest areas, border crossings and licenses.
- ***Telecommunications Access for Rural Areas*** considered essential to ensure regional competitiveness in the global economy and to support the other bold initiatives.
- ***Smart Process Partnerships*** stimulates productivity among government and business applications through process integration including registrations, licensing and electronic signature.

Assuming the states were to pursue a coordinated implementation strategy of the initiatives, these projects would create approximately 1 million new jobs over the planning horizon, 11% above the projected growth of the region. Arizona has the most to gain as it could conservatively expect an additional **343,000 new jobs** over and above the normal jobs growth for the 30-year period.

Arizona has the largest economy within the five-state CANAMEX region, the greatest needs and the most to gain from coordinated investment. The multi-state CANAMEX Corridor Plan noted that by 2030 Arizona would need over 1100 lane miles along the federally defined CANAMEX Corridor at a cost of \$2.7 billion. In addition to the significant costs to widen US 93 to four lanes, another major issue that will have to be addressed in the future is the number of truck bypass routes that may be needed throughout Arizona, including Phoenix, Tucson, Wickenburg and Nogales. The Plan also identified the need to develop inter-modal facilities that would alleviate freight demand on the highways while stimulating economic development through opportunities for value-added processing.

Significantly, the Study identified the region's inadequate telecommunications infrastructure, particularly in rural areas, as an impediment to economic development and efficient government. Without broadband infrastructure everywhere at an affordable price, companies cannot compete, education is disadvantaged and government services are handicapped from using technology to pursue lower cost delivery mechanisms.

In September of 2001, the Coalition committed to pooling state resources to fund the development of a five-state Smart Tourist Corridor. The initiative establishes a shared smart corridor architecture to integrate tourist information with safety and emergency response networks. It also engages tourism groups and related federal/tribal/state government entities to coordinate content. The multi-state Memorandum of Understanding was extended through June of 2003 to accommodate implementation of this initiative. Discussions are currently underway to extend it for an additional two years and expand membership to include economic development professionals. ***This is a unique multi-state project involving a focused partnership unifying transportation, telecommunications and economic development.*** Federal funding opportunities are being explored to showcase this project as a best practice.

In the section, Tourism and the Multi-state Initiative, the status of the multi-state tourism partnership is described in detail.

### **International CANAMEX**

***CANAMEX is the only trade corridor with engaged participation by official representatives from the three countries and the contiguous states in-between.*** In the last four years, the CANAMEX Corridor has emerged from obscurity into the economic development lexicon of state, federal and international leadership. Arizona is recognized by both the Mexican and Canadian representatives, as well as the U.S. states as the driving force behind CANAMEX and the region's economic center.

## ***Mexico***

Building on its geographic location and historical ties to Mexico, Arizona has established the pace and direction of outreach efforts to Mexico in support of CANAMEX development. As recently as this past July and November, Governor Hull reiterated the invitation to Mexican federal officials and her Mexican counterparts to work with the U.S. states on Corridor development (Attachment E), specifically citing the CyberPort project (see Transportation Infrastructure).

Under Arizona's leadership, the U.S. CANAMEX governors have communicated with the governors of the contiguous Mexican states (Sonora, Sinaloa, Nayarit and Jalisco) expressing support for the completion of planned upgrades to the Mexican CANAMEX highway. Writing on behalf of the U.S. CANAMEX governors, Governor Hull invited the four Mexican states to form a coalition to work cooperatively with the U.S. CANAMEX Corridor Coalition. The Mexican states are in the process of forming their organization.

The state of Nayarit has assumed responsibility for drafting the fidecomiso (trust) document based on the U.S. Memorandum of Understanding, including a financial commitment of \$25,000 per state to fund a central office. Once this is finalized, the four states have committed to hold a formal meeting hosted by the state of Sinaloa where it will be signed by all four Mexican governors. They look forward to the U.S. governors joining them at this event.

CANAMEX priorities for the Mexican states are:

1. Upgrading Mexico highway 15 to a four-lane standard from Guadalajara to Nogales. This requires significant improvements to approximately 220 km. between Tepic and Mazatlan.
2. Establishing a Smart Tourist Corridor compatible with the U.S. concept to support the continued development of the region's tourism industry.

In July, Mexican President Fox designated Alfonso de Maria y Campos, the General Director for North American Affairs within the Secretariat of Foreign Relations, to coordinate with the Mexican states on all federal level CANAMEX affairs. CANAMEX is familiar to Mexico's major federal agencies, having been discussed on multiple occasions with the Mexican secretaries of Finance, Foreign Relations, Transportation and Communications.

## ***Canada***

The Canadian Province of Alberta embraced CANAMEX more than ten years ago when it committed CA\$1.4 billion to four-lane the CANAMEX Corridor within Alberta. With the exception of a five-mile section just north of the Coots-Sweet Grass international border crossing, the highway is complete through Calgary to north of Edmonton, and is signed throughout with a distinctive maple leaf and the word "CANAMEX". Substantial completion of the project is expected in 2009. The new joint-use border crossing facility at the U.S.-Canada border will significantly reduce any delays for international movements. The design will accommodate cabling for future ITS installations including messaging, weigh-in-motion, transponder receivers, etc. to speed up traffic flows.

Alberta has also begun its build out of SuperNet, a high-speed broadband network connecting all parts of the province including 400 communities in rural areas. SuperNet is designed to expand the existing system currently available in major centers around the province. The network development is based on a private-public partnership that will see the completion of the project by September 2004 and will cost the province approximately CA\$190 million.

In recent years, the Transportation and Intergovernmental ministries in Alberta have been active supporters of the U.S. efforts. They are involved in the Smart Tourist Corridor through their intergovernmental relationships with Montana and have confirmed the importance of developing simplified regulations to facilitate trade.

## TRANSPORTATION INFRASTRUCTURE

In 1993, Arizona conducted the seminal *Arizona Trade Corridor Study* that asked the question: Was Arizona ready for NAFTA? The answer was no. The study cited its inadequate infrastructure in many areas, notably border crossing and transportation. This is the study that first defined and suggested the creation of the CANAMEX Trade Corridor.

In 1995, the State completed a multi-state corridor study that included an economic impact analysis of alternative CANAMEX routes in Arizona. Arizona proposed and secured the federal designation of the current CANAMEX Corridor as a national priority corridor in the 1995 National Highway System Designation Act.

The 2001 CANAMEX Corridor Plan analyzed the sufficiency of the CANAMEX Corridor infrastructure in a variety of areas. It established a series of initiatives and identified a series of bottlenecks including the Hoover Dam, Phoenix, Tucson and Nogales.

### Highways

The 2001 CANAMEX Corridor Plan identified \$6 billion in needed highway improvements over the next 30 years for the 1500-mile Corridor, of which ***\$2.8 billion are needed in Arizona.*** While the capacity of the four-lane Corridor is generally adequate in rural areas, the urban areas are performing near or above capacity and at minimum levels of services, especially in Phoenix and Tucson.

There is 247 miles of two-lane roadway along the CANAMEX. Most of it (234 miles) lies along US 93 in Arizona between Phoenix and the Hoover Dam. The cost to expand US 93 to four-lanes is estimated to be almost \$1.5 billion, of which only \$280 million has been programmed.

Urban bypasses were identified for Phoenix and Tucson. In Phoenix, the Governor's CANAMEX Task Force has recommended that the CANAMEX Corridor be specifically defined through the urban area as follows: From I-10 to I-8 westbound to SR 85 north to I-10. The Task Force has not recommended a route linking I-10 to US 93 pending the completion of the

Wickenburg Bypass Study, except to affirm its intention that it shall be outside of the MAG non-attainment area for PM-10. In Tucson, ADOT has begun a study to establish a bypass route south of the I-10/I-19 interchange to facilitate the eastbound flow of commercial traffic from I-19 in the vicinity of Vail Road.

The Governor's CANAMEX Task Force has included both Nogales and Kingman to the bypass communities in light of both their multi-modal potential, and the CyberPort and Hoover Dam Bypass projects.

The I-10/I-19 interchange in Tucson, named as a key project for the Governor's CANAMEX Task Force, is underway now. Construction began in June 2002 and will be completed in the summer of 2004.

### **Hoover Dam Bypass**

The Department of Interior recently identified the Hoover Dam Bypass project as their number one national security priority. U.S. 93, including access over the Hoover Dam, is the only major highway in the nation that was restricted following the September 11, 2001 terrorist bombings. The Hoover Dam provides vital flood control for over 250,000 people living in the Colorado River region.

The commercial implications for the Hoover Dam Bypass are obvious. Reducing travel time and accidents, promoting tourist activities and improving the important commercial connection between Arizona and Las Vegas benefit multiple sectors. With the announcement of 2007 as the completion date for the bypass, Kingman has recorded increased interest as a desirable location for a variety of distribution and logistics firms.

The Governor's CANAMEX Task Force recognizes the Hoover Dam Bypass as its number one priority. It continues aggressively to pursue funding opportunities to support the Bypass and has helped attract \$86 million in project funding to date. However, \$108 million is still needed to complete the project (Attachment H).

The States of Arizona and Nevada have partnered with the Federal Highway Administration on the Bypass. The Environmental Impact Statement has been finalized. The project received its record of decision in April 2001. Groundbreaking took place on October 21, 2002.

The Governor's CANAMEX Task Force recognizes that given that the bypass will accommodate pedestrians the structure must have a barrier that will, in the judgement of a panel of safety experts, safely separate trucks traveling the lawful speed limit and pedestrians.

The Governor's CANAMEX Task Force, in coordination with ADOT, is seeking dedicated full funding of the Hoover Dam Bypass in the TEA-21 Reauthorization.

### **Rail and Multi-Modal Capacity**

There is no direct north-south rail service along the U.S. CANAMEX Corridor. Rather, several major systems and short-haul rail lines intersect requiring north-south cargo to be routed through California. Burlington Northern Santa Fe runs along I-40 from New Mexico to California and into Phoenix. Union Pacific maintains service in the southern part of the state, linking many of the mines with Mexico and Las Vegas via California.

One of the continuing challenges in Arizona's CANAMEX Corridor is the freight rail line in Nogales which blocks local circulation and represents a safety hazard as rail cars with ore and industrial chemicals must travel through the downtown area.

The expansion and promotion of intermodal facilities are necessary to preserve highway capacity and achieve economic efficiencies important to global competitiveness. Along Arizona's portion of the CANAMEX Corridor, there are four major opportunities for significant inter-modal hubs: Kingman, Phoenix, Casa Grande and Tucson. Each location has rail and air capacity in addition to being at the junction of two major interstates. The Governor's CANAMEX Task Force has taken an active interest in supporting Tucson's Puerto Nuevo project, as well as Kingman and their efforts to attract more transportation and distribution business to their airpark. These are important examples of public-private partnerships necessary to develop rail and multi-modal capacity along the CANAMEX Corridor.

### **Air**

Even though Arizona's workforce increased by 42% in the 1990's, there was no proportional investment in the state's aviation system. Today, Phoenix lags smaller cities in terms of international connections, while rural airports lack consistent and affordable air service. Yet, the aviation system is increasingly important to support the high tech, service and tourism sectors that drive Arizona's economy.

International connections are essential for meeting the time and cost requirements of business. Arizona is at a particular disadvantage when it comes to Asia, with no direct flights. Commercial aviation infrastructure and rural air access are challenges experienced throughout the CANAMEX Corridor, limiting the economic opportunities the CANAMEX states are able to create for themselves.

ADOT's ASCET Study (Airports Small Community Economic Development and Transportation Study) could serve as a template for linking rural aviation projects with their economic development potential (Attachment K).

In order to invest strategically in the State's aviation infrastructure, Arizona needs to develop a CANAMEX aviation strategy involving the Department of Commerce and ADOT's Aeronautics Division as well as federal and local partners. Facilitating new and frequent international cargo routes will help Arizona's businesses complete.

## **Border Ports of Entry**

According to the *2002 Regional Indicators Report* prepared by University of Arizona's Office of Economic Development, commercial trucks carry more than 80% of all commodities traded between the U.S. and Mexico. While the border ports of entry have experienced overall growth rates in commercial truck crossings, there are trends pointing to declines in the value of the shipments and Arizona's share of total crossings relative to Texas and California that concern the Governor's CANAMEX Task Force.

Recognizing the priority of improving port infrastructure, the Task Force assumed responsibility for coordinating and prioritizing project needs for the border ports of Douglas, Nogales and San Luis. ***The Task Force has coordinated the effort to secure over \$7.2 million in federal funds*** for projects in the Arizona border area (Attachment F), and the Task Force has prioritized allocations from the Safety Enforcement and Transportation Infrastructure Fund (SETIF), resulting in awards of \$5.1 million from the SETIF Fund (Attachment G).

SETIF was established by the Arizona Legislature to provide transportation enhancement funds to improve Arizona's international ports of entry and increase commercial safety inspection and enforcement along Arizona's southern border. Project funding details for both sources can be found in the Attachments. Under the direction of the CANAMEX Task Force's Transportation Sub-Committee, project applications have been evaluated and prioritized, resulting in a more coordinated allocation of funding resources.

As efforts to modernize Arizona's ports continue, it is worth noting that:

- Arizona's six international ports of entry handled almost \$1.5 billion of fresh produce in 2001, representing an increase of almost 19% over 2000 and 88% since 1993. (University of Arizona)
- Yet in 2001, 336,000 trucks crossed the border from Sonora to Arizona, a decrease of 2.4% from the previous year and only 1% increase over 1997. (University of Arizona)
- Arizona's share of U.S.- Mexico commercial truck crossings has fallen from 9.0% in 1997 to 7.8% in 2001. (University of Arizona)
- In fact, Arizona's share of virtually every other major export commodity has fallen relative to the other Border States. This means that U.S. and Mexican exporters are choosing to route their land-based shipments through border ports of entry in Texas and California.
- Most of the produce enters Arizona at the Mariposa Commercial Port of Entry in Nogales between November and May. During the produce season, trucks can average between 1200 and 1500 per day; while in the off months they average 200 to 500 per day.

The Governor's CANAMEX Task Force has studied and understands the complicated dynamics of the border crossing processes, and it recognizes the importance of the agricultural trade and the distribution industry to the border economy. The Task Force has strongly supported efforts to draw attention to the need for better infrastructure – from refrigerated warehouses to local agricultural testing labs - to ensure the safety and quality of the nation's fresh food supply in the

winter months. Further, given the seasonal nature of the produce industry, it has advocated for port infrastructure staffing sized to seasonal high-points and not annual averages.

The Governor's CANAMEX Task Force includes federal representation with administrative and enforcement responsibilities at Arizona's international ports. There is a record of excellent cooperation between state and federal officials as it relates to Arizona's international ports of entry. The Mexican Consulate is also a valued partner, even though it is without official status on the CANAMEX Task Force.

### **CyberPort**

The CyberPort Project grew out of the Task Force's concerns that the Nogales Port of Entry was at capacity and was becoming a trade-flow bottleneck and standard approaches to improve the commercial crossing process would not be enough. Increases in NAFTA trade and recently enhanced border security requirements have stressed the limited capacity of the country's border ports-of-entry and transportation infrastructure. In an effort to address these challenges, the State of Arizona and the Governor's CANAMEX Task Force commissioned the development of the innovative border port concept known as "CyberPort" (Attachment I).

The development of the CyberPort project is unique in two very specific ways:

1. It looks beyond technology and beyond the port compound to consider a comprehensive, system-wide approach to the development of the entire trade-flow process—from the point of origin to the point of destination.
2. It evaluates equally and simultaneously the considerations of safety, security and trade-flow efficiency.

CyberPort's statement of nine Guiding Principles strongly supports the 22-point U.S.-Mexico Border Partnership Action Plan, (also known as the Smart Border Initiative), and the 30-point U.S. Canada Smart Border Action Plan.

CyberPort's three phases are:

**Phase I** – Completion of the CyberPort Concept Study, Trade Flow Analysis, Legal Analysis and Nogales Mariposa Facility Assessment (12/02). This is a \$525,000 state-sponsored study administered by ADOT and conducted by the University of Arizona.

**Phase II** – Feasibility studies on the actual redesign and implementation of major improvements, using the Nogales Mariposa Port Facility as the pilot port-of-entry. **Estimated cost \$5 million.**

**Phase III** – Physical design of a state-of-the-art facility with legal, technological, physical and processing improvements identified in the first two phases.

To date, Phase I (which will not be completed until February 2003) has identified four preliminary projects to advance the physical development of the state-of-the-art facility:

1. *Processing only commercial vehicles at the Nogales Mariposa Port Facility* Relocate the passenger inspection facility and construct new roadways and three additional commercial vehicle processing lanes. **\$18.5 million**

2. *Establishing MVD permitting annex at CAADES Compound, Nogales Sonora* Either MVD or an authorized third party to conduct state inspections, credential verification and issue permits at the CAADES compound. **\$50,000**
3. *Enhanced southbound inspections at Nogales Mariposa Port Facility* Construct a southbound inspection facility to enable both federal and state agencies to conduct important functions such as entry-exit tracking, screening for weapons and counterfeit money and safety inspections. **\$5 million**
4. *Uniform Bill of Lading* Congressional designation of CANAMEX as a pilot region to implement a uniform bill of lading utilized throughout the trade corridor. **\$1 million**

### **Reauthorization of TEA 21**

Over the last several years, the State of Arizona has requested and received some funding through TEA-21 earmarks (e.g., \$41 million for the Hoover Bypass Project) or dedicated discretionary grant programs such as Section 1118 (National Corridor Planning and Development Program) and Section 1119 (Coordinated Border Infrastructure Program). According to the FHWA, Arizona has received a total of \$11,223,343 in Section 1118/1119 funding from FY 1999 through FY 2002.

The CANAMEX Task Force strongly supports the following initiatives relative to Reauthorization of TEA 21:

- Increased funding for National Corridor Planning and Development Program as well as the Coordinated Border Infrastructure Program. Under TEA-21, only \$124 million was made available to fund both of these critical programs. Arizona needs to develop a coordinated plan for accessing monies under both of these programs.
- Both Arizona and Nevada will be seeking a \$108 million earmark to fully fund the \$234 million Hoover Dam Bypass project.
- Arizona is seeking \$29.5 million to fund the continuation of the CyberPort Project, including four specific initiatives that are designed to improve the capacity of the Nogales Mariposa Port of Entry and the efficient movement of trade along the CANAMEX Corridor.

### **International Bill of Lading**

The objective is to develop a North American Bill of Lading (BOL) that can be used for shipment of goods from Mexico, through the CANAMEX Corridor States and into Canada. At present there are three different documents in various states of completion:

- 1) a NAFTA BOL for Canada, Mexico and the US which is too long and needs to be formatted down to a usable length;
- 2) a non-negotiable BOL for use by the Organization of American States (OAS); and
- 3) a negotiable BOL for use by the OAS, which serves as title to the goods and is also used in conjunction with a letter of credit.

At a CyberPort meeting in July in Tubac, the participants agreed to support the NAFTA BOL and to ask the CANAMEX Corridor Coalition States to endorse the rollout of this BOL and to support a pilot program as a test.

At the meeting of the CANAMEX Corridor Coalition in Butte at the end of August, the CANAMEX Corridor Coalition States agreed to support the pilot program. Participants in the conference will include the American Trucking Association, CONOCAR, the Canadian Trucking Association, The National Law Center for InterAmerican Free Trade (the NLC initiated the BOL project, performed the research and drafted the form of BOL), and Belmont Abbey College of Charlotte, NC.

## **TELECOMMUNICATIONS INFRASTRUCTURE**

The relationship between the quality of economic opportunities and the region's telecommunications infrastructure has been well documented in the CANAMEX Corridor Plan (April 2001) and the Governor's Arizona Partnership for the New Economy (2001).

Globally, governments are making the establishment of sufficient telecommunications infrastructure a priority. For the CANAMEX Corridor to foster economic growth in the 21<sup>st</sup> Century, its telecommunications infrastructure must keep pace with the nation and the rest of the world.

While analyzing the problems and solutions related to Arizona's telecommunications infrastructure, the CANAMEX Task Force uses the following definitions:

- **Last mile:** The telecom and/or Internet connection between the end-user and their local telecom switching center and/or their Internet service provider's [ISP] equipment center.
- **Middle mile:** The connection between the local telecom switching center and the long distance switching center and/or the Internet connection between the local Internet Service Provider [ISP] and the Internet Backbone provider[IBP]
- **Broadband:** The Federal Communications commission (FCC) defines broadband as an Internet connection at a speed of 200 kilobits per second (kbps) or greater in either direction.

### **Telecommunications Services and Economic Survival**

There are two main telecommunications services that are now deemed essential to the economic survival of a locale:

- 1) Wireless/cellular services
- 2) Broadband Internet services

Arizona's metropolitan areas have adequate access to affordable cellular and broadband Internet services. Multiple service providers compete to provide better service at a lower price. Rural Arizona, however, is not as fortunate. Rural economies cannot compete or diversify without a broadband telecommunications infrastructure. In rural Arizona the middle mile and the last mile remain as the key obstacles to deploying broadband service. The telecom and the Internet carriers have to date not delivered broadband service to the majority of our rural residents. The

Government Information Technology Agency (GITA) estimates that *less than half of Arizona's cities and towns have a last-mile broadband service available*, such as cable modem, DSL, or a fixed wireless service. In addition, gaps in cellular coverage exist on major commercial highways, such as US 93 between Wickenburg and I-40. Arizona's border region also suffers from uneven coverage and cell phone signals bouncing between Mexican and U.S. providers – resulting in inflated billing.

### **Ongoing Projects**

To accelerate rural broadband deployment, the Governor's CANAMEX Task Force has supported the following three projects:

*Telecommunications Open Partnerships for Arizona (TOPAZ):* This program, overseen by GITA, has three aspects:

1. Leverage of State's telecommunications contract to lower pricing for municipal governments and schools, while encouraging providers to offer services in more communities.
2. Assisting the Arizona Department of Commerce with the Community Telecommunications Assessment (CTA) program. The CTA program promotes leadership on broadband deployment at the community level, providing local leaders with tools, information, and consulting services to encourage deployment.
3. Partnerships formation with private and public entities to encourage rural deployment.

*Infrastructure Development:* Support for private sector companies that are deploying needed infrastructure, such as:

1. Valley Telecommunications, which is installing fiber optic cable in Santa Cruz, Cochise and Graham Counties
2. Commspeed, which is deploying state-of-the-art broadband wireless services and using Yavapai County as their "test bed."
3. Qwest – CANAMEX Task Force members are providing additional information on local demand, in order to entice greater buildout.

*Fiber Deployment in the Right-of-Way, the Share Resources Project:* In 1999, Federal Highway Administration (FHWA) granted permission to the Arizona Department of Transportation (ADOT), to use the interstate right-of-way to deploy fiber optic cable. The industry downturn led to bankruptcies including ADESTA, the contractor selected through the public procurement process. The project is currently "on hold." In the meantime, ADOT has revised its permitting system so that telecommunications carriers can either build fiber within selected pieces of the Interstate right-of-way (for middle-mile purposes), or to do a long-haul build across Arizona

### **Positioning Rural Arizona**

The CANAMEX Task Force strongly recommends the following future actions for the State of Arizona to encourage broadband and wireless deployment in Rural Arizona:

- The State of Arizona is the largest single purchaser of telecommunications services in Arizona. As such, the State should aggregate its buying power and leverage its purchasing position to incentivate providers to deploy broadband services in Arizona's rural communities achieve greater economic benefit.
- Fund and perform telecommunications assessments for every county within one year.
- Develop a plan to have broadband last mile services available to the majority of residents in each county within 18 months. These services should be available to the majority of businesses and residents, not just government entities.
- The new administration should be aggressive in developing private-public partnerships in deployment and use of broadband technologies.
- Re-evaluate the fiber deployment in the Right-of-Way project.

## **ECONOMIC INFRASTRUCTURE**

Under the federal CANAMEX definition, the Corridor includes the counties of: Santa Cruz, Pima, Pinal, Maricopa, Yavapai and Mohave. The Governor's CANAMEX Task Force includes the border counties of Yuma and Cochise in its "working definition" because of commonalities of border projects, opportunities and challenges. In the fall of 2001, the Arizona Department of Commerce initiated the first comprehensive study of the State's economy in over ten years. Working with a team of leading economists from the Universities, public and private sectors, the Department of Commerce analyzed the economic base and export industries (those that bring in capital and increase wealth in the State) to identify the State's economic opportunities.

### **Population Growth and Arizona's 5 C's**

In 1990, Arizona's population was 3.7 million. By 2000, it was 5.1 million. It is projected to reach 6.7 million in 2010 and 8.3 million in 2020. Most of the population growth is concentrated in the State's urban centers, making Arizona one of the most urbanized states in the nation. Phoenix is expected to continue to grow and dominate the region, reaching 6 million persons by 2026. Tucson is expected to grow at about half that rate, reaching 1.36 million by 2026. Second only to Nevada, Arizona's population-driven growth continues to be a significant driver of the local economy.

Fully 60% of the population, 70% of the jobs and 75% of the economic activity are concentrated in Maricopa County. The 2002 Statewide Economic Study found that *Rural economies are not diverse*, and in fact, they are largely responsible for the State's poor position. This leaves them more vulnerable to industry cycles, and in the case of the border region, Mexico's economic cycles. Improving the economic diversity of Arizona, particularly in rural areas, is a priority of the Governor's CANAMEX Task Force.

While the traditional Five C's of Arizona's economy – Cotton, Cattle, Citrus, Copper and Climate – still exert strong influence, they are declining in importance. Most of Arizona's economic growth in the last decade has come in manufacturing (electronics and aerospace) and business services. Yet, this growth did not diversify Arizona's economy. Arizona has become dependent on these cyclical sectors at a time when highly paid electronics jobs are moving off-shore.

*Arizona remains well behind its competitor states in terms of economic diversity.* The imbalance results from employment in the construction, retail trade and government employment (includes federal government and prison inmates) sectors.

### **Global and Industry Trends**

Product life cycles are expected to continue to shorten. To be competitive, industry will require good access to Research and Development and financing, and an educated labor force capable of keeping up with accelerating product cycles and global market changes.

International export industries pay better than those serving local domestic markets. In the U.S., wages associated with export jobs average 13-18% higher than similar domestic activity. In Mexico, the export wages are 40% higher.

The U.S. will need to improve productivity to remain competitive against lower wage and cost environments. This is expected to largely come in the form of technology-driven process improvements and superior infrastructure.

As production facilities move away from the border into Mexico, Central America and Asia, Arizona is expected to experience a shift in the jobs that support those activities. This may have the positive effect of strengthening economic ties with the higher value-added manufacturing centers such as Guadalajara and Mexico City.

Export oriented industries require efficient, well-developed transportation and telecommunications infrastructure to be competitive with lower cost centers in Asia and Central America.

Other key trends are:

- The pace of global integration is expected to pick up as the global economy recovers.
- The dollar is expected to continue to weaken over the near term.

### **Exports**

Mexico has been Arizona's largest export market for more than a decade. In 1990, Mexico accounted for 19% (\$831 million) of Arizona's total exports (\$4.3 billion). In 2001, Mexico accounted for 28% (\$3.6 billion) of Arizona's total exports (\$12.5 billion). The beneficial effect of NAFTA on Arizona's economy, and that of the Arizona-Sonora region - is undeniable (Attachment M).

Arizona's principal exports to Mexico have not changed significantly over the last decade. They are: electrical machinery, industrial machinery, plastics, paper & paperboard and automotive vehicles to Mexico. These sectors reflect Arizona's economy, but also its location as a prime distribution center for the southwest.

Canada, Arizona's second largest trading partner, accounted for 11% of Arizona's exports (\$1.3 billion) in 2001, largely telecommunications and computer equipment. However, when looking at total trade between Arizona and Canada, it is transportation equipment (aircraft parts, engines, engine parts, trucks) that account for 38% of the total trade as Arizona exported \$227 million and imported \$845 million.

While the dollar value of U.S. exports has been growing over the last five years, U.S. exports as a percentage of the Gross Domestic Product have remained between 7.4% (1997) and 6.8% (2001). However, Arizona's dollar value exports have stagnated over the same period, \$13.8 billion in 1997 and \$12.5 billion in 2001, and *exports as a percentage of Arizona's Gross State Product have fallen* over the last five years from 11.3% in 1997 to 7.6% in 2001.

The lack of geographical diversity among Arizona's exports and the relatively small export base to China are causes for concern. Over 75% of Arizona exports are to just 10 countries. Exports to the top 10 Asian countries declined from 34% in 1990 to 28% in 2001, following a peak of 44% in 1997. Exports to China were only \$142 million in 2001, ranking it 17 among Arizona's trading partners.

### **Arizona's Economic Challenges**

Arizona's economy has not diversified significantly in the last decade. There is a continued reliance of growth-oriented industries to provide employment for the increasing population. Other factors for concern are:

- Arizona's economy is less diverse than that of its competitor states.
- Arizona's per capita income is declining vis-à-vis the U.S. average.
- Over 70% of the State's economy is concentrated in Maricopa County.
- The growth rate of construction and related sectors is projected to slow in the future, putting pressure on other areas of the economy to increase employment.
- Tourism is a major component of the economy, particularly in rural areas. Out of state tourism revenues have fallen since 9/11.
- Overseas competition has put pressure on Arizona's local semi-conductor manufacturers.

It is particularly significant that in 2026, per capita income is projected to fall to 66% of the national average, down from 85% today. According to a report by the University of Arizona in Part 1 of the *2002 Statewide Economic Study* :

*"In real terms, PCI is expected to grow by 1.0% per year over the next 25 years, about half the national rate. This reflects continuing large increases in population, driven by the increasing importance of retirees and growth of low-paying population-serving jobs."*

### **Arizona's Economic Opportunities**

It was noted earlier that industries that participate in the global economy pay higher wages. A key goal of regional economic development is to attract diverse industries compatible with local infrastructure and quality of life standards that *export their products outside of the State*. A key goal of the Governor's CANAMEX Task Force has been to stimulate the strategic investment in the infrastructure to support these industries.

Earlier this year, the Arizona Department of Commerce conducted the first Statewide Economic Study in a decade. They mapped the current economy, analyzed the state's infrastructure for its sufficiency to support the economy and identified the state's economic opportunities based on emerging national and global trends (Attachment L). They are particularly relevant for CANAMEX because they are "export" industries, not simply because they might sell abroad, but because they sell outside the State of Arizona. Just as tourists from outside the State leave "wealth" in the form of purchases of products and services, and sales taxes, so do export industries import wealth by selling outside the State in return for the earnings that employ Arizonans, buy raw materials and pay taxes.

The single most important factor in determining future economic opportunities is the presence of existing businesses in a particular sector. Just as retail stores do better concentrated in a mall, so do manufacturers, software developers and transportation & distribution firms. This bodes well for improving specific infrastructure to enhance growth opportunities.

Below are the economic opportunities for the CANAMEX and border region counties, as identified in the Arizona Department of Commerce's Statewide Economic Study 2002. Note the identification of Transportation/Logistics as an Economic Opportunity in six out of the eight CANAMEX counties. This industry includes the trucking and warehousing, railroad and the broader logistics industry often classified as miscellaneous transportation services. Note also the prominence of Tourism. It is presented as an economic opportunity in every county. The State's comparative advantages in terms of population, location and infrastructure were evaluated to develop the list.

<b>COUNTY</b>	<b>ECONOMIC OPPORTUNITY</b>
COCHISE	Industrial Machinery, Transportation Logistics, Agricultural Processing & Technology, Defense/Aerospace/Avionics, Tourism
MARICOPA	Software, Healthcare/Bio, Communications Services, Defense/Aerospace/Avionics, High Tech Instrumentation, Engineering Research & Testing, Tourism
MOHAVE	Industrial Machinery, Transportation Logistics, Tourism
PIMA	Software, Healthcare/Bio, Communications Services, Defense/Aerospace/Avionics, high Tech Instrumentation, Engineering Research & Testing, Transportation/Logistics, Tourism
PINAL	Industrial Machinery, Transportation Logistics, Agricultural Processing & Technology, Tourism
SANTA CRUZ	Industrial Machinery, Transportation Logistics, Agricultural Processing & Technology, Tourism
YAVAPAI	Engineering Research & Testing, Tourism
YUMA	Industrial Machinery, Transportation Logistics, Agricultural Processing & Technology, Defense/Aerospace/Avionics, Tourism

The Governor’s CANAMEX Task Force, in consultation with the Governor’s Office, the Arizona Department of Commerce, the Arizona Office of Tourism, and local communities, shall identify strategies to implement the economic opportunities for counties along Arizona’s CANAMEX Corridor that have been identified in numerous studies including the 2002 Statewide Economic Study.

The challenge for the New Economy Committee of the Task Force and others with a vested interest will be to prioritize and coordinate the development of these economic opportunities with strategic investment in appropriate infrastructure to support them.

## **TOURISM AND THE MULTI-STATE INITIATIVES**

Following the adoption of the multi-state CANAMEX Corridor Plan in April 2001, the five U.S.CANAMEX states selected the Smart Tourist Corridor Initiative to serve as the core of their continued collaboration for the following reasons:

1. Tourism is an important industry in all five states and is particularly important to rural economic development.
2. With the exception of Las Vegas, the States' tourism industries are based on their natural topographic and climate assets.
3. Improving both telecommunications and highway infrastructure are vital to the development of a Smart Tourist Corridor. Furthermore, many of the safety and efficiency attributes of the Smart Tourist Corridor also benefit the commercial freight movements.
4. The tourist industry and related organizations such as the chambers of commerce, visitor & convention bureaus are expected to be strong implementation partners once the initial plan has been defined and the operations elements are underway.

*The five US CANAMEX states are proceeding with their implementation efforts using state funds.* This is an important point. A two-year budget of \$165,000 was approved for the operations of a central project office located at ADOT with four states contributing 15% and Arizona contributing 40%. In addition, each state contributed \$80,000 for the development of the Smart Tourist Corridor Plan to identify the tourism attractions (state, federal, tribal and private) on and off the Corridor and the Intelligent Transportation System technology to provide traveler information.

### **Smart Tourist Corridor**

In May, 2002 the CANAMEX Corridor Coalition approved a contract with the Western Transportation Institute (WTI) of Montana State University to 1) define all elements of the Smart Tourist Corridor and develop a corridor regional action plan and 2) conduct a technology systems evaluation including a "GAP" analysis to develop an information exchange capability. The report will be completed in December, 2003.

WTI has been conducting personal interviews with federal/state/tribal and private sector companies to develop an inventory of tourism attractions on and off the Corridor from the Canadian border to the Mexican border. In addition, they have been researching the technology systems presently available to provide information to the traveler that will encourage the traveler to visit the attractions and thus provide economic benefits to the communities along the Corridor.

### **Federal & Native American Outreach**

It is worth noting that CANAMEX has reached out to the federally-recognized tribes along the CANAMEX Corridor in addition to partners in Mexico and Canada. There are seven tribes affected in Arizona: Hualapai, Havasupai, Salt River-Maricopa-Pima, Gila River, Ak-Chin, Ft. Mohave, and Tohono o'Odham. The reception has been consistently positive.

The federal land management agencies have been included in the development of CANAMEX. The continued support of agencies such as the National Park Service, U.S. Forest Service, Bureau of Land Management, Bureau of Reclamation, where a majority of the outdoor recreational areas are located is essential for the success of the Smart Tourism Corridor. State Parks are another segment of the tourist industry in each state as well as historical and cultural heritage sites. All of these elements are involved in the development of the tourism inventory.

#### **National Travel Information Number - 511**

511 was born out of a recognition that the massive quantity of travel data being collected and disseminated via ITS could be delivered directly to the travelers via telephone. Travelers are now able to access accurate, up to date information on local highway conditions, public transportation options, weather and road conditions and traffic updates using basic telephone and cell phone access. Arizona was one of the first states in the USA to offer statewide service in June 2002. Other CANAMEX states offering 511 at present include Utah, Montana and Idaho.

#### **Scenic Byways**

In cooperation with the Arizona Office of Tourism through an intergovernmental agreement with ADOT, a Scenic Byways link will be added to the Arizona Office of Tourism's existing website. A number of Scenic Byways are either on or near the CANAMEX Corridor and these will be identified in the Scenic Byways link. The web site will be introduced in April 2003.

## STRATEGIC INITIATIVES

The mission of the Governor's CANAMEX Task Force has been to establish the Corridor as a model of safety and efficiency, transporting people, goods and information to support quality jobs and economic growth. This will be achieved through a series of strategic goals that address infrastructure, economic growth and regional cooperation.

1. Strategically invest in *transportation infrastructure according to plans that consider economic impacts*
2. Accelerate deployment and accessibility to broadband *telecommunications infrastructure* in rural areas
3. Attract quality *jobs and investment* that build on the competitive advantages of the region and support sustainable economies.
4. Develop an integrated regional Tourism Corridor working with the five U.S. states, and extending into Canada and Mexico
5. Expand Intelligent Transportation Systems (ITS) throughout the Corridor to ensure a seamless dissemination of updated travel information regarding road conditions, accidents, constructions, etc. for safe and efficient travel. This is 511.
6. Deploy multi-state technology and systems to increase tourism throughout the corridor, especially in rural areas.

These initiatives describe the immediate next steps to maintain forward progress on the critical initiatives outlined in the Executive Summary. Encompassing them all is ***the need to develop a federal lobbying strategy to identify and access funds for all CANAMEX projects.***

### TRANSPORTATION INFRASTRUCTURE

#### ***Hoover Dam Bypass***

- Lobby Congress and federal agencies to approve the \$108 million that is needed to fully fund the Hoover Dam Bypass project as part of the TEA-21 Reauthorization.

#### ***International Ports of Entry***

- Support increased funding for port improvements and trade corridor improvements as part of the TEA-21 Reauthorization (Sections 1118/1119)
- Identify Arizona port and Canamex corridor improvements that can be funded through discretionary grant programs such as Sections 1118 and 1119 of TEA –21
- Lobby for additional federal funding to support specific port improvements at Douglas, Nogales and San Luis ports of entry
- Advocate for increased funding for motor carrier safety inspectors to patrol along Arizona's southern border
- Work closely with the Federal Motor Carrier Safety Administration, ADOT and DPS to obtain additional federal funding for motor carrier enforcement officers
- Evaluate and make recommendations to the Arizona Legislature regarding the amount of SETIF monies that should be used to fund port improvements and MVD and DPS motor carrier inspectors

### ***CyberPort***

- Monitor, review and support all phases of the CyberPort Project.
- Work with ADOT and members of the Arizona congressional delegation on earmark funding for Phases II (\$5 million) and III of the CyberPort Project as well some of the initial projects identified in the CyberPort Concept Study (\$24.5 million).
- Communicate with appropriate federal and state elected officials and stakeholders in both the U.S. and Mexico on consensus recommendations and findings.

### ***TEA-21 Reauthorization***

- Support increased funding for National Corridor Planning and Development Program as well as the Coordinated Border Infrastructure Program.
- Support a \$108 million earmark to fully fund the \$234 million Hoover Dam Bypass projects.
- Support an earmark of \$29.5 million to fund the continuation of the CyberPort Project, including four specific initiatives that are designed to improve the capacity of the Nogales Mariposa Port of Entry and the efficient movement of trade along the CANAMEX Corridor.

### ***Corridor Improvements***

- Encourage ADOT and the State Transportation Board to increase funding for major improvements on the designated CANAMEX Highway throughout Arizona.
- Review the recommendations and findings of the ADOT Wickenburg Bypass Study
- Evaluate potential funding sources for capital or process improvements (e.g., SETIF, private sector, TEA-21 Reauthorization)
- Develop a CANAMEX Corridor aviation strategy.

### ***CANAMEX Definition***

- Improve the definition of the CANAMEX Highway Route in federal law, thereby making additional segments eligible for future federal highway and trade corridor development funding.
- Work with the State's congressional delegation to ensure that the recommended alignment is codified in federal law.

## **TELECOMMUNICATIONS**

- Support and encourage centralized purchasing of telecommunications services to enhance rural broadband deployment.
- Support the funding and development of telecommunications assessments by GITA and the Greater Arizona Development Authority.
- Support plan development to provide broadband last mile services available to the majority of residents in each county within eighteen months. The new administration should be aggressive in developing private-public partnerships in deployment and use of broadband technologies.
- Re-evaluate the Fiber Deployment in the Right-of-Way project.

## **ECONOMIC DEVELOPMENT**

### ***Strategic Infrastructure Investment***

- Identify strategies to implement the economic opportunities identified in numerous studies in collaboration with the Governor's Office, the Arizona Department of Commerce, Arizona Office of Tourism and local communities.

### ***Trade***

- Collaborate with other CANAMEX jurisdictions on joint trade missions and offices.
- Support the Arizona Department of Commerce in the establishment of a regional program for international trade missions with CANAMEX partner states and provinces (most likely Utah, Idaho, Alberta, Sonora and Jalisco).
- Establish outreach program to five-state economic development organizations to leverage CANAMEX brand in national and international marketing campaigns.
- Support the continued development of the international coalitions, involving them as appropriate in specific projects.

### ***Increase Productivity***

- Establish preferred government to government relationships within CANAMEX to harmonize regulations and exchange information resulting in increased productivity.

## **TOURISM**

### ***Funding***

- Identify potential federal and other funding sources to implement the Smart Tourist Corridor.
- Build on unique collaboration and multi-national corridor status to increase visibility, investment and federal funding to the region.
- Identify relevant funding opportunities as part of President Bush's E-Government initiatives
- Seek status as "best practice" involving state, local, tribal and international governments for the multi-state work in developing the Smart Tourist Corridor, launching the multi-agency Scenic Byways website and Branding the Region

### ***Tourism Partnerships***

- Develop a "smart tourist pass" to allow entry to state and federal attractions in all five states with a "one time" fee, similar to the Golden Eagle Pass of the National Park Service.
- Encourage local chambers of commerce and convention and visitors bureaus to create one day, two-day or longer CANAMEX itineraries.
- Develop a "three nation" package in collaboration with the Arizona- Mexico Commission's Tourism Committee, representatives from the Mexican CANAMEX states and the Province of Alberta, the Arizona Council for Enhancing Recreation and Tourism (ACERT), federal and state agencies and the Arizona Office of Tourism.
- Serve as a catalyst for collaboration with the Western States Tourism Policy Council, a consortium of 13 state tourism offices, to "brand" the Corridor and develop a marketing strategy.