

San Diego-Tijuana Airport Cross Border Facility (CBF)

November 2013

Overview

The San Diego – Tijuana Airport Cross Border Facility (CBF) will be a new land port of entry between the United States and Mexico, serving ticketed airline passengers traveling via Tijuana International Airport (TIJ). The CBF features an elevated, enclosed pedestrian bridge that will span the U.S./Mexico border, connecting a new passenger facility in San Diego directly to the TIJ terminal, immediately south of the border. The CBF will provide direct, safe, secure access for more than two million TIJ passengers per year who currently are crossing the border at congested ports of entry in San Ysidro and Otay Mesa, facing unpredictable border wait times and lengthy delays.

The CBF is designed to U.S. and international security standards, and will include U.S. Customs and Border Protection (CBP) operations in the San Diego portion of the facility.

The toll crossing will be constructed and operated by Otay Tijuana Venture, the private developer of the CBF. OTV is working on an operating agreement with United States Customs and Border Protection, whereby OTV will reimburse CBP for officers and related expenses incurred to process travelers entering and exiting the United States, without diverting resources.

OTV plans to begin construction on the CBF this Winter. The project will help boost the economy of the region, create jobs, and ease congestion at the San Ysidro and Otay Mesa crossings.

Project Description - Border Safety and Security

The CBF features a secure pedestrian bridge for TIJ ticketed airline passengers only, providing direct, safe access between the terminal and San Diego

- Southbound crossers must prove they are ticketed on a TIJ flight, and northbound access will be limited to those who have arrived on a TIJ flight

Project Location and Features

The CBF is located on the only land parcel with the location and scale to accommodate this type of project.

- The CBF is located a 24.6-acre site in the City of San Diego immediately adjacent to, and north of, the U.S./Mexico international border, and directly north of the border from TIJ
- It is in the community of Otay Mesa, on the south side of Siempre Viva Road, between Britannia Boulevard (to the west), and La Media Road (to the east). Access to the site in the U.S. will be gained from Interstate 905 freeway

In the United States

- A two-level structure
 - Level 1 (ground level) will house CBP passenger processing, administrative offices, ticketing and customer service areas, and retail space.
 - Level 2 will provide access to and from the elevated pedestrian bridge.
- Convenient passenger drop-off/pick-up, parking, ground transportation, and rental car facilities.
- Additional development on the full CBF site (total 55 acres) is permitted to include hotels, retail and convenience services (such as a restaurant, retail, gas station), and industrial uses.

Pedestrian Bridge

- The pedestrian bridge will be enclosed, with two divided corridors to prevent contact between north- and southbound pedestrians.
- The bridge will be approximately 325 feet long, 33 feet wide, and elevated to provide clearance above the existing border fence and highway.

In Mexico

TIJ facilities are in the process of being renovated to accommodate the southern landing of the pedestrian bridge and appropriate processing facilities for Mexico General Customs Administration and Mexico Immigration.

Existing Demand

There is existing need for the project to serve approximately two million TIJ passengers per year who currently utilize congested land ports of entry at San Ysidro and Otay Mesa as part of their travels.

- Approximately four million passengers utilize TIJ each year, and more than half of them cross the US/Mexico border as part of their travel
- 75% of all TIJ cross-border passengers are expected to use the CBF (approximately 1.7 million passenger per year)
- Most of the U.S.-based travelers are ethnic Mexicans who are flying for business or to visit family and friends
- Passengers use TIJ to access more destinations and greater frequency of flights to Mexico

Regional and Local Benefits/National Interest

The CBF provides significant regional economic benefits and supports bi-national goals for secure and efficient travel and trade.

- The CBF will facilitate increased travel to the region
 - Tourism is the third-largest revenue generator in San Diego (after manufacturing and the military)
 - Tourism accounts for 40% of all U.S. service exports (food, lodging, recreation, gifts, local transportation) to Mexico, which helps the U.S. prevent a larger negative trade balance with Mexico

- CBF will help alleviate border congestion and crossing delays, which result in significant economic losses
 - SANDAG estimates that border crossing delays cost San Diego more than \$1.3 billion and 28,000 to 35,000 jobs a year (January 2006 study), and cost the U.S. and Mexico a combined loss of nearly \$7 billion and more than 60,000 jobs a year
- The CBF creates safe, secure, border crossing capacity
 - It will enable passengers to avoid other congested border crossings at the existing San Ysidro and Otay Mesa land ports of entry, freeing those POEs for use by others
 - It will enable passengers to avoid a circuitous drive through the City of Tijuana

Project History and Approvals

Completed

- 2007 - Partnership formation
- 2008 - Land purchase
- September 2010 - Presidential Permit issued by U. S. Department of State
- January 2012 – City of San Diego land use entitlements approved
- October 2012 – TIJ expansion in Mexico approved by Secretariat of Communications and Transportation
- March 2013 – SCT authorized bridge construction in Mexico
- June 2013 - Permits issued by International Boundary and Water Commission (IBWC) and Comision Internacional de Limites y Aguas (CILA) to authorize construction across the border

Pending/In Process

- Finalizing operations agreement with CBP
- City of San Diego building permits

Ownership

The Otay-Tijuana Venture, LLC (OTV) partnership is comprised of private Mexican and American investors with extensive experience in real estate development and operations, corporate investing and airport operations. Shareholders include:

PAP Corp, owned by Laura Diez Barroso Azcarraga de Laviada and Carlos Laviada. Both are Members of the Board of Directors of Grupo Aeroportuario del Pacifico, S. A. B. de C.V. (GAP).

Palaereo Inc., a U. S. domiciled company, owned in part by Eduardo Sánchez Navarro, a leading real estate developer in Los Cabos, Baja California. He is

Chairman of the Board of Directors of Grupo Aeroportario del Pacifico, S. A. B. de C.V. (GAP).

EGI-Otay Investors, which is owned by estate planning trusts associated with Sam Zell. Mr. Zell, an international investor, owns Equity Group Investments (EGI), a 40-year-old private investment firm.

TIJ and GAP

- Grupo Aeroportario del Pacifico, S. A. B. de C. V. (GAP), is a Mexican public company that manages and operates the Tijuana International Airport (TIJ) and 11 other airports in Mexico
- The investors in OTV associated with GAP have been approved by the GAP Board of Directors to pursue the CBF project as a separate private investment
- The operations and management of the CBF will be separate from TIJ
- TIJ has greater capacity for growth than other Southern California airports

Project Support

- City of San Diego
- San Diego Regional Chamber of Commerce
- Otay Mesa Chamber of Commerce
- South County Economic Development Council
- San Diego Regional Economic Development Corporation

Questions & Answers
SAN DIEGO – TIJUANA AIRPORT CROSS BORDER FACILITY
Updated November 12, 2013

Project Description and Passenger Profile

1. How many passengers do you expect to use the bridge when it opens?

Approximately four million passengers per year use TIJ, and more than half of them cross the US/Mexico border at the San Ysidro or Otay Mesa land ports of entry in their travels. So there is existing demand. We estimate that approximately 75 percent of those passengers, roughly 1.7 million people, will use the CBF in the first year.

2. Is there anything else like this in the US or in the world?

We are not aware of any other privately-funded land port of entry associated with an airport, although private bridge crossings have existed for some time in Texas and Michigan.

3. How much is the toll? Will it be the same fee in both directions?

The exact amount of the toll has not yet been established. Our preliminary estimate is in the **low to mid-teens** to cross one-way. We have not yet determined if it will be the same fee each direction.

Operations, Security, US Customs and Border Protection

1. Will passengers have to pass through both US and Mexican Customs when they enter and exit the bridge?

Yes, the bridge will be designed and staffed to meet the security standards of both US and Mexican federal agencies. We have been working closely with officials on both sides of the border since the inception of the project to design and operate the CBF to ensure passenger safety and security.

2. How do GlobalEntry and SENTRI programs impact the project? Other trusted travel programs?

The CBF will be designed and equipped to support the current programs approved by CPB to facilitate safe and secure travel and trade, including trusted traveler programs which may be implemented as deemed appropriate by CBP. While no decisions have been made regarding the implementation of specific programs at this time, OTV

welcomes CBF-approved programs to expedite trusted travelers through the border crossing process. We will help CBP promote trusted traveler programs to encourage passengers to participate.

3. Is the final agreement with CBP done?

OTV is working diligently with CBP to complete the agreement, which is expected to be finalized by the end of 2013.

Construction

1. When will you break ground? How long is construction going to take?

We look forward to breaking ground this Winter, and estimate a 15-month construction schedule.

2. What needs to be done on the Mexican side of the border?

Construction started at TIJ in August 2013 on a variety of upgrades and maintenance projects, including the terminal area that will “receive” the southern end of the pedestrian bridge and necessary security facilities. Completion will be tied to connection with the pedestrian bridge.

3. Will this project cause the expansion of TIJ? Does TIJ have capacity for growth?

Long-term decisions about the future of TIJ will be made by the Mexican federal government, which owns the airport and contracts with GAP for operations under a concession agreement. TIJ has physical space and operating capacity for growth, but the CBF is only one component of any long-term decision about future expansion.

Government

1. Former Mayor Carlos Bustamante has said that he would block the project because GAP owes the City of Tijuana back property taxes. Is he still trying to block the project now that he is no longer mayor?

The CBF is not a GAP project, and OTV is not involved in issues between GAP and the City of Tijuana. We respect former Mayor Carlos Bustamante and we look forward to working with new Mayor Jorge Astiazarán Orcí.

2. The CBF was a priority project of the previous President of Mexico, Felipe Calderon. Does the new Administration support the project?

Yes, and we have received many of our Mexican Federal permits under the new administration.

3. How does immigration reform impact the project?

The CBF project is unrelated to immigration reform proposals. The new facility simply provides additional safe, secure capacity for lawful border crossings, without diverting resources. The CBF is designed and required to operate in compliance with all U.S. CBP regulations to facilitate lawful, safe and secure travel and trade.

4. Is there any taxpayer money or government expense for this project?

OTV will reimburse CBP for officers and related expenses incurred to process travelers entering and exiting the United States, to the greatest extent allowable by statute.