

Summary of Business Outreach Interviews

Economic and Air Quality/Climate Impacts of
Delays at the Border

San Diego, CA
March 27, 2018

Contents

| | |
|--|----|
| Introduction | 3 |
| Overview of Survey Efforts..... | 3 |
| Summary of Border-Wide Trends Identified | 5 |
| Border Delay Adaptability..... | 5 |
| Accessibility and Missed Opportunities | 7 |
| Border Delay Reduction Measures | 8 |
| Need for More Improvements at the Border | 10 |
| Appendix 1: Tabular Summary of Border-Wide Identified Trends | 12 |
| Appendix 2: Economic Outreach Survey Forms | 14 |
| Introduction | 15 |
| Core Questions | 15 |
| Customers / Sales Questions | 17 |
| Employment Questions | 18 |
| Supply Chain Management Questions..... | 19 |
| Logistics Questions | 20 |
| Final Question | 22 |

Introduction

The California – Baja California border region is one of the most important and dynamic economic zones in North America. However, demand is poised to outstrip supply at the region's border crossings. While the crossings have become a critical element of the bi-national region's economic integration and competitiveness, growing demand has led to increased congestion at border crossings and generated delay and unreliable crossing times for cars, trucks and pedestrians. These delays and travel time unreliability at the border have the potential to reduce the region's economic competitiveness and attractiveness to businesses, resulting in lower levels of economic activity and growth.

In 2006, SANDAG and Caltrans completed a study that showed how border delays cause significant reductions in economic output and employment. The study highlighted the need for improving border crossings and helped make the case for developing a third crossing between San Diego and Tijuana (the planned Otay Mesa East-Mesa de Otay II border crossing). Similarly, in 2007, the former Imperial Valley Association of Governments (IVAG) and Caltrans conducted an economic delay study for Imperial County border crossings. Much has changed since these earlier studies – the regional economy has rebounded from the Great Recession and there are new emerging industry clusters that depend on cross-border trade.

As a result, and coupled with the need to identify cross border wait time impacts on the region's air quality, SANDAG has commissioned the HDR team (led by HDR Inc., and supported by T. Kear Transportation Planning and Management, Inc., Crossborder Group and Sutra Research) to conduct the study on Economic and Air Quality/Climate Impacts of Delays at the Border.

The current report was developed by HDR to summarize the results of the economic outreach efforts. In particular, this document presents a series of trends that were found to be common to businesses across the California – Baja California border region. These trends were identified through a qualitative analysis of 20 interviews with businesses that have a direct link with the border and are located on either side of the border region.

Overview of Survey Efforts

The economic outreach conducted as part of the study consisted of interviewing 20 companies located in the California – Baja California region with known ties to the border. The 20 companies span across nine different industries and include businesses both on the U.S. side and the Mexican side of the border. The list of companies interviewed and the industry / sector they belong to is presented in Table 1.

Staff from the HDR team (from Crossborder Group and Sutra Research) teamed up with SANDAG and Imperial County Transportation Commission (ICTC) staff to identify the candidate businesses for interview, conduct the outreach and schedule the interviews and, in most cases, to conduct the interviews themselves.

Table 1. List of Companies Interviewed and Classification of Industry / Sector

| Line-Up of Business Interviews and Industry / Sector | | |
|--|---------------------------------------|------------------------|
| Border Sub-Region | Name | Industry / Sector |
| San Diego Region | Las Americas Plaza | Wholesale/Retail Trade |
| | Medtronic | Bio-Medical/Medical |
| | Driscoll Strawberries | Agriculture |
| | Foxconn | Manufacturing |
| | Solar Turbines (Turbotec) | Manufacturing |
| | SMK Electronics | Manufacturing |
| | UCSD Healthcare | Healthcare |
| | UPS | Freight |
| | Hyatt | Hospitality/Hotel |
| | Taylor Guitars | Manufacturing |
| | Thermo Fisher | Bio-Medical/Medical |
| Imperial County | Imperial Valley Mall | Wholesale/Retail Trade |
| | Brockway Farms | Agriculture |
| | Aggregate Products | Construction |
| | Am-Mex International Brokerage | Freight |
| | Burgers and Beer | Restaurant |
| Baja California | Corporación Inmobiliaria Vesta | Construction |
| | Toyota | Manufacturing |
| | Simnsa / Scripps | Healthcare |
| | Tecate Brewery | Manufacturing |

Note: Businesses in **bold** have operations on both sides of the border

The companies were asked to participate voluntarily and a questionnaire was provided in advance of the interview.¹ In most cases companies had a face-to-face or over-the-phone interview with staff from the HDR team and/or SANDAG, though in some cases the interviewees preferred to submit their answers in a written document.

¹ The questionnaire had a set of questions as part of a core module plus additional questions as part of one of the following modules: employment, customers / sales, supply chain management and logistics (see Appendix 2 for the list of questions used). Each company was asked to answer the core module plus one or two of the other modules. The non-core modules were assigned to companies based on information about the nature of their link to the border.

Summary of Border-Wide Trends Identified

In a review of the business interviews, there are a handful of identifiable trends that are common among businesses in the California-Baja California border region:

- Local adaptability to border delay
- Importance of accessibility
- Desire to reduce border delays
- Desire for improved processing measures

These trends are described in more detail in this section, and a summary (in a tabular form) can be found in Appendix 1.²

Border Delay Adaptability

The interview responses indicate that many workers and customers traveling across the border are relatively tolerant to small changes in border delay, especially when border wait times are as expected, albeit long. Because people are accustomed to the border delay, it is normal to incorporate the extra time in their travel or commute plans, and their decision to cross the border is unlikely to change with border wait times. For example, if the standard wait times are long (1 to 1.5 hours), an extra 10 to 15 minutes is a relatively small increase, and may not be significant enough to change their behavior.

Several human capital dependent companies do not perceive a significant impact from border delays on their employment or operations, stating that people simply incorporate extra travel time for their cross-border commute, at times purposefully living and working on opposite sides of the border. One interviewee from a freight company even indicated that workers who cross the border are more dedicated to the job, which is revealed in their willingness to make the commute. Similarly, retail centers perceive that while border delays are an inconvenience to their shoppers, standard border wait times are not perceived as prohibitive to their customer base. However, unpredictable changes in the border wait times, due to construction or long-term lane closures, are perceived to negatively impact customers, employees, and sales more than expected border delay.

A few employers perceive that the long border wait times negatively impact the quality of life of their employees. Others acknowledge that the decision is made deliberately by employees to extend their U.S. income across a lower cost of living in Mexico. One representative of a health care group indicated that if people are accommodated (in terms of compensation and work schedule), employees living across the border are less likely to leave and more likely to adapt to their cross-border commute. Thus, it appears that some cross-border workers are able to incorporate the trade-off in quality of life between the long commute and the higher

² In the border wait time data collection efforts, it is clear that northbound delays are longer than southbound delays. However, the responses in these interviews imply that both northbound and southbound delays affect multiple aspects of business operations (logistics, supply chain management, customer service and accessibility, and employment or human capital), for companies on the north and south side of the border.

compensation and adapt when necessary. Based on all the interviews, it also seems that these compensated and adaptable individuals are more likely to be high-skilled workers.

Based on the interviews, one group of workers is potentially more sensitive to border delay, consisting of the low-skilled, entry level portion of the labor force, mainly employed in agriculture, hospitality, or retail. While the employers perceive indirect impacts of the border delay on their own operations, employees absorb most of the effects in their commute and productivity. They may choose this situation for the extended income across the border, as mentioned above. Or, they may accept the commute because they have few employment alternatives. In this region there are more low-skilled workers than low-skilled jobs, so workers must compete for employment and the market favors the employer. Thus, these employees bear a majority of the costs of border delay and their border delay adaptability is borne out of a necessity to stay employed.

One agriculture representative stated that the excessive commute time at early hours in the morning is not fair to the workers, even though they are accustomed to it. A representative from a delivery service believes that border delay creates additional stress and affects the workers' productivity. A hotel representative observes high turnover and absences from employees who cross the border to work, mostly from employees in housekeeping and seasonal jobs. A retail representative relayed that some employees are late due to delays at the border. If the border wait time is too long, some people will not come to work and forfeit pay, especially part-time workers. This supports the notion that high-skilled workers are less sensitive to border delay because they are more likely to receive work schedule flexibility and income compensation, whereas low-skilled entry level employees do not often experience the same accommodations.

Another group of border crossers that may be sensitive to border delay are southbound patients seeking lower medical costs in Mexico. According to an interviewee from a health care facility, some patients are hesitant to cross the border (especially on foot). Though the conditions of crossing are arduous, some patients still cross south for health care services. The health care professional also indicated that migration fees and documentation in addition to border delays may discourage some patients crossing, though at this level it is difficult to determine how much border delays specifically impact this group of border crossers. However, some border crossers are motivated to accept long wait times to receive medical treatments in Mexico because of the differences in the health care systems and price.³

One interview revealed that there is a growing supply of skilled labor in Mexico fostered by local universities and vocational schools (specifically mechanical and bio-medical engineers and software developers). Companies with operations on the Mexico side of the border increasingly rely on this labor force instead of cross-border employees and thus avoid the impacts of border delay on their employees. The availability of skilled labor remains an important factor in locational decisions for operations on both sides of the border.

³ This may be due to a cultural affinity for the health providers and health care system in Mexico.

According to the interviews, companies that see employees commuting across the border include bio-medical, hoteling, freight, agriculture, retail, food service, and health care businesses. It is expected that hospitals and manufacturing companies also employ labor from across the border, though none of the interviews with companies from these industries revealed that their employee base comprised cross-border commuters.⁴ Health care facilities in Mexico and retail centers in the U.S. serve cross-border clientele, some specifically catering to clients across the border.

Accessibility and Missed Opportunities

Many companies express border delay concerns not only in terms of the monetary costs from border delay increases, but also in the missed opportunities and potential benefits from improvements in crossing times and efficient processing, which can be summarized generally as the importance of accessibility in the Cali-Baja border region. Representatives from interviewed companies discuss missed opportunities in employment and business development in the region, and limitations to economic expansion on both sides of the border. One interviewee mentioned that “a reduction in border friction” would likely increase company functions in Tijuana. Another interviewee stated that long border delays cancel out the strategic advantage of proximity to the border, which ideally provides easy access to international markets for inputs and finished products. Thus, when asked about consequences of increased border delay, many businesses respond with opinions about potential benefits and cost savings in labor, productivity, inventory, and warehousing from improvements in border wait times.

Manufacturing and logistics companies discuss accessibility and opportunities in terms of goods movement, reliable travel times in both directions, border processing efficiency, and relative proximity to suppliers and markets. Representatives from advanced manufacturing operations and freight service companies particularly expressed a desire for better access to ports, better roadway infrastructure in Tijuana, more efficient and expedited processing measures at the border, and more predictability (or less uncertainty) around cross-border trips.⁵ Uncertainty is listed as one of the most problematic aspects of border delay, due to the broad impacts on business operations and labor. A construction company representative asserted that reducing border delays would increase Tijuana’s competitiveness as an industrial location. Similarly, a hotel representative discussed the potential to attract international tourism to the Cali-Baja border region.

A representative from an electronics manufacturing company stated that “agility” in goods movement, or accessibility to infrastructure and markets on both sides of the border, is especially important in the electronics industry. This is especially prevalent for companies in Tijuana whose production lines rely on the timely arrival of southbound supplies, because halting production due to delayed inputs at the border is costly and difficult to avoid. Another

⁴ However, it appears that some workers living in Mexico and working in the U.S. maintain a U.S. address for personal reasons, and provide this address to their employer. Thus, for large corporations, and from a human resources point of view, employee residence is difficult to confirm.

⁵ Additional details on these topics are described in the Need for More Improvement section, which summarizes the feedback received from the regions’ businesses regarding border delay.

representative from a bio-medical company with an information technology (IT) research center in Tijuana said that initially accessibility was a key factor in the choice of location for the research center.

Another common issue for companies that move goods across the border is holiday closures across the U.S. and Mexico, which create significant border delays for freight flows, as loaded and empty trucks are delayed. Businesses stated that it can take several days to recover from disruption due to holiday closures, which are impacted by several different holidays in each country (so while business occurs as usual in one country, finished goods, production supplies, and trucks cannot cross the border because of the holiday in the other country).

Companies that rely on human capital and labor (such as medical centers, bio-medical engineering and research sites, retail centers, and hospitality operations) want increased access to the labor force and business locations across the border, especially if they have a presence on both sides. One manufacturing company representative stated that the productivity of their staff is directly affected by delays at the border when traveling to their site in Tecate. Businesses based north of the border expressed a desire for access to recruitment opportunities from a workforce available only in Mexico. As one interviewee said, “talent is only as good as the access to it.”

With increasingly perceived “barriers” to the sites and talent across the border, some companies with higher sensitivity to border delays may consider relocating their business if border delays worsen in the next five years. In one case, a representative stated that the beverage warehouse would move across the border to California, trading border delay costs for higher labor costs. In the case of the bio-medical IT research center, the interviewee indicated that they would move to another continent entirely.

One health care facility is concerned about people’s access to their services south of the border. Even so, they do not wish to move from their Mexico location, which allows them to provide medical attention to their patients at rates greatly reduced from the U.S. counterparts. They believe that if border wait times decreased, their facility would have great growth potential and many more patients seeking medical services across the border.

Border Delay Reduction Measures

Several of the companies expressed that they are currently implementing measures to alleviate the effects of border delays. The current strategies largely comprise a reallocation of resources and working around the current extreme border wait time peaks, based on interview information. Companies that rely on or serve the flow of inputs (goods and products), such as logistics operations, delivery services, and manufacturing companies, are able to schedule truck shipments during off-peak hours, incorporate expected border delay into truck delivery and inventory schedules, and alter warehousing and inventory decisions to avoid more costly consequences of delay. As one interviewee said, “we have become very good planners, but there’s a cost associated with that.” In a similar sentiment, they stated “we’ve learned to work with the system, but time is money.”

Many businesses that move goods north across the border utilize expedited processing programs for truck movements.⁶ However, there is a general awareness of the diminished benefits of programs like Customs Trade Partnership Against Terrorism (CTPAT) and Free and Secure Trade (FAST) programs due to their popularity. Further, all these strategies are still costly, so decreases in border delay would have substantial benefits to the region's businesses.⁷

One manufacturing company has explored changing the sea ports used for inputs and outputs (e.g. using the sea port on the same side of the border, rather than crossing the border for the larger sea port) to avoid delay at the border on land.⁸ Another manufacture operation has implemented programs to increase the use of Mexico-based suppliers instead of importing inputs.

On the other hand, according to the interviews, some companies are 'maxed out' in their ability to alleviate border delay impacts. Day-to-day business operations do not always allow the opportunity to be flexible with schedules, routes, and providers. Scheduling limitations and demand of freight movements can override attempts at efficiency and expediency. This is prevalent when the border delay is unpredictable or when large, unique, or time-sensitive orders are involved. In these instances, impacts of border delay can be cumbersome.

Border delays impact multiple aspects of the logistics supply chain, as both actual product deliveries and empty units on a return trip (drivers and trailers) are affected, limiting of shipment options and companies' efforts to alleviate border delay impacts. Border delay sensitivity also increases with evolving trends in retail markets, such as specific repair/replace warranties, and time sensitive (just-in-time) shipments.

One interview provided a case study of efforts on part of a company located in Tijuana that manufactures medical equipment and surgical implants. Some of their inputs are live tissue and are extremely time sensitive. If the tissue doesn't arrive at the production site within the appointed time, it not only delays production, but the product is unusable. Thus, the company has developed several means of adapting to border delay. They are diligent in monitoring border crossing conditions and expected delay, so they can make live adjustments in shipment logistics. They have even utilized UPS and FedEx carriers to expedite southbound deliveries, or changed flight schedules to land inputs at Tijuana rather than in San Diego to avoid delay at the border. They have the financial margin to achieve such adaptability because their finished product is a high value-added good. Additionally, time sensitivity is only an issue for their inputs, which cross southbound to Tijuana, because distribution centers with stocked inventories provide a cushion to northbound border delay on the finished product side.

⁶ Such expedited programs are only available for northbound movements.

⁷ As part of other studies (the SR-11 Traffic and Revenue Study, 2014) to reduce border delays, it has been found that companies are willing to pay to reduce uncertainty and border wait times.

⁸ Mainly this refers to manufacturing businesses in Tijuana using the Port of Ensenada rather than the larger Ports of Los Angeles and Long Beach.

Companies that rely on skilled labor force movements across the border attempt to alleviate labor productivity losses by lessening border delay inconveniences for their employees. Strategies implemented by businesses include flexible work schedules, designated shuttles to transport workers across the border from one office or factory location to another, and reimbursement for Secure Electronic Network for Travelers Rapid Inspection (SENTRI) passes. However, many businesses in the area are international companies, and interviewers heard about visitors or suppliers from Europe and Asia who often don't have SENTRI passes, and thus cannot alleviate the border delay in this way.

When asked whether companies or supervisors consider border delay in staffing decisions, it was universally stated that country of residence is not considered (likely due to anti-discrimination policies). However, in a number of interviews it was mentioned that staffing decisions are made with "sensitivity" or acknowledgement to the variability in daily commutes across the border or via public transit. In contrast, it appears that some companies employing low-skilled labor simply deal with the high turnover and extra operating costs and do not attempt to alleviate the effects of border delay on their cross-border workers.

Often the employees will take measures to lessen the impact of border delay on their commute themselves.⁹ Representatives from a food service business and an agricultural operation stated that some employees respond to border delay by immigrating and relocating to the U.S. when possible, and others leave for work earlier or use a different POE to commute. They also stated that significant increases in border delay motivate some people to leave their jobs in the U.S. for employment in Mexico, which indicates that given the right opportunity, some workers opt to avoid a cross-border commute altogether.

Need for More Improvements at the Border

The unpredictability of wait times was listed as the most impactful aspect of border delay, even more than the wait times themselves. Unpredictable wait times make it difficult for businesses to plan logistics accordingly. Inefficient processing at the border is cited as another factor that increases border delay. Both issues are costly in inventory, production, and overtime costs, in addition to the logistical problems due to reduction in available trailers and drivers for cross-border trips. As one interviewee said, "reliability is number one, unpredictability requires inventory."

The companies heavily involved with goods movement applaud programs like the Unified Cargo Processing (UCP), FAST, and joint inspection facilities. Others look to the SENTRI program and Cross Border Xpress (CBX) as good examples of expedited border crossing for individuals. Several interviewees expressed a desire for additional expedited processing programs for low-risk and frequent goods shipments and commuters, so there is some strategic advantage to be regained at the border. Some businesses wish for a preferential timeframe, an extra hour in the morning or evening, dedicated to certain FAST businesses and shippers. The company that

⁹ The SANDAG Border Survey, completed during the project effort to inform the Economic Impact Analysis, included questions about employees' strategies in regards to productivity, and how much work they miss due to border delay.

offers a shuttle for their employees across the border would like a program that allows their employees to remain in the shuttle when crossing (rather than disembarking, which is currently standard procedure). Another interviewee suggested an expedited crossing option for San Diego and Tijuana based businesses, which would support local economic development.

Regarding the standard border crossing procedure, one freight services company representative suggested that an emphasis should be placed on efficiency (via more lanes, more staff, better electronic systems support, and more federal support) and not on expansion of schedules, so that processing time is improved. On the contrary, an agriculture company representative suggested opening the POEs earlier to cater to the early morning commute times of field workers, and some businesses wish for a designated extra hour for preapproved business freight movements (mentioned above).

There is also a desire, expressed in several interviews, for improved infrastructure near the POEs on the Mexican side of the border. "Infrastructure in Tijuana impacts [the] flow of goods." Businesses commented about limited directional signage (particularly when differentiating lanes at the POE), poor condition of local streets and roads, and congestion to access the POEs in Baja California. In addition to the economic ramifications to local and regional businesses, the condition of the infrastructure also impacts the impression of Tijuana as a potential business and production site. Improvements in local road surfaces, roadway connectivity, and signage at all the POEs would increase the number of useful access points and provide more options for crossing the border. Well-designed directional signage for SENTRI, ReadyLane, and Regular lanes would decrease confusion and congestion. Further, lane closures and significant changes to POE operations should be communicated clearly and often, so people and businesses can plan for the extra delay.

Finally, several interviewees believe and are anticipating a new POE to decrease border delay times at existing POEs. Many businesses support opening another POE and are eager to take advantage of the general reduction in delays and more specifically the shorter wait times at the new POE. They also expect that the new POE will foster greater economic development in the region.

Appendix 1: Tabular Summary of Border-Wide Identified Trends

Table 2 presents a brief summary of the identified trends at the border aggregated into two broad categories of industries: those businesses primarily tied to the border via supply chain and logistics and those businesses linked to the border primarily via employment and customer sales.

Table 2. Summary of Border-Wide Trends

| Identified Trend | Supply Chain and Logistics Oriented Businesses Manufacturing, Freight Services, Construction | Employment and Customer Sales Oriented Businesses Bio-medical, Wholesale / Retail, Hospitality, Health Care |
|--|--|--|
| Adaptability to border delay | Border delays that cause overtime and long hours for goods shipments are perceived as negative impacts on workers, especially drivers and agricultural workers. As much as possible, known border delay is incorporated into personal commutes and freight schedules, and goods shipments are scheduled to avoid peak times. | Employees may purposefully trade long cross-border commutes for the cost of living in Mexico to extend their income. Flexible work hours accommodate some cross-border commuters. Some companies position themselves to take advantage of the skilled labor or low-cost labor on one side of the border. Among low-skilled entry level employees, employers observe more turnover and work absences due to border delay. Long border delays are perceived as an inconvenience but not prohibitive to shopping customers. |
| Accessibility and Missed Opportunities | Lack of accessibility means missed employment and business opportunities, limits on economic expansion, and lost strategic advantage. Flexibility in terms of goods movement and scheduling and accessibility to markets and infrastructure across the border is deemed important. Freight movement logistics and flexibility are hampered by border delay when both the goods delivery and the returning empty trailer are delayed; southbound delays are more impactful than northbound delays in this respect. Reliable travel times and efficient border processing would benefit many companies currently positioned in the Cali-Baja region, and would make the region wholly more attractive and marketable to outside business ventures and international tourism opportunities. | Increased access to labor, recruitment opportunities to specific workforces, and business locations are desired on both sides of the border. "Talent is only as good as the access to it." Unpredictability in border delay is perceived as a larger problem compared to the expected border wait times. If perceived barriers to sites and talent worsen, some companies with higher sensitivity to border delays may consider relocation. |
| Border Delay Reduction Measures | Strategies broadly comprise the reallocation of resources and suppliers and avoidance methods. Businesses schedule truck shipments during off-peak hours or incorporate expected border delay in truck delivery and inventory schedules and alter warehousing and inventory decisions. They also utilize expedited crossing programs for northbound truck movements, however, | Some companies that rely on human capital (especially for high-skilled labor) attempt to reduce productivity losses due to border delay by lessening the delay impacts their employees endure. Efforts include flexible work schedules, shuttle buses for transportation between company sites, and SENTRI pass endorsement. Some staffing decisions |



| | | |
|-----------------------------|---|---|
| | <p>the popularity of the programs is diminishing the benefits. The unpredictability of wait times has a greater impact than the length. Business operations and demand don't always allow flexibility with schedules, routes, and providers, and efficiency suffers. This is prevalent when the border delay is unpredictable or when time-sensitive orders are involved.</p> | <p>are made with "sensitivity" to various daily commutes across the border. Generally, workers accept and adapt to border delay in their commute, or they remove their cross-border commute by moving their household across the border toward their job, or by finding a job on their side of the border. The first strategy (acceptance) seems to be more common.</p> |
| <p>Desired Improvements</p> | <p>Companies desire more reliable border crossing times and less unpredictability in border waits. Additional expedited processing programs like FAST and CTPAT are wanted to regain a strategic advantage at the border. One company representative suggested maximizing efficiency during current hours of operation by employing more lanes and staff, others requested additional hours, potentially dedicated to certain FAST businesses or frequent shippers.</p> | <p>There is a desire for expedited crossing of low-risk people and goods for local companies and more predictable crossing times. Additionally, companies commented about limited directional signage, poor street condition, and congestion around the POEs, and that improved infrastructure would benefit visitors, commuters, and businesses alike.</p> |

Appendix 2: Economic Outreach Survey Forms

The forms used in the business outreach surveys are included below. The questionnaire consisted of a series of core questions followed up by four modules of questions: customers / sales, employment, supply chain management and logistics. Interviewed businesses were asked to answer the core questions plus one or two of the four modules, based on an assessment of which module better captured the potential impacts of delays at the border for each business.



Economic Outreach (Business Interviews) Questionnaire

Introduction

The questionnaire below intends to gain insights from businesses operating in the California-Baja California border to highlight the economic importance of crossborder trade and the integrated crossborder supply chain for manufacturing companies. We anticipate responses will be framed taking into account current conditions, as companies' business plans are likely to adapt to future trade policies that will evolve over time.

Industry: _____ Company presence in Cali-Baja region
(number of establishments / employees / revenues):

Interview location: _____

Core Questions

- C 1. Using a scale of 1 to 5, where 1 is not at all important, 3 is neutral, and 5 is highly important, please indicate how important the role of the international border was in your choice of siting your business in the San Diego-Tijuana-Tecate / Imperial Valley-Mexicali region?

- C 2. Over the past five years, have delays at the border affected your business plan or your firm's productivity? If yes, please describe and prioritize the issues and challenges of crossborder delays in order of magnitude of impact (e.g., unpredictability of waits, wait times, FAST/CTPAT certification requirements, etc.).



- C 3. From today to the coming three to five years, what short-term impacts might border delays have on your business decisions related to where you are sourcing your supplies from, your manufacturing or distribution operations, your customers, the size of your company, or your workforce?

- C 4. Looking beyond five years from today, what long-term impacts might border delays have on your business decisions related to where you are sourcing your supplies from, your manufacturing or distribution operations, your customers, the size of your company, or your workforce?

- C 5. If border delays persist or increase, what kinds of changes, if any, would your company consider making? (i.e.: location of business, sourcing of supplies, changes in activity at current location, hiring, changes in size of company, etc.)



Customers / Sales Questions

CU 1. Approximately what proportion of your customers are visitors from Mexico that cross the border?

CU 2. Approximately what proportion of your annual sales are sales to visitors from Mexico that cross the border?

CU 3. How have border delays affected your annual sales, and would shorter border crossing times potentially improve them?



CU 4. Have you introduced new products or services targeted toward visitors from Mexico that cross the border? If yes, please describe.

Employment Questions

E 1. Approximately how many employees do you have at this site, and approximately what percentage of those live in Mexico? Do you know how the employees that live in Mexico commute to your location?

E 2. How do cross border delays affect your staffing decisions, or your access to regional workforce talent?

E 3. Do you foresee an impact on your business and on other businesses operating in the industry if due to increasing cross border delays, employees that live on the Mexico side of the border decide to leave their jobs? If yes, define the size of the impact on a scale from 1 to 5 (1 is no impact; 3 is medium impact; and 5 is high impact).

Supply Chain Management Questions

SC 1. How specifically have crossborder delays affected your decisions about what inputs or supplies you use in operations?

SC 2. Using a scale from 1 to 5, where 1 is not at all time sensitive, 3 is neutral, and 5 is highly time sensitive, please indicate how time-sensitive is your logistics supply chain to delays at the border?

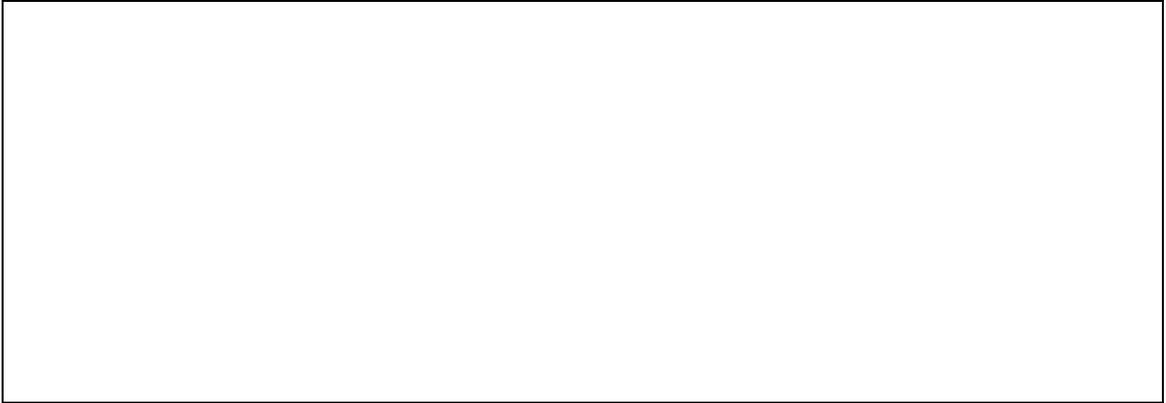
SC 3. *(For businesses that are conducting crossborder operations.)* What were three key factors that led to establishing the facility in San Diego / Tijuana / Tecate / Imperial Valley / Baja California?

SC 4. What are the top three markets in San Diego / Tijuana / Tecate / Imperial Valley / Baja California that your firm sells goods or raw materials to? What percentage of your sales arise from those markets?

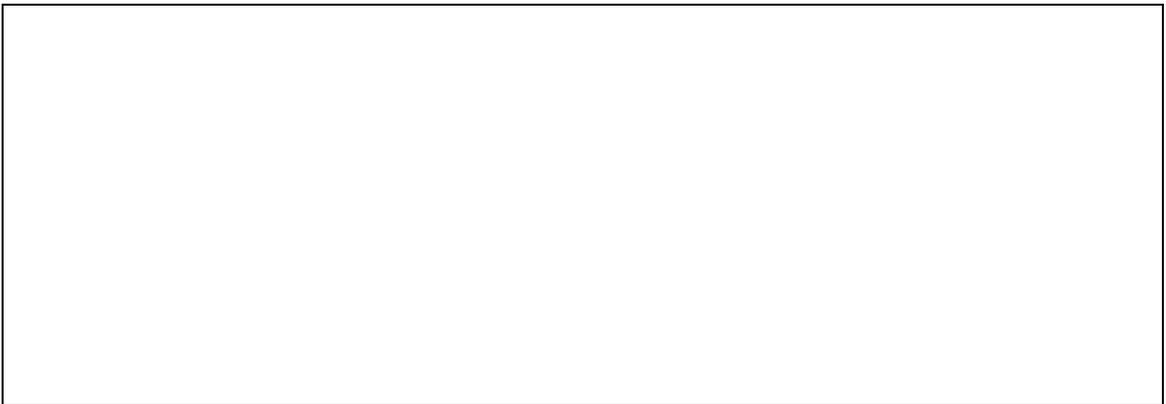
SC 5. What are the top three markets that your shipments are coming from and what percentage of your goods come from those markets?

Logistics Questions

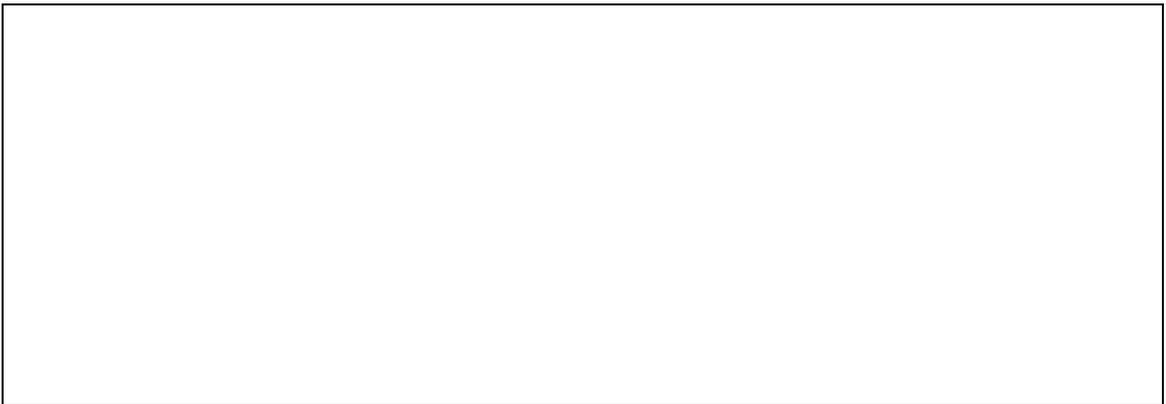
L1. How specifically have cross border delays affected your decisions about what services you provide?



L 2. Using a scale from 1 to 5, where 1 is not at all time sensitive, 3 is neutral, and 5 is highly time sensitive, please indicate how time-sensitive is your value chain to delays at the border?



L 3. What are the top 3 markets in in San Diego / Tijuana / Tecate/ Imperial Valley/ Baja California that your firm sells services to? What percentage of your sales arise from those markets?



Final Question

Do you have any other comments or observations on border-related issues that affect your business here that you would like us to know about?

Thank you for completing this questionnaire.