

Southern Arizona Inland Port Possibilities

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Key Observations

- Southern AZ is ripe for further inland port development
- Region already has a strong base of logistics, warehousing and transportation companies
- Potential for an even larger role in global trade and logistics
- But certain elements are lacking, including a coordinated network and marketing approach
- Potential to generate 4,300 jobs by 2020

Geographic Advantages

- Proximity to Mexico – Nogales is our gateway
- Proximity to Phoenix
- Proximity to other markets – CA, Western States



Infrastructure Advantages

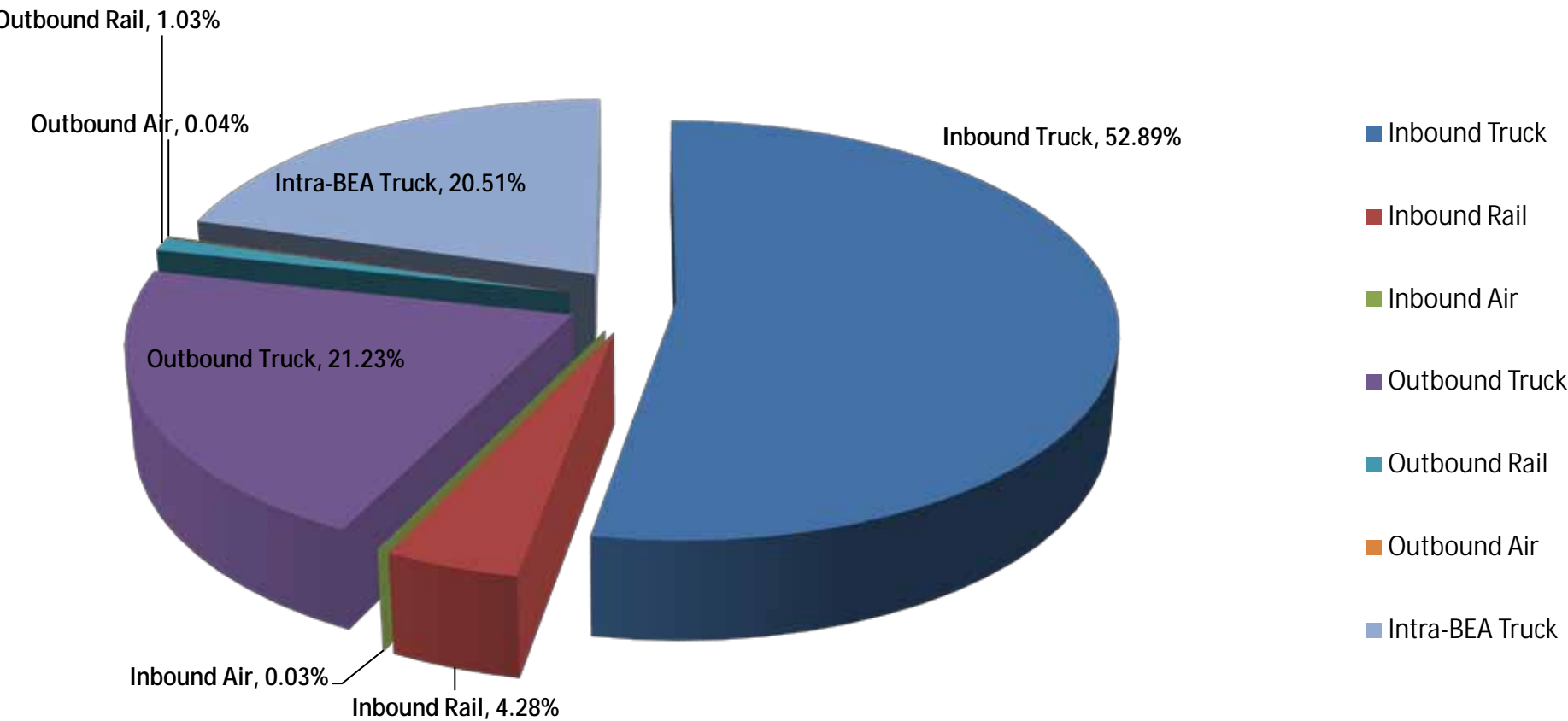
- Main Union Pacific rail line
- Nogales Branch rail line to Mexico
- Interstates – I-10, I-19
- Tucson International Airport
- Port of Tucson Intermodal Center
- Port expansion at Mariposa POE



Top of the "T"



Tucson BEA Goods Movement



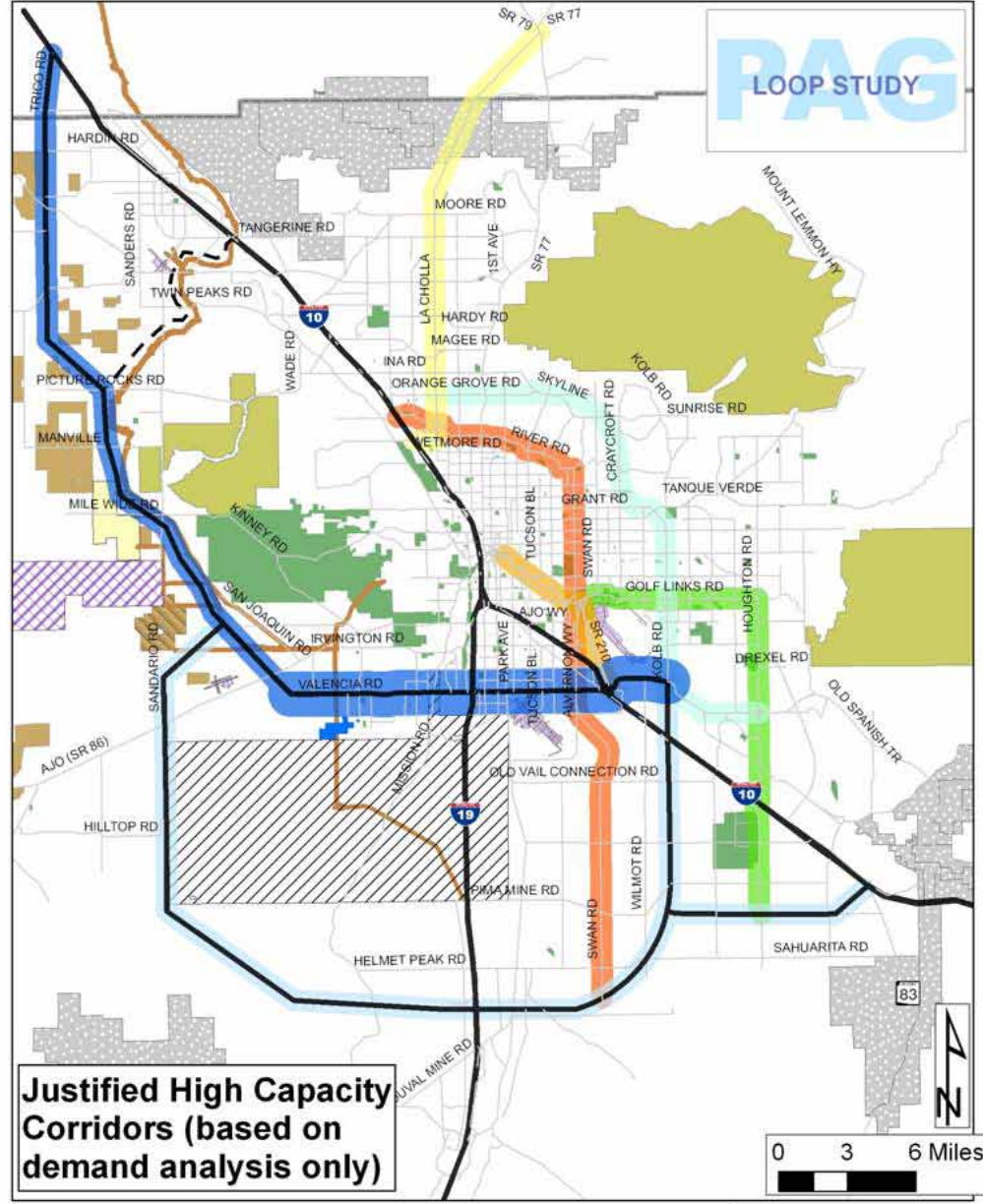
Port of Tucson

- Huge asset for the region
- Intermodal facility adjacent to main U.P. line
- Shipment of goods between throughout Arizona and with Mexico



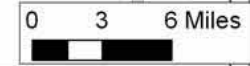
Infrastructure Needs

- Valencia Corridor
- I-10 Western Bypass Loop
- Tucson-Nogales-Guaymas Corridor Improvements
 - Including better connection between main rail line and southern spur



Justified High Capacity Corridors (based on demand analysis only)

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|--|--|--|
| <ul style="list-style-type: none"> ● Western Freeway Loop ● Southern Freeway Loop ● Houghton / Golf Links Parkway ● River / Alveman / Swan Parkway ● Kolb / Orange Grove Parkway ● La Cholla Parkway ● Barraza Aviation Parkway Pima County Line | <ul style="list-style-type: none"> — CAP — Freeway — Other Road — Possible Tangerine Road Connection Alternative — Existing Tucson Water — COT Parcels — Proposed Tucson Water | <ul style="list-style-type: none"> ■ Park ■ Wilderness ■ Proposed or Adopted Park Expansion / Natural Preserve ■ Airport Indian Reservations ■ Pascua Yaqui Indian Reservation ■ Tohono O'odham Nation (San Xavier District) ■ Tohono O'odham Nation (Chuck Truck District) |
|--|--|--|



NOTE: LINES SHOWN ARE NOT EXACT LOCATIONS AND ARE SUBJECT TO REFINEMENT

Tucson-Guaymas Corridor



Ferromex Rail Network



KCSM Rail Network (from Lazaro Cardenas)



Market Expansion Opportunities

- Address the imbalance – take advantage of the number of trucks leaving the region empty
- Value-added services – processing, consolidation, deconsolidation, FTZ activities
- Port development/expansion to the south
 - Guaymas / Manzanillo / Lazero Cardenas
 - Punta Colonet

Action Plan

- Short Term (year one)
 - Establish a Center of Expertise
 - Network existing logistics facilities and providers (SALEO)
 - Market our assets and providers
 - Re-align FTZ boundaries along high value corridors
 - Prioritize/advocate for transportation projects necessary for freight movement
 - Support CANAMEX activities

Action Plan, cont'd

- Medium Term (1-3 years)
 - Increase region's role in processing product imports, especially from Mexico
 - Target distribution centers to take advantage of in/outbound shipment imbalance
 - Develop training programs to strengthen workforce and talent needs for logistics industry
- Long Term (3-6 years)
 - Accelerate expansion of core, high value-added industrial activity