

MINUTES/TRIP REPORT
Legislative Finance Committee
Chihuahua, New Mexico
September 28 – October 2, 2015

Monday, September 28th

The following members and designees were present on Monday, September 28, 2015: Chairman John Arthur Smith; Vice Chairman Jimmie C. Hall; Senators Carlos R. Cisneros and Pete Campos; and Representatives Larry A. Larrañaga, Bill McCamley, Paul C. Bandy, Monica C. Youngblood, Dona G. Irwin, and Stephanie Garcia Richard. Guest legislators: Representative Jane E. Powdrell-Culbert and Representative Andy Nunez.

Meeting Overview. Senator Smith called the meeting to order on Monday September 28 at 11:30 a.m. Twelve legislators were present, along with LFC staff, university and state partners and other guests (see attached). Senator Smith noted that in 2007, LFC had a highly successful field trip to Casas Grandes, Chihuahua (see *Casas Grandes Field Trip Report* posted to the LFC website). However, deteriorating security conditions along the borderlands deterred further collaborations. Senator Smith reported the Border Authority, New Mexico State University, Department of Agriculture, and Border Industrial Association provided critical planning and organization for the LFC meeting in Ciudad Chihuahua. Senator Smith then asked Bill Mattiace, executive director of the New Mexico Border Authority, to address the committee. Mr. Mattiace briefly discussed the surging economic growth in southern Dona Ana County and then asked the legislators to consider significant capital outlay appropriations for roads, the port of entry, and other needs.

FoxConn Presentation. Mr. Francisco “Pancho” Uranga, vice president of FoxConn, discussed the economic and market conditions in the Santa Teresa region. He reported that Chihuahua had a competitive advantage in manufacturing and that the greatest growth opportunities for New Mexico related to expanding logistics capacity. The manufacturing sector increasingly relies on just-in-time inventory management requiring increased capacity for trucking, rail transport, warehousing, and border inspection. He discussed a range of needs at the Santa Teresa port, including adding inspection lanes and especially extending the hours of port from 12 a.m. to 6 a.m.

Ray Provencio, director of the Santa Teresa port of entry for U.S. Border and Customs, reported surging traffic and inspection volume. He expressed significant concern that the port was reaching capacity and the lead time for construction would take years. Federal budget constraints appear to make the prospect of expansion challenging.

Overview of Rail Bypass. Eduardo Calvo, rail consultant for HNTB, presented a status report of a feasibility study to move and expand south/north rail infrastructure from the urban area of El Paso and Juarez. Union Pacific recently completed its main rail yard near Santa Teresa for east/west traffic. He described a decade-long project with four phases that is only in its first phase of development. Main hurdles include environmental cleanup, federal permitting, capital requirements, and customs inspection capacity. The study is expected to cost \$1.8 million including financial support from Stan Fulton and the city of Sunland Park.

The committee recessed at 1 p.m. for a nearly five-hour bus trip to Ciudad Chihuahua, the capital of the state of Chihuahua, with a population of 900 thousand.

Government-to-Government Reception and Dinner. Governor Cesar Duarte of Chihuahua sponsored the committee for a reception and dinner at the Governor's Palace. However he was unable to attend due to an accident. Chihuahua was represented by Senator Patricio Martinez, also former governor of Chihuahua, Secretary of Economic Development Manuel Russek, General Secretary of Government Mario Trevizo, and Diputado Rodrigo De la Rosa, leader of the Partido Revolution Institucional.

Senator Martinez noted that the evening was very emotional for him because he is an avid reader and historian. He recalled in some detail the mission of Don Juan de Onate from Chihuahua to New Mexico over 400 years ago, and in particular the passage of 7,000 head of livestock with the expedition. With some humor in reference to dinner, he noted that both states were benefitting today. He encouraged the leaders of both states to work together to improve human relations. He also invited Chihuahua leaders to visit New Mexico.

Senator Smith expressed great appreciation for the hospitality of the Chihuahua leadership and remarked on the great benefits of cultural, economic, and political cooperation between the states. Then other leaders from both delegations made further similar remarks in both English and Spanish.



Tuesday, September 29th

The following members and designees were present on Tuesday, September 29, 2015: Chairman John Arthur Smith; Vice Chairman Jimmie C. Hall; Senators Carlos R. Cisneros and Pete Campos; and Representatives Larry A. Larrañaga, Bill McCamley, Paul C. Bandy, Monica C. Youngblood, Dona G. Irwin, and Stephanie Garcia Richard. Guest legislators: Representative Jane E. Powdrell-Culbert and Representative Andy Nunez.

Overview of Chihuahua's Economic Development Efforts with New Mexico. Committee members gathered at 9:00 am in a conference room at Hotel Soberano to meet with Manuel Russek, secretary of the economy of Chihuahua. Secretary Russek talked about the bi-national community. The bi-national community is the model of cross-border development incorporating the largest inland port including coordinated sustainable master plans, foreign trade zones, industrial efficiencies, a secured border region, quality residential living, joint health care and education programs all centered around the Santa Teresa/San Jeronimo port of entry. This community encompasses more than 70,000 acres, combining truck, rail and air services to

destinations worldwide creating a globally competitive industrial and logistics platform. Secretary Russek discussed the region's competitive advantages. Three committee's were created to serve the bi-national community: 1) Infrastructure Committee 2) Marketing Committee; and 3) Sustainable Resources Committee. The committees are represented by people from New Mexico and Chihuahua. Secretary Russek talked about the main focuses of each committee.

Meet with Chihuahua Legislators at Legislative Tower. The committee then traveled to the Chihuahua legislative tower where they were greeted by Chihuahua's President of Congress, Fernando Mariano Reyes Ramirez. Members were then separated into 5 groups to discuss healthcare, economic development, education, finance, and infrastructure with Chihuahua legislators.



Economic Development, Transportation and Healthcare Discussions. The committee then walked a short distance to the Chihuahua Municipal Palace to meet with Enrique Valles, director of the Department of Planning of Ciudad Chihuahua. Mr. Valles presented the city's strategic plan and reported how the city established goals and performance targets and reports actions to the public.

Tour of Maquiladora and Research Center. The committee then travelled by bus to tour Teleflex. Teleflex Incorporated is a global provider of medical technology products that enhance clinical benefits, improve patient and provider safety and reduce total procedural costs.

The committee then toured CIMAV. Founded in October 1994, CIMAV (Advanced Materials Research Center) is a CONACYT (National Council of Science and Technology) Public Center, that has searched the incorporation of science and technology to society through different ways, just as it has searched for ways to raise the educational level of the human resources.

Wednesday, September 30th

The following members and designees were present on Wednesday, September 30, 2015: Chairman John Arthur Smith; Vice Chairman Jimmie C. Hall; Senators Carlos R. Cisneros and Pete Campos; and Representatives Larry A. Larrañaga, Bill McCamley, Paul C. Bandy, Monica C. Youngblood, Dona G. Irwin, and Stephanie Garcia Richard. Guest legislators: Representative Jane E. Powdrell-Culbert and Representative Andy Nunez.

Central de Abastos Chihuahua. At 6:00 am, the LFC traveled by bus to Central de Abastos Chihuahua, a cooperatively owned wholesale and retail produce market on Ciudad Chihuahua's east side, with approximately 250 vendors. The market is situated on approximately 30 acres. A similar Abastos in Ciudad Mexico is approximately 10 times larger, and the model has been copied worldwide, notably of a bustling market in San Antonio, TX. The vendors purchase a wide variety of products including chile, eggs, corn, and apples from Chihuahua, potatoes and pinto beans from Colorado's San Luis Valley, onions from New Mexico, and citrus from Tamaulipas. Some vendors operate their own trucks and purchase directly from the farm and some vendors own farms. On Thursdays, Fridays, and Saturdays the market is open to the public for retail purchases and buyers descend on Abastos from the ranches and the sierras of Chihuahua.

Following a foot tour of the market, the committee returned to the Abastos office conference room for a wonderful breakfast and to view a video of Abastos in Mexico and hear a presentation from Manilo Ochoa Molino, Director General of Central de Abastos. Other directors present included Abel Baca and Elias Robles.



Tour of Grupo Bafar. The committee then traveled by bus to Grupo Bafar, an international livestock purchasing, processing, and distribution corporation located on the southwest outskirts of Ciudad Chihuahua. The Chihuahua facility of Grupo Bafar unloads 55 truckloads of meat per day and manufactures and distributes poultry, egg products, and bread. Bafar makes large scale exports to the US, Canada, and Japan. Mr. Jorge Baeza, director of the Retail Division, addressed the committee and noted that Grupo Bafar has a distribution warehouse in El Paso. Mr. Baeza noted that he is an alumnus of New Mexico State University in agribusiness.

Then the LFC moved to the Grupo Bafar executive suite and was greeted by the chief executive officer, Eugenio Baeza, whom also attended NMSU and NM Military Institute as well. He stated that he loves New Mexico and visits often. He started his career selling meat products and has grown the company to 8,000 employees. Currently, Grupo Bafar is building a new manufacturing plant of 500 thousand square feet and a combined cycle electricity plant also producing heating and refrigeration. Grupo Bafar also operates a 3,000 acre pecan orchard and runs ten thousand mother cows.

Grupo Bafar plans to grow very rapidly in retail sales and is expanding food production and employment. Mr. Baeza discussed significant after school programs for 8,500 children. Finally, Secretary Jon Barea asked Mr. Baeza about expansion plans in New Mexico and Mr. Baeza said there was some interest in a distribution facility in southern New Mexico.



Tour of La Norteña. The committee then traveled by bus to Cuauhtémoc, a rich, agricultural region approximately 60 miles east of Ciudad Chihuahua. First stop was La Norteña, which was established by Mr. Salvador Corral Pinon. Sandra Olea and Luis Pinon presented a video of corporate operations. There is approximately 50 thousand acres with 2 million trees. Approximately 20 percent of apples are organic. The trees are predominately of dwarf varieties and are covered with nets for shade and to prevent hail damage. The harvest season is 3 months ending in early October. La Norteña employs approximately 8 thousand including many Tarahumara Indians from Copper Canyon area as pickers.

The committee toured a washing, packing and shipping operation which employs 350 workers year round. The operation uses a remarkable optical scanning device which drops four rapidly moving lines of apples by weight size and defects into a variety of packing lines.



Tour Mennonite Museum. The committee then traveled to the Mennonite Museum and Cultural Center of Cuauhtémoc. In Manitoba, following the difficult era of the Great War and conflicts with returning veterans, German speaking Mennonites were required to attend public schools and speak English. In 1922 Mennonites from Manitoba purchased a 100 thousand acre ranch and over a 5 year period 7 thousand Mennonites immigrated by train to Chihuahua. The Mexican Republic guaranteed the Mennonites the civil and religious freedoms they sought.

By observation, the Mennonite farming region of Cuauhtémoc is highly productive using modern technology. For almost 100 years the Mennonite farming and engineering ingenuity has been a model for the region.



University International Programs. On the bus return to Ciudad Chihuahua, Dr. Cornell Menking, Associate Provost for International and Border Programs, discussed recruitment of students from Mexico. He reported that Texas provides in-state tuition to Chihuahuenses. New Mexico State University (NMSU) would like to either extend New Mexico's 135 mile border in-state tuition agreement or preferably get less than out-of-state tuition rates for students from Chihuahua and Sonora. NMSU considers the latter alternative may be allowed by statute.

Dr. Menking also discussed the negative impact of State Department Travel warnings for Mexico after 2008. This poses a difficult risk management issue for NMSU, and consequently few students study on conduct research in Chihuahua. WNMU President Shepherd advises that innovative insurance policies may ameliorate the situation.

Finally, Dr. Menking reported a collaboration with University of Arizona and the NMSU College of Agriculture on establishing an agricultural extension system across Mexico.

Thursday, October 1st

The following members and designees were present on Thursday, October 1, 2015: Chairman John Arthur Smith; Vice Chairman Jimmie C. Hall; Senators Carlos R. Cisneros and Pete Campos; and Representatives Larry A. Larrañaga, Bill McCamley, Paul C. Bandy, Andy Nunez, and Dona G. Irwin. Guest legislator: Representative Jane E. Powdrell-Culbert.

Overview of Higher Education. The LFC traveled to the State Government Building for a briefing from Rodolfo Torres Medina, deputy secretary of education. Also present were WNMU President Joe Shepherd, NMSU Provost Dan Howard and other university officials. Chairman Smith presented the purpose of the trip with its focus on economic development, but necessarily economic development requires a focus on education.

Secretary Torres Medina talked about isolated communities and difficulties in funding them. He mentioned significant efforts to improve long distance education, now available to the entire state. He stated all students are now pursuing secondary education with more emphasis on technical and technological education. With energy reform in the republic, there is a great opportunity to develop skills in new areas. But he noted, Chihuahua legislators are struggling to receive more federal investment. Secretary Torres Medina also noted the challenge of federal and state education officials working together with unions, but as in other parts of the country, Chihuahua has avoided conflict with teachers in the form of strikes. Secretary Torres Medina reported that family parent committees are forming around the state. A state association of parents has formed, and parents, families, teachers, students are all now involved in the education process. Secretary Torres Medina reported the advancement in construction of high schools and technical schools.



Overview of Universidad Autónoma De Chihuahua: Programs, Degrees, Students, Faculty, and Finance. The committee then walked a short distance to the downtown campus of University Autonoma de Chihuahua (UACH). Rector Enrique Seáñez Sáenz provided an overview of the university. UACH is a Mexican public university based in Ciudad Chihuahua, but with several campuses across the state. The rector spoke briefly about student enrollment and tuition rates. UACH provides an artistic and cultural environment such as the symphony orchestra and theater company. Many students are involved in sport programs offered by the university. Over 300 athletes participate in national competitions. The rector talked about international programs and international academic mobility. During the 2014-2015 school year, 826 students participated in academic mobility worldwide. There are 143 students that have participated in the cultural immersion program at Oklahoma State University. UACH and New Mexico State University also offers a joint program between the two universities. The rector talked about the Confucius institute. There are 5 Confucius institutes in the state of Chihuahua. In 2015, UACH hosted the 2015 annual reunion of Confucius institutes.

In response to Representative Powdrell-Culbert regarding international studies, the rector said students apply to institutions that focus in the area of their major. When students return from abroad, they are obligated to enroll back at the university.

Rector Seáñez Sáenz then participated in a panel discussion with Dr. Joseph Sheppard, president of Western New Mexico University (WNMU) and Dr. Dan Howard of New Mexico State University (NMSU). The panel first talked about international programs. Dr. Sheppard said 7.5 percent of WNMU's students participate in an international program. Rector Seáñez Sáenz said UACH offers classes to learn another language. Dr. Sheppard said WNMU does not offer studies in China. Rector Seáñez Sáenz said the cost to students wishing to participate in an international program in New Mexico can be a barrier. Rector Seáñez Sáenz suggested creating an agreement on tuition costs to make the program more feasible to students. Senator Cisneros suggested creating consortia on international studies. Also discussed was the safety of travelling to Mexico. While the safety of traveling to Mexico has greatly improved, people's perceptions continue to hinder many opportunities to work together. Senator McCamley said the image of Mexico has often been unfair. Vice Chairman Hall suggested legislation that would benefit both countries.

The committee then travelled by bus to the new campus of UACH and was greeted at the rectory by faculty and staff. Dr. Jesus Benavides, Dean of School of Medicine and Biomedical Sciences at UACH, made a short presentation on the healthcare system and pointed out the need for more doctors in relation to Chihuahua's growing population. Many high school students are interested in nursing. There are 3,548 undergraduate students currently enrolled in the School of Medicine. Graduation rates from the past 10 years were discussed. Many students enrolled in the school of medicine participate in international student mobility. Germany, Italy, Spain, and India are a few countries mentioned where students study abroad.

M.E. Elvira Sáenz, dean of School of Nursing and Nutrition at UACH, provided an overview of the nursing program which currently has 2,564 faculty. In Mexico, there are only 2.5 nursing professionals per 1,000 people. The demand for nurses will continue to increase as the population ages. In 2050, there will be an estimated 30 million seniors. There are 2.4 nutritionists per 1,000 people. The dean said clinical nutrition, food service, and food industry and design suitable for different segments of population growth diets are areas that require well-trained professionals. Detail on the different areas of program was provided.

Instituto Nacional de Antropología e Historia (INAH). Dr. Emiliano Gallaga, Dean of INAH, began his presentation talking about the history connection between Mexico and New Mexico. The dean said that the cultural relationship is a plus when collaborating with each other. In discussing the cultural relationship, the dean mentioned trade and showed pictures of ceramics. In addition to sharing religion, art, and culture, Dr. Gallaga said we share interests. He said it is our duty to research, study, and preserve. There are 31 INAH regional centers and 180 archaeological sites open to the public. Dr. Gallaga discussed the objectives of INAH:

- To foster high quality scientific research on the fields of anthropology, archaeology; history, restaurant, museology, paleontology, and similar areas;
- To form high quality professionals specialized on those disciplines;
- To strengthen actions toward the protection and conservation of the cultural patrimony; and
- Diffuse the cultural patrimony and the results of those research, formation and conservation actions.

Dr. Gallaga talked about the School of Anthropology which wants to form researchers specialized on the north of Mexico region and research alternative solutions for regional problems.

Chairman Smith commented on the impact both countries have on each other such as healthcare and agreed with Dr. Gallaga on working together on the issues.

The committee then travelled by bus for a short visit to the medical school simulation lab.

Healthcare System Overview. The committee then travelled to Chihuahua's Children's Hospital and was greeted by Chihuahua's secretary of health Lic Pedro Hernandez Flores, and other health care officials. After a short tour of the newly constructed hospital, the committee was directed to a conference room to discuss healthcare. Two videos were shown about infrastructure including the construction of a shelter where parents can stay while their child is in the hospital. Objectives of Chihuahua's healthcare system include ensuring effective access to health care, providing quality medical services, and ensuring the supply of medicines. In 2010, 580 thousand people were enrolled in the Seguro Popular program. The program now serves 1.5 million. In 2000, Chihuahua began offering free health care. Throughout the state of Chihuahua, there are 28 new health care centers. There are a total of 14 hospitals. In 2010, the number one injury seen in hospitals was due to firearms. However, today the number of injuries due to firearm has dramatically declined. The decline is attributed to measures taken to address issues involving security. In 2010, there were 50 ambulances. Now there are 150 ambulances. There are hospitals that specialize in services for children, women, dermatology, and mental illness. There is also burn unit in which staff is certified to handle burn patients. Chihuahua's healthcare system is focusing on several issues including vaccinations and addressing obesity. Dr. Hernandez Flores mentioned the chikungunya virus and its impact to the workforce due to the length of time to recover.

In response to Senator McCamley regarding drug use and crime, Secretary Hernandez Flores said drugs have cost the state a lot. Chihuahua is working towards drug prevention and treatment. Chairman Smith mentioned the many children traveling to Deming from Palomas, Mexico for healthcare. The Chairman suggested HSC open a line of communication between New Mexico and Chihuahua.

In response to a question regarding the Secretary's term in office, Chairman Smith commented that he expected Secretary Hernandez Flores would serve many years in a leadership capacity and his family and state should be very proud of his service.



Friday, October 2nd

The following members and designees were present on Friday, October 2, 2015: Chairman John Arthur Smith; Vice Chairman Jimmie C. Hall; Senator Pete Campos; and Representatives Larry A. Larrañaga, Bill McCamley, Paul C. Bandy, Andy Nunez, and Dona G. Irwin. Guest legislator: Representative Jane E. Powdrell-Culbert.

The committee departed Ciudad Chihuahua by bus for the return to Santa Teresa, NM at 7:00 am. Chairman Smith addressed the group on the bus and first thanked all the staff who worked on planning and arrangements, notably LFC staff Jeannae Leger and Sharon Boylan, Rosa-Imelda Olague Caballero of NMSU, Vicente Vargas of NMSU, David Lucero of NM Department of Agriculture, Erica de la O of Border Authority, and Jerry Pacheco of Border Industrial Association. He then congratulated the legislative members and university officials who participated in the trip. He labeled the trip a great success in advancing cooperation between the states, promoting job growth, increasing education opportunities, and cultural awareness. He challenged the staff to make recommendations to the legislature and to agency and university officials on next steps for New Mexico to continue this initiative.

The following represents a compilation of staff observations and recommendations. The New Mexico legislature may play an important role in advancing these activities.

Key Observations

1. In the wake of the violence in Juarez beginning 2008, travel to Chihuahua was sharply curtailed due to perceptions regarding public safety. On the 2015 trip, it was evident that for a high profile group, travel on key roads to key university, government and private sector facilities appears relatively safe and secure.
2. Chihuahua is experiencing almost boom economic conditions in both manufacturing and agricultural sectors with 7 percent growth reported in 2015. Ciudad Chihuahua has the appearance of a thriving city, with a large middle class, good housing conditions, and infrastructure conditions, and though difficult to quantify much less impoverished conditions than expected. With Chihuahua's successful participation in global manufacturing and trade, improved economic integration of New Mexico with Chihuahua seems desirable, including transportation and distribution infrastructure and efficient customs activity.
3. The Republic and State of Chihuahua is making significant efforts to improve public secondary and graduate education, notably in health and technical fields. Greater collaboration among universities of both states would lead to greater numbers of graduates and improved quality of instruction and research with expected benefits for jobs and income levels and healthcare.
4. The shared history, language, and culture of New Mexico and Chihuahua provide opportunities to enrich the well-being of both states. This could occur through promotion of academic research, archeological research, dance, theater, bilingualism and tourism.
5. There is a need to improve English and Spanish language skills in both states, although many New Mexicans have great bi-lingual fluency.
6. As border states compete to participate in the manufacturing boom along the border, New Mexico should be relatively well positioned because of its historic, familial, and cultural ties.

Next Steps

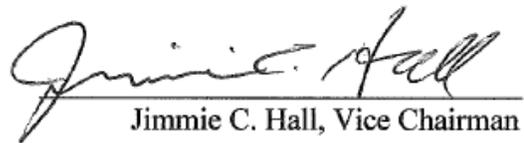
It would be useful to convene a regular quarterly meeting of agency, legislative, university, and private sector officials to discuss opportunities to improve relations including: a) transportation and other infrastructure needs along the border; b) joint education programs and initiatives; c) joint cultural initiatives; d) economic development priorities; and e) future trade, academic and political missions. There should be consideration of a legislative joint memorial as a catalyst for this effort. Meetings should be oriented to development of specific vocation items and stats reports.

Examples of specific actions follow:

- 1) Chihuahua/Sonora 150. Through rule, policy or statute, develop a tuition incentive plan for Chihuahua students similar to that provided by Texas.
- 2) Advocate to the New Mexico congressional delegation to seek expanded operational hours and capacity at the Santa Teresa port of entry.
- 3) Seek funding for transportation improvement in the border area of Dona Ana County including more effective use of the \$10 million Anapra set-aside held by the City of Sunland Park.
- 4) Monitor the progress of the rail study and identify appropriate roles for the state.
- 5) Consider revival of the Bi Nation Vacation program to promote cross-border tourism.



John Arthur Smith, Chairman



Jimmie C. Hall, Vice Chairman

LFC Meeting Attendance - September/October 2015 - Chihuahua, MEXICO

	Sep. 28 - Oct. 2	Guest
Chairman Smith	✓	Jeanette Smith Sasha Smith
Senator Cisneros	✓ (return Thursday)	
Senator Campos	✓	
Vice-Chairman Hall	✓	
Representative Larrañaga	✓	
Representative Varela	McCamley	
Representative Bandy	✓	Mary Catherine
Representative Harper	Youngblood (Mon. - Wed.) (Nunez (Thurs. - Fri.))	
Representative Dodge	Irwin	
Representative Lundstrom	Garcia Richard (Mon. - Wed.)	
Legislative Guests:		
Representative:	Powdrell-Culbert	
	Nunez (Mon. - Wed.)	
Legislative Staff:	David Abbey	
	Jeannae Leger	
	Sharon Boylan	
Border Authority:	Erika De La O-Medina, Deputy Director	
	Laura Chaparro, Coor. of Border Governors Conf. & Comm.	
Partners:	Dr. Dan Howard, Executive Vice President and Provost	
	Vicente Vargas, NMSU	
	Dr. Rosa-Imelda Olague Caballero, NMSU	
	Dr. Kevin Boberg, NMSU	
	Dr. Cornell Menking, NMSU	
	Clayton Abbey, Executive Director, NMICC	
	Dr. Joseph Shepard, President, WNMU	
	Jerry Pacheco, Executive Director, NMIBA	
	Pat Lyons, PRC (return Wednesday)	
	Deborah Seligman, CONCHO Resources	
Executive Agencies:	Jon Barela, Secretary, EDD (returning Wednesday)	
	David Lucero, Division Director, NMDA	
Interpreter:	Josefina Martinez Tamez	