

The New York Times

SQUARE FEET

Clearing a Path for Development at the U.S.-Mexico Border



Sandy Huffaker for The New York Times

At the United States-Mexico border in San Ysidro, Calif., from left: Mark Leslie, an executive with AT&T; Christina Luhn, of the San Diego Regional Economic Development Corporation; and Tim Kelley, president of the Imperial Valley Economic Development Corporation.

By DAN LUZADDER

Published: June 2, 2009

TIJUANA, Mexico — On a recent weekday morning, Mexican soldiers carrying automatic weapons stood in a thin line along a vehicle checkpoint at the busy border crossing from this Baja California city into Otay Mesa, Calif.

While the military presence partly reflects the highly publicized drug violence in Tijuana and other Mexican border cities, it is commerce and the development of commercial real estate that has become a chief focus for business interests in the southernmost area of California.

In the last year, economic development officials and local elected leaders in San Diego County, Baja cities in Mexico and the sprawling Imperial Valley about 90 miles to the east have used a grant of \$220,000 of government and private seed money for an initiative

aimed at turning this area into a global powerhouse for commercial growth.

The idea is that a concerted effort will produce more manufacturing in Mexico, more research and development in [San Diego](#) and more alternative energy in Imperial County.

The area is formally known as the Cali Baja Bi-National Mega-Region, covering roughly 27,000 square miles. Late last month, Mayor Jerry Sanders of San Diego, Mayor Jorge Ramos of Tijuana and economic development leaders from both sides of the border announced a marketing effort that, so far, is aiming to attract companies from China and the Pacific Rim.

Central to the effort is a planned new border crossing, which may be completed as early as 2012, about two miles from the current Otay Mesa port of entry. To be known as Otay Mesa East, it is expected to become the most technologically advanced crossing in the region, with waits for commercial truck traffic of 20 minutes or less, compared with the current three or four hours.

Christina Luhn, director of the Cali Baja initiative for the [San Diego Regional Economic Development Corporation](#), was at the border recently to meet representatives of [Kyocera](#) Mexicana in Tijuana, a unit of the Japanese company Kyocera, which manufactures solar panels and other clean-tech products that are shipped into the United States through Otay Mesa.

Dr. Luhn says she is hopeful that new cooperation between Mexico and the United States under the Obama administration will help to bring the drug cartels to heel and ease the task of convincing global companies that the region is right for them as a gateway to United States markets. "I tend to be more optimistic about this than I was even six months ago," Dr. Luhn said.

John V. Bragg, vice president of Kearny Real Estate in the city of Otay Mesa, is also hopeful that development will help address problems

that include an aging industrial base, the underuse of strategically located land, and environmental challenges.

His optimism is more than theoretical, he said. His company recently purchased 311 acres of land in the United States near where the new Otay Mesa East crossing is expected to be built.

Besides constructing the new crossing, which is now the subject of environmental impact studies, the California transportation department is preparing to build state highways to accommodate increased truck freight, Mr. Bragg noted.

That will give rise, he said, to the construction of several million square feet of warehousing and distribution facilities to handle goods made with low-cost labor in Mexico. In turn, retail stores and hotels are expected to be built nearby, as happened near the current Otay Mesa crossing.

“What we want to see now, as a developer and land owner, is infrastructure so that people can move better,” Mr. Bragg said. “We want to see the two countries get together to improve the border crossing and to build then whatever is appropriate.” He added that Kearny hoped to build two million to three million square feet of logistics-related facilities on its newly acquired property.

Mr. Bragg conceded that vacancy rates for existing warehouses in Otay Mesa were 17 to 20 percent, but he said that occupancy would increase as the transportation services are improved and more modern technology was introduced.

Ninety minutes to the east, just over the border from Calexico, Calif., at Mexicali, the capital of Baja California, infrastructure is already in place for the new 10,000-acre [Silicon Border Science Park](#). Silicon Border announced last year that Q-Cells of Germany, a leading maker of solar panels, would build a new manufacturing facility there.

Mike Oliver, executive vice president for business development at Silicon Border, said Phase 1 infrastructure like roads, sewers, water treatment and recycling, lighting and fiber optic cables had been completed, with “tens of millions in initial financing from ING Clarion,” a division of ING, the Dutch bank. “By the time we are finished, we will have had investment of hundreds of millions of dollars,” he said. “We have room for about two dozen Q-Cells type facilities.”

Other new commercial developments are also on the drawing board in Calexico, said Danny Fitzgerald, director of the city’s enterprise zone. Projects under way include Calexico Mega Park, a 157-acre mixed-use retail, business and residential development by Westmount Properties; Calexico 111 Center, with more than 65 acres of commercial and 58 acres of industrial development; and Los Legos, some 500 acres that will include residential and commercial components.

Tim Kelley, president of the [Imperial Valley Economic Development Corporation](#), said cooperative work between his organization, the San Diego County Economic Development Corporation and the city of Mexicali on the Silicon Border development helped the Cali Baja initiative.

Since then, the concept of Imperial Valley as a haven for alternative energy — solar collection, [wind energy](#) farms, [geothermal](#) heating and [biofuels](#) from algae — has taken off.

Despite the economy, Mr. Kelley said, “we’re getting more expressions of interest than we have ever gotten before. The phone is ringing constantly.”