

April 18, 2007



CITY OF
TUCSON
OFFICE OF THE
CITY MANAGER

Tucson Regional Economic Opportunities, Inc. Board of Directors
Puerto Nuevo Taskforce

Re: Transfer of Puerto Nuevo Activities from the City of Tucson to
Tucson Regional Economic Opportunities, Inc. (TREO)

The purpose of this memo is to inform you that effective July 1, 2007, the City of Tucson's responsibility and oversight for Puerto Nuevo (inland port) activities will be transferred to TREO. We believe that this organizational re-alignment will create the best opportunity for success of a unified effort to stimulate economic prosperity and job growth in our region.

For years, the City of Tucson's Puerto Nuevo Office (originally the Tucson-Mexico Trade Office) has championed developing the region's freight logistics capabilities. In support of this effort, the City and the Pima Association of Governments (PAG) jointly funded the development of a strategic plan for Puerto Nuevo during Fiscal Years 2006 and 2007. In early 2006, the Puerto Nuevo Office was physically and functionally moved to PAG offices.

The Strategic Plan for Puerto Nuevo Inland Port confirmed that the development of an inland port in Southern Arizona is a highly-viable concept that would result in regional business and economic growth. The report cited that development of an inland port in Tucson could result in approximately 4,292 additional Pima County jobs by 2020 and 5,236 by 2030. These jobs could contribute \$165 million in annual wages and salaries to the regional economy by 2020 and \$202 million annually by 2030.

Last month, the regional economic blueprint unveiled by TREO detailed strategies for developing highly skilled/high-wage jobs. One of these strategies was to make TREO a consolidated, one-stop center for coordinating international investment and trade and that the effort included taking charge of the inland port. Therefore, at this time, it seems both logical and strategic to transfer the City's Puerto Nuevo activities to TREO. Close coordination between TREO and PAG will address future transportation and freight planning issues involving the port. The City will be providing some transitional funding to TREO.

As the inland port is developed, we feel certain that our community will witness exciting economic development opportunities that will greatly contribute to our region's vitality and the quality of life for our citizens.

I can be reached at 791-4204 if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Mike Letcher".

Mike Letcher
Deputy City Manager

c: The Honorable Mayor and Council
Mike Hein, City Manager
Marie Nemerguth, Assistant to the City Manager
Joe Snell, TREO President and Chief Executive Officer
Gary Hayes, PAG Executive Director