

February 17, 2016

**TO:** MR. GUILLERMO VALENCIA, CHAIRMAN, GNSCCPA

**FROM:** Luis E. Ramírez Thomas, President, RAI-N

**SUBJECT:** Activity Report

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On behalf of Ramirez Advisors Inter-National, LLC (“RAI-N”) allow me to present our activity report to you and the Board of Directors of the Greater Nogales Santa Cruz County Port Authority (“GNSCCPA”). Before outlining the issues and efforts we have addressed on your behalf to date, we request and welcome your continued comments and suggestions as to how we can improve on our services and our communications and on our activities on your behalf. With your feedback, we will make every effort to improve our response to your needs and learn to better anticipate your directives.

Our activities on behalf of the GNSCCPA have focused on the following key areas:

1. **Donation Acceptance Program Proposal;**
2. **SR-189 Update;**
3. **Testimony before Arizona State Legislature;**
4. **Chair’s Annual Overview; and**
5. **Representation of GNSCCPA with Key Entities.**

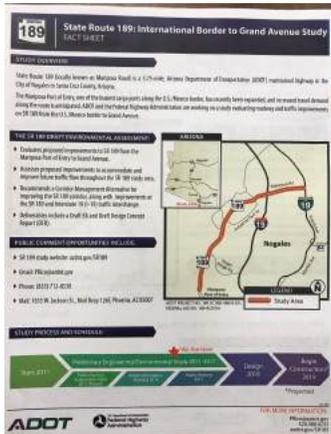
This report is not intended to be a full description of all our activities but rather provides highlights and information on the direction of our activities to keep Board of Directors informed and to ensure that our activities adhere to the vision and guidance imparted to RAI-N by the GNSCCPA and its leadership. Throughout this period, RAI-N has maintained active and frequent communications with Ms. Allison Moore, Mr. Guillermo Valencia and various other members of the Board of Directors in order to ensure that we have a fully coordinated approach to our efforts. RAI-N stands ready to address any issue, concern or suggestion that may arise from this report and from our on-going dialogue with the leadership and the Board of Directors.

**1. DONATION ACCEPTANCE PROGRAM PROPOSAL**

- ✦ Customs and Border Protection (CBP) has confirmed that the final documents have been executed by both CBP and the General Services Administration (GSA).
- ✦ This means that the Technical Review process for the Cold Room project can begin.
- ✦ The first conference call of the technical team will take place before the end of February, 2017.

**2. SR-189 UPDATE**

- ✦ On January 31, 2017, the Arizona Department of Transportation (ADOT) hosted another Stakeholder Outreach session at the Nogales High School.



ADOT Fact Sheet on the project

- ✦ During this meeting, with more than 100 participants, the ADOT technical gave an update on the status of the project, including an overview of the many alternatives that the technical team had considered from the start of the project (as early as 2011).



- ✦ Additionally, the entire ADOT technical team stayed for close to 2 hours after the conclusion of the public session in order to address the concerns and recommendations from dozens of participants, including several of the affected land owners on Grand Avenue and along Mariposa Road.



Chairman Valencia, Lance Jungmeyer from the Fresh Produce Association of the Americas, and Jesus Valdez from Santa Cruz County discussing the project.

- ✦ Among the issues identified were:
  - There was no need to add a third turning lane for westbound traffic merging from Grand Avenue to Mariposa Road.
  - The proposed roundabout at Target Range Road needs to be at a gradient that is around 2% or less in order to make turns by fully loaded trucks easier.



Chairman Valencia, Jaime Chamberlain and Councilman Jorge Maldonado in discussions with ADOT Project Manager Carlos Lopez.

- ✦ The ADOT Technical team has indicated that they are revising the plans, particularly at the Grand Avenue and Mariposa Road intersection.
- ✦ Additionally, the Technical team is in the process of setting up meetings with all the affected landowners.
- ✦ The ADOT Technical team provided copies of the large-scale maps to be housed by both the City of Nogales and Santa Cruz County for ease of reference and increased dialogue with stakeholders in the community.

**3. *TESTIMONY BEFORE ARIZONA STATE LEGISLATURE***

- ✦ Thanks to the Fresh Produce Association of the Americas, a number of private sector representatives from Nogales were invited to testify before the State and International Affairs Committee at the State Legislature.
- ✦ The hearing, which took place on February 1, 2017 featured:
  - Lance Jungmeyer of the FPAA
  - Hector Suarez, of the Nogales Customs Brokers Association
  - Richard Rubin, of INDEX, the Maquila Association
  - Guillermo Valencia, of the GNSCCPA.
- ✦ The members of the committee indicated their understanding of the importance of the relationship between Arizona and Mexico. They greatly appreciated the level of detail and expertise that was offered by the Nogales delegation.
- ✦ Mr. Jungmeyer extended an invitation for the committee to visit Nogales at their convenience so that they could see firsthand everything that happens at Nogales on a daily basis.
- ✦ A copy of the Chairman Valencia's testimony is provided in Attachment #1.

**4. *CHAIR'S ANNUAL OVERVIEW***

- ✦ At the request of Chairman Valencia, an annual overview was provided so that he could use it during his presentations to both the City of Nogales and Santa Cruz County.
- ✦ It provides a great overview of many, though not all, of the activities taken during 2016.
- ✦ A copy of this annual overview is provided in Attachment #2.

**5. *REPRESENTATION OF THE GNSCCPA WITH KEY ENTITIES***

- ✦ Continuing efforts to maintain an on-going dialogue with various agencies in order to ensure full coordination of efforts and maximizing the impact of our limited resources, including:
  - ADOT;
  - AMC;
  - DHS/CBP;
  - GSA;
  - Offices of Arizona Congressional Delegation;
  - Office of the Governor;
  - SAT;
  - SCT;

- SIDUR;
  - State Department;
  - State of Sonora; and
  - Transportation and Trade Corridor Alliance.
- ✦ It is imperative to highlight the great success that has been achieved on these efforts by coordinating efforts with key stakeholders, including the FPAA, Santa Cruz County, the City of Nogales and others as each has well established relationships with most of these entities.

**Attachment #1**  
**Local and International Affairs Committee**  
**Arizona State Legislature**

**By: Guillermo Valencia, Chairman**  
**Greater Nogales Santa Cruz County Port Authority**

February 1, 2017  
Phoenix, Arizona

Chairman Rivero, Vice Chair Clodfelter and members of the Committee, thank you for giving me this time to appear before you today.

My name is Guillermo Valencia and I am the chairman of the Greater Nogales Santa Cruz County Port Authority. By profession, I am a Customs Broker with Valencia International, a family owned company with more than 40-years of experience providing global logistical services to our clients.

The Port Authority is a non-profit organization with a 12-year track record of success in advocating for the issues impacting the ports of entry at Nogales and the quality of life for the residents of the region. The Board of Directors of the Port Authority includes the City of Nogales, Santa Cruz County, the Fresh Produce Association of the Americas, the Nogales Customs Brokers Association, Nogales Community Development, Nogales-Santa Cruz County Economic Development Foundation and Index or Maquila Association of Nogales, Sonora.

As my colleagues have expressed, Nogales is a community that is critical to Arizona's and our nation's economy and security. We are Arizona's principal gateway for trade and tourism from Mexico and rank among the top 5 ports of entry on the US-Mexico border.

Over the past 12 years, the Port Authority and its members have spearheaded efforts that have resulted in more than \$400 million worth of infrastructure in the community, most significantly \$250 million that were spent to modernize the Mariposa port of entry. But the secret to our success is that we always seek to build consensus among our principal stakeholders and once we have consensus we move together as a team. And it is that team that has proven to be very effective.

The opportunity to be here today to explore ways in which we can work with you on trade, transportation and cross-border issues means that our team can only grow stronger.

In an effort to be respectful of your time, I will try to avoid repeating the message that my fellow Nogalians are conveying. But I believe there are of couple of key issues that I need to highlight.

First, there is an urgent need for additional staffing at our ports of entry. If we wanted to have all cargo and car lanes opened at one time in Nogales, Customs does not have the staff to do so. That means that while we have state of the art infrastructure with room to grow they don't have enough staff to take advantage of the facilities. This becomes a limiting factor in our efforts to attract new and more business to our region.

Second, I respectfully urge you and the Legislature to avoid sweeping funds away from the HURF and diverting these funds for uses other than what they were intended for – transportation infrastructure. I believe that this will have a great impact on the future of Arizona's transportation system.

But there are other key issues that I want to bring to your attention.

First, as I mentioned, Nogales is the principal gateway for trade and tourism and there are many efforts underway to help us expand our reach throughout Mexico and the western half of the United States. Clearly, our state has great relationship with the State of Sonora. And through the produce industry we also have a great foundation for forging a much stronger relationship with the State of Sinaloa. But our long-term opportunities are along the entire corridor and our border region.

The Arizona Department of Transportation has started the Arizona-Mexico Corridor Feasibility Study that will look at the multimodal connectivity between Arizona and central Mexico, a corridor that touches on Mexico City and the states of Mexico, Jalisco, Nayarit, Sinaloa and Sonora. Additionally, we have the opportunity of building stronger relationships with Baja California and Chihuahua, particularly when it comes to regional sourcing opportunities and the integration of regional supply chains. Nogales and Arizona, because of our geography, our connectivity and our infrastructure, are the principal gateway for the entire binational region.

The challenge we have is that many companies and decision makers don't know the full story of what we have and can offer. This is why we are working with various state agencies, including the Arizona Commerce Authority, the Arizona Office of Tourism, and the Arizona-Mexico Commission to create a comprehensive strategy to market our ports of entry and the many competitive advantages we offer. I would ask for your Committee's support and leadership in helping to spread the word: Arizona has a border that moves at the speed of business.

Second, that our corridor is more than just a road. The potential growth of our corridor, vis a vis other corridors leading to Texas, is dependent on our ability to improve and promote our rail and air connectivity with Mexico. To that end, the Port Authority has been working to find ways to modernize our rail connectivity with Mexico and working with Union Pacific Railroad to diversity the type of commodities that cross by rail at Nogales. Over the past couple of years UP has invested \$15 million dollars converting all the wooden bridges in the Tucson-Nogales corridor to steel frames. This has increased the

weight bearing capacity of the corridor from 268,000 pounds to 286,000 pounds. This is of great importance for our mining sector and their ability to rely on trains to move their minerals. Additionally, UP invested \$30 million modernizing the rail inspection facilities at Rio Rico, Arizona so that they can process trains faster, while providing greater security to their officers. We are now working with UP to test the shipment of fresh produce to and from Mexico via rail. This can make the Arizona-Mexico Corridor more competitive against Texas.

Finally, given recent headlines and “tweets” I want to share some thoughts on the overall US-Mexico relationship. For those of us that live on the border, the relationship between both countries goes far beyond boundaries. Our relationships reach our families, our friends, our business, our environment, our security and much more.

Let me give you one example that I believe exemplifies the interdependence of our binational communities. The City of Nogales does not have a property tax, which means that the City depends almost exclusively on sales taxes to generate the funds necessary to run and maintain our city. Estimates by the City indicate that as much as 70% of the sales tax revenues generated in the community are directly attributable to our Mexican visitors. If they stop coming across and shopping in our stores and eating our restaurants, our City stands to be severely impacted.

There is always room for improvement in the relationship between both nations. We hope and pray that the leadership of both countries will find an amicable and productive path to follow and continue to be the envy of the rest of the world.

Be assured that our efforts will continue to promote Nogales and Arizona will continue. I thank you for your attention and I would be happy to answer any questions you may have.

**Attachment #2**  
Year in Review Prepared for Chairman Valencia



January 13, 2017

**TO:** MR. GUILLERMO VALENCIA, CHAIRMAN, GNSCCPA  
**FROM:** Luis E. Ramírez Thomas, President, RAI-N  
**SUBJECT:** Annual Overview of Activities

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Mr. Chairman,

Per your request here is a brief overview of some of the key activities that have taken place during your first year as Chair of the Greater Nogales Santa Cruz County Port Authority. I do want to stress that this is not an all-inclusive list but rather a representation of the many topics, issues and activities that have taken place and we continue to monitor and participate in on behalf of the Ambos Nogales Community. I believe this list clearly reflects the on-going commitment to working with key stakeholders on these issues and demonstrates the return on the investment by the community in supporting the Port Authority.

1. **SR-189:** Advancement of the modernization of the SR-189 Project:
  - a. Hosted a number of meetings both in Phoenix and in Nogales with Arizona Department of Transportation leadership on SR-189
  - b. Confirmed the funding for Phase 1 of the SR-189 Modernization project for FY 2021 (\$70 million)
  - c. Worked with stakeholders to raise awareness of the project with our state legislature resulting in \$25 million to accelerate the project
  - d. Within three days of taking over from Bruce Bracker was testifying before the Arizona Transportation Board, turned out to be the first of 8 presentations before the Board, including hosting the Board in Nogales and attending a work session with the Board. ADOT Board approved the advancement of the project to FY 2019.
  - e. Participated in meeting coordinated by Fresh Produce Association of the Americas (FPAA) with Governor Doug Ducey
2. **TTCA:** Appointed to serve as a member of the Steering Committee for the Transportation and Trade Corridor Alliance (TTCA). Includes participating in various committee meetings and events hosted by TTCA.

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Mr. Guillermo Valencia  
Chairman  
January 13, 2017

3. **Senator McCain:** Provided private briefings on Nogales issues to and hosted a visit to Nogales for Senator John McCain along with presenting the Mariposa Reconfiguration Commemorative plaque. Organized visit to the Grand Tunnel for the Senators staff.
4. **IOI-Nogales Wash:** Worked with Congressional delegation to elevate the issues of the International Outfall Interceptor and the Nogales Wash, resulting in language adopted by the United States Senate as part of the Water Resources Development Act (WARD). Working with Congressman Grijalva to have the Conference Committee include this language that protects the interests of the City and the community.
5. **CBP Staffing:** Joined with Senator Jeff Flake and John McCain along with all Arizona border Communities, the TTCA, the Arizona Mexico Commission, the Arizona Department of Transportation to host a private meeting in Washington, D.C. with Customs and Border Protection (CBP) focused on the urgent need for additional staffing at Arizona's ports of entry. Supported language introduced by Senator Flake to increase staffing at the ports of entry.
6. **Border Congressional Briefing:** Participated in and Co-Hosted the Border Congressional Briefing that brings together all of Arizona's congressional office staffs, including organizing a visit to Nogales, Sonora and Maquilas for the staff.
7. **Accelerate Arizona:** Hosted Accelerate Arizona delegation in Nogales, an initiative of the Arizona Chamber of Commerce and the Rural Transportation Advocacy Council (RTAC).
8. **Querobabi:** Continued to monitor advancements of the improvements at Querobabi, including the completion of the queuing lanes for cargo (approximately 5 kilometers) and the completion of the modernization that was paid for by the Merida Initiative Funds (secured by Arizona).
9. **AMC and CSA Summits:** Participated in the Arizona-Mexico Commission Annual Summit and Plenary in Scottsdale in June and then the Comision Sonora-Arizona Summit in Hermosillo in December during which Chairman Valencia gave remarks and various members of the Nogales delegation participated in various committee meetings.
10. **Unified Inspections:** One of the principal advocates to push for and support the Unified Inspections Pilot Program at Nogales, a historic program that is changing how the border will operate in the future. This program has attracted tremendous attention to how Nogales is working with Cargo commercial operations. Participate and assist in the planning of the Formal kick-off ceremony for the pilot program, including the visit by the

Commissioner of CBP and the Director General of Mexican Customs. Program has been expanded to all C-TPAT certified companies and in December a new pilot program was launched at Nogales for Unified Cargo Inspections for Southbound traffic.

11. **City Bond Rating:** At the request of the City of Nogales was part of the briefing to team presenting before Standard & Poor's to help maintain the City's bond rating.
12. **Corridor:** Continue to advocate for the modernization of the Corridor on the Mexican side of the Mariposa port of entry. This included a site visit by a binational technical team to see the much-needed improvements to this critical corridor.
13. **Web Page:** The GNSCCPA web page has been greatly updated. Great appreciation to Bruce Bracker for his time and dedication to making this happen.
14. **Mariposa Blockade:** Participated in efforts with many stakeholders to help avoid a blockade by truckers at the Mariposa port of entry.
15. **Sigma Process for Safety Inspections:** Participating in the Governor's efforts to help streamline the safety inspections at the ports of entry, including ADOT, Federal Motor Carriers and Safety Administration, Douglas.
16. **Nogales, Sonora:** Provided a private briefing to new Municipal President of Nogales, Sonora to ensure that he is up to date on GNSCCPA initiatives. This includes an ongoing dialogue with Nogales, Sonora on the issues pertaining to the Nogales Wash and the IOI.
17. **Mexican Consul General:** Welcomed new Consul General of Mexico to Nogales, Ricardo Santana Velazquez
18. **Border Roadmap Process:** Engaged with ADOT, AMC, Arizona Commerce Authority (ACA) and Arizona Office of Tourism (AOT) on the implementation of the recommendations of the Border Roadmap, including the Nogales Business Case.
19. **IBWC Citizens Committee:** Participate in the International Boundary and Water Commission's Southeastern Arizona Citizens Advisory Committee, including a site visit to the wastewater treatment facilities in Nogales, Sonora and Nogales, Arizona, and a visit to the Grand Tunnel. This also included participation in various technical meetings and conference calls on the urgent needs to shore up the Grand Tunnel at the border.

20. **State Department Travel Warnings:** Monitor US Department of State Mexico travel warning and the implications for the region.
21. **Nogales Sister Cities Revised Agreement:** Chairman Valencia has been invited to participate in the newly created economic development committee as part of the Revised Sister City Agreement between Nogales, Sonora and Nogales, Arizona.
22. **Arizona Town Hall:** Hosted a regional meeting in Nogales for Arizona Town Hall and participated in the state-wide Town Hall meeting on the Arizona-Mexico relationship.
23. **Rail Initiatives at Nogales:** Maintained dialogue with Union Pacific and Ferromex over the possible service for produce from Arizona to destinations on the East Coast. Additionally, monitored the progress and completion of the modernization project to the Rio Rico Rail Yard.
24. **Rio Rico and Ruby Road:** Brought County and ADOT together to explore possible collaborative effort on the design and planning phase for the modernization of the Ruby Road and Rio Rico interchanges and the frontage road.
25. **Overweight Pilot Program at Tucson:** Participated in technical briefings on the launch of the 83,000-pound overweight permit for the Tucson area and the Tucson-Nogales corridor.
26. **Arizona Mining Tour:** Participated in a site visit to the Arizona Mining operations and worked to identify economic development and job creation opportunities for Nogales and the region.
27. **Donation Acceptance Proposal:** In partnership with the FPAA and the Nogales Customs Brokers Association (NCBA) submitted a proposal under the Small Scale Donation Acceptance Program to CBP for the conversion of 6 docks to refrigerated docks in order to facilitate the flow of temperature sensitive commodities. Are currently in the process of establishing the technical teams both locally and from the federal agencies that will advance this project. Have also had direct communication with the Office of the Governor of Arizona for possible grant opportunities to help defray the total cost of the project.
28. **Roundtable Discussion with CBP Commissioner:** Participated in a roundtable discussion with CBP Commissioner Gil Kerlikowski on a number of port of entry issues, including staffing, donations, infrastructure, coordination with Mexico and innovative inspection programs.

29. **Governor's Visit to Nogales:** In great part due to the intervention of Jaime Chamberlain, coordinated a visit by Arizona Governor Doug Ducey to Nogales. The visit included roundtable discussions hosted by the Provisional College District, a visit to a produce warehouse, and a tour of the Mariposa port of entry. The Governor also participated in a luncheon with about 140 community leaders during which the first ***Friend of the Border Award*** was presented to William Brooks, Director of the Tucson Office of Field Operations, Customs and Border Protection..
30. **Border Banking:** Participate in the ongoing dialogue with office of the Governor, our Congressional Delegation and banking regulating agencies to help address the flight of banks from the border region and supporting efforts to help find alternative solutions for local industry to met their financial needs.
31. **Stormwater Tunnel and IOI:** Have worked extensively with the offices of Senators McCain and Flake to bring attention to the issues surrounding the stormwater tunnels and the International Outfall Interceptor (IOI). This has included advocating for and participating in stakeholder meetings hosted by the International Boundary and Water Commission. Worked with the office of Senator McCain to include language that would have paid for and transferred the responsibility of the IOI to the IBWC. Bill passed the Senate but the key language did not make it out of Committee. Additionally, have monitored the studies by the General Services Administration (GSA) and CILA, the IBWC's Mexican counterpart on the stormwater tunnels, including the expected repairs that will take place in the Grand Tunnel under the DeConcini port of entry.
32. **US-Mexico Binational Bridges and Border Crossings:** Participated in the annual meeting hosted by the US Department of State and its Mexican counterpart, the Ministry of Foreign Affairs, during which the Port Authority presented three issues, the need to address the Grand Tunnel, the need to repair the corridor on the Mexican side of Mariposa and the Donation Acceptance Program.
33. **Presentation to Italian delegation:** Chairman Valencia presented to a delegation hosted by the SALEO in Tucson. This presentation focused on the ability to work across the border.
34. **MAG SR-189 Press conference:** Chairman Valencia participated in a press conference hosted by the Maricopa Association of Governments in Phoenix focused on the commitment by ADOT to fund Phase 1 of the SR-189 project and in support of the TIGER Grant Application submitted by ADOT to the US Department of Commerce.

- **Representation of GNSCCPA:** Chairman Valencia and officers have participated in a vast array of forums and events locally, regionally, statewide and binational as well as responding to various media requests to represent the GNSCCPA and Nogales.