

February 20, 2019

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

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

**SUBJECT:** **November 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, 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 Update;**
2. **Letter of Support for Grant Application to ADEMA;**
3. **Letter to Commissioner McAleenan on Nogales projects;**
4. **Impacts of Partial Government Shutdown on Port Operations;**
5. **Governor includes funding for Cold Rooms in State Budget;**
6. **Senator McSally visits Nogales;**
7. **ADOT Highlights SR-189 Project; and**
8. **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 the Board of Directors informed and to ensure adherence 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. Bruce Bracker 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 UPDATE***

- Dialogue between the GNSCCPA Technical Team and Customs and Border Protection and the General Services Administration continue with bi-weekly conference calls.
  - Nogales Customs House Brokers Association is evaluating alternatives and their participation in the project.
- During the final days of 2018 and in January, 2019, both Lance Jungmeyer of the Fresh Produce Association of the Americas and RAI-N participated in a number of calls and exchanges of emails with the Office of the Governor to provide information on the Cold Rooms at Mariposa Port of Entry.
  - The Governor was considering the inclusion of funding to pay for the construction of the Cold Rooms as part of the 2019 Budget to be released in January, 2019.

**2. *LETTER OF SUPPORT FOR GRANT APPLICATION TO ADEMA***

- In coordination with the Honorable Bruce Bracker, Santa Cruz County Supervisor, the Port Authority sent a letter to the Arizona Department of Emergency and Military Affairs.
- The Grant would be applied to advance the construction of the Ephram Canyon Flood Control Structure.
- A response from ADEMA is still pending.
- A copy of the letter is provided in Attachment #1.

**3. *LETTER TO COMMISSIONER MCALEENAN ON NOGALES BORDER ISSUES***

- On December January 10, 2019, the Port Authority sent a letter to Customs and Border Protection (CBP) Commissioner Kevin McAleenan highlighting a number of critical issues affecting the border crossing experience at Nogales.
- The three key issues addressed in the letter were:
  - Need to modernize the DeConcini Port of Entry, starting with a Feasibility Study for the modernization of the port
  - Need to deploy SENTRI at Mariposa
  - Support for pilot program to test Non-Intrusive Inspection (NII) technologies at Mariposa to serve as force multipliers for CBP and its Mexican counterpart, Aduanas, and to expedite the flow of traffic with greater certainty of the integrity of the shipment.
- This letter had the support of all the entities represented on the Board of the Port Authority.

- Special thanks to Consul General Virginia Staab for providing additional insights on the drafting of this letter to ensure a fully coordinated approach with all relevant federal agencies.
- A copy of the letter is provided in Attachment #2.

**4. *IMPACTS OF PARTIAL GOVERNMENT SHUTDOWN ON PORT OPERATIONS***

- During the 35-day shutdown, the Port Authority and its integrating members maintained a constant flow of information as there was the possibility of port operations being impacted by the shutdown.
- While there were some impacts to non-commercial traffic due to border hardening efforts, commercial operations continued to flow with minor impacts or additional delays.
  - Based on the feedback received from various industry representatives in Nogales, CBP maintained standard hours of operations for the most part.
- The Port Authority recognizes the incredible work of Port Director Mike Humphries and his entire team for maintaining a standard level of service at great personal cost as officers were working without pay for 35 days.

**5. *GOVERNOR INCLUDES FUNDING FOR COLD ROOMS IN STATE BUDGET***

- On January 18, 2019, The Honorable Doug Ducey, Governor, announced the inclusion of \$700,000 to help pay for the construction of cold rooms at the Mariposa Port of Entry.
- During his State of the State speech in Tucson on January 18, 2019, the Governor highlighted the \$700,000 to pay for the construction of the Cold Rooms at Mariposa as part of the 2019 Budget.
- The Governor highlighted the significance of this High Impact/Low Cost project not just for Nogales but for the entire corridor and the competitiveness of the region.
- Special thanks to Juan Ciscomani, Senior Advisor for Regional and International Affairs from the Office of the Governor and the Arizona-Mexico Commission for supporting this effort and helping facilitate the dialogue with the Office of the Governor.
- Combining the funds requested by the Governor (\$700,000), along with the funding commitments from the Fresh Produce Association of the Americas (\$250,000) and Santa Cruz County (\$150,000 in a grant and \$100,000 as a loan), brings the total funding available for this project to \$1.2 million.

- A copy of the Press Release from the Office of the Governor is provided below:

<https://azgovernor.gov/governor/news/2019/01/governor-ducey-releases-balanced-fiscally-conservative-budget-0>

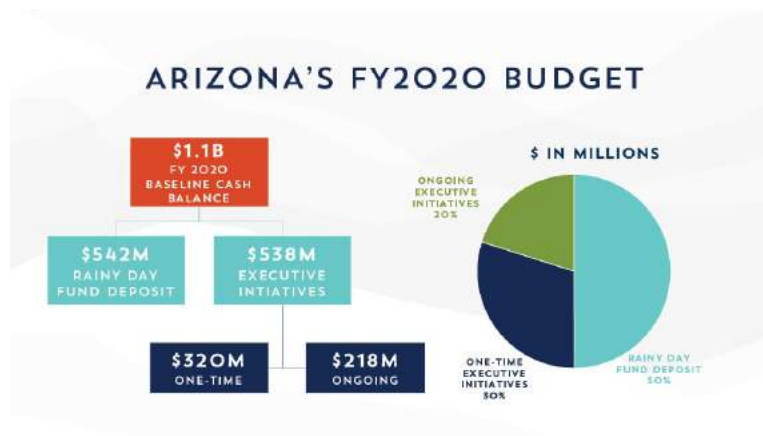
## **FY 2020 Budget**

*Budget Increases Rainy Day Fund To \$1 Billion, While Maintaining A Structural Balance of \$244 Million*

**PHOENIX** — Governor Doug Ducey today released his balanced budget for fiscal year 2020. The fiscally conservative budget calls for increasing Arizona’s Rainy Day Fund to \$1 billion, a record high, while protecting and fulfilling teacher pay raises and investing \$637 million new dollars into K-12 public schools. This budget avoids mistakes of the past by depositing half of the surplus into the Rainy Day Fund and a majority of those investments are one-time investments.

*The budget makes additional, targeted investments in the areas that matter most including new dollars to expand career and technical education programs, address Arizona’s teacher shortage, keep our kids and schools safe, ensure a strong safety net, provide well-earned raises to law enforcement personnel, improve critical infrastructure and secure Arizona’s water future.*

*“Over the last four years, Arizona has gone from a \$1 billion deficit to a \$1 billion surplus, but we aren’t going on a spending spree. We are going to live within our means and prepare for the future, and this budget does that,” said Governor Ducey. “Where we can make targeted investments to help our most vulnerable and expand access to opportunity, we will, while ensuring those investments are sustainable in the long-term. I look forward to working with all legislators to pass this budget and put Arizona on even stronger financial footing now and into the future.”*



*Highlights of the budget plan include:*

- \$30 million for conservation efforts dedicated to **protecting the water** level in Lake Mead and an additional \$5 million for infrastructure projects for agriculture.
- \$164.7 million to fulfill and protect 20% teacher pay raises by 2020.
- \$21 million to **expand the Arizona Teachers Academy** at the Arizona State University, University of Arizona and Northern Arizona University to address Arizona's teacher shortage and create a pipeline of talent and the next generation of Arizona teachers.
- \$10 million to support **Career and Technical Education** and expand Arizona's competitive workforce and prepare students for the jobs of tomorrow.
- \$9.3 million to provide funding for 89 new **school resource officers** for Arizona schools.
- \$12 million over the next two years to fund approximately 224 new school counselors and social workers.
- \$20 million for Pima Community College aviation center expansion.
- \$5.8 million for Maricopa County Community College District health care expansion.

- Increasing **Arizona's Rainy Day Fund** to a record-breaking \$1 billion with a \$542 million deposit and raising the statutory cap on contributions to the fund.
  - \$21.5 million for a 10% increase in Department of Public Safety Trooper salaries.
  - \$35.5 million for a 5% to 15% increase in Department of Correction salaries.
  - \$9 million for a 9% increase for caseworker salaries at the Department of Child Safety.
  - Tax savings
  - \$3.0 million to permanently index the value of the dependent exemption to inflation and increase the value of the exemption - reducing taxes on Arizona families.
  - \$3 million to expand broadband services in underserved rural areas across the state.
  - \$130 million over the next two years to expand and improve safety on I-17 -- a critical commerce corridor.
  - **\$700,000 to improve infrastructure and attract new imports at the Mariposa Port of Entry Cold Inspection Facility.**
- The FY2020 budget maintains a structural balance with a surplus of \$244 million.

Arizona continues to pay off debt and lower interest costs, allowing the state to **reclaim ownership free and clear** of buildings like the State Capitol. Other buildings that the state will regain ownership over include: the Executive Tower; the School of the Deaf and Blind; the Fair Grounds; the Library & Archives; and the Supreme Court. The refinancing is projected to save \$109 million in General Fund dollars in reduced debt payments over the next 10 years.

The complete budget can be viewed [HERE](#).

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#### 6. **SENATOR MCSALLY VISITS NOGALES**

- On January 22, 2019, The Honorable Martha McSally, Senator, visited Nogales.
- The Port Authority hosted a roundtable discussion with the Senator that included all the entities that are part of the Board of the Port Authority.
- Among the topics discussed with the Senator were:
  - Infrastructure funding to modernize the DeConcini Port of Entry
  - Staffing for ports of entry
  - Ratification of the United States Mexico Canada Agreement (USMCA)
  - Government shutdown
- A copy of the agenda for the meeting is provided in Attachment #3





Senator McSally with Supervisor Bruce Bracker and Mayor Arturo Garino



**7. *ADOT HIGHLIGHTS SR-189 PROJECT***

- In a Press Release distributed by the Arizona Department of Transportation, the modernization of SR-189 was highlighted as one of the principle projects for ADOT in Southern Arizona.
- A copy of the Press Release is provided in Attachment #4.

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

- Continuing efforts to maintain an on-going dialogue with various agencies to ensure full coordination of efforts and maximizing the impact of our limited resources, including, but not limited to:
  - ACA;

- ADOT;
  - AMC;
  - AOT;
  - DHS/CBP;
  - GSA;
  - Offices of Arizona Congressional Delegation;
  - Office of the Governor;
  - SIDUR;
  - State Department; and
  - State of Sonora.
- 
- 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**

Copy of Letter in support of Grant Application from ADEMA



January 8, 2019

Ms. Lucrecia Hernandez  
Mitigation Grants Program Manager  
Arizona Division of Emergency Management  
5636 E. McDowell Road  
Phoenix, Arizona 85008

RE: Private/Public Partnership between Santa Cruz County and Greater  
Nogales and Santa Cruz County Port Authority for the Ephraim Canyon Flood  
Control Structure

Dear Ms. Hernandez,

This letter is to confirm that Santa Cruz County is in a partnership with the Greater  
Nogales Santa Cruz County Port Authority to advance the construction of the Ephraim  
Canyon Flood Control Structure project.

The Port Authority are committed to providing in kind services to advance the project  
and the County is prepared to provide some project funding towards the construction  
of the Ephraim Canyon Flood Control Structure.

Thank you for your support of the residents of Santa Cruz County.

Respectfully,

Guillermo Valencia  
Chairman

**Attachment #2**

Copy of letter to Commissioner McAleenan on Nogales Border Crossing Issues



December 28, 2018

Commissioner Kevin McAleenan  
US Customs and Border Protection  
Ronald Reagan Building  
1300 Pennsylvania Ave., N.W  
Washington, D.C.

RE: Nogales Port of Entry Issues

Via electronic mail: [kmcaleenan@cbp.gov](mailto:kmcaleenan@cbp.gov)

Dear Commissioner McAleenan,

On behalf of the Greater Nogales Santa Cruz County Port Authority I write to express our position on key issues affecting the ports of entry at Nogales, Arizona.

I want to express our great appreciation to our Port Director Mike Humphries, who has made a big difference since he took over at Nogales. He is responsive to both community and industry needs and we look forward to a long working relationship with him and his team.

But there are three key issues that I would like to address, issues that may be individual in listing but truly interconnected in nature as they impact the flow of commercial and non-commercial traffic at the Nogales ports of entry.

First, our downtown crossing, designated Nogales 1, commonly referred to as the DeConcini crossing, is in dire need of major repairs. The last major remodel of this port took place in the late 1980's yet so many new operational and documentary requirements have been imposed on our ports. It is our principle tourism gateway and what happens at this port has a direct impact on our retail sector in Nogales. The City of Nogales reports that more than 70% of the sales tax generated in our community is directly attributable to our Mexican visitors, and every time that wait times grow, we see a drop in tax revenues for our community.

Additionally, DeConcini is outdated and does not offer a safe working environment for CBP personnel. From floods and rail accidents, to port running and lack of space between the primary car booths to the actual international boundary, compounded by the challenges

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Commissioner Kevin McAleenan  
US Customs and Border Protection  
December 28, 2018

of the storm-water tunnels that flow directly under the port itself, the list of issues with this key port is extensive. We would ask that Customs and Border Protection work with the General Services Administration to start the process of reconfiguring this facility by conducting a feasibility study that helps define the needs and possible solutions.

I would also stress that this may be the most opportune time as there are several storefronts and lots that could be acquired in order to expand the footprint of the port of entry, and the Port Authority is prepared to work with you and CBP to help identify land acquisition opportunities around DeConcini.

Second, our community, with a particular emphasis from our binational manufacturing sector, would ask that CBP work to expand the SENTRI program to the Nogales West Port of Entry, commonly referred to as the Mariposa Port of Entry. Since the reconfiguration of this facility was completed in 2013, we have seen industry come to rely on this gateway with greater emphasis. The US Consulate General in Nogales, Sonora, is working with the Municipality of Nogales, Sonora, to expand this program to Mariposa, a concept that the Port Authority and all its integrating members fully support.

Finally, we are in full support of the pilot program to test the deployment of Non-Intrusive Inspection technologies at the Mariposa port of entry to see if the deployment of this technology can serve as a force multiplier for CBP and its Mexican counterpart, Aduanas, in helping to identify possible threats or risks in commercial conveyances. Nogales has a long-standing tradition of serving as the test bed for a number of technologies and programs that make our nation safer, our industry more competitive, and our cross-border logistics more efficient.

We are looking forward to working with you and our industry partners to establish benchmarks that will help us determine the success of any such new program at Nogales. It is only fitting that the port that proved the success of Unified Cargo Processing be the port that tests NII deployment in a manner that both CBP and Aduanas share the information on a real time basis.

The Port Authority's Board of Directors is comprised of the City of Nogales, Santa Cruz County, the Nogales Customs Brokers Association, the Fresh Produce Association of the Americas, Nogales Community Development, Nogales Economic Development Foundation and INDEX-the Maquila Association of Sonora.

I hope you will agree that all of these issues are interconnected. Our ports of entry are essential to our economic wellbeing, our security and our cultural and historic ties with Nogales, Sonora and Mexico. We are planning a visit to Washington, D.C. shortly after the turn of the year and we are hopeful that we will be able to visit with you to discuss each of

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these issues with you as the very future of our community is at stake. In the meantime, we are grateful for the attention you give to the issues at the Nogales ports of entry.

Respectfully,



Guillermo Valencia  
Chairman

CC: The Honorable Arturo Garino, Mayor, City of Nogales  
The Honorable Jesus Pujol, Municipal President, Nogales, Sonora  
John Halikowski, Director, Arizona Department of Transportation  
Ricardo Martinez, Secretary, Department of Infrastructure and Urban Development of the State of Sonora  
Juan Ciscomani, Senior Advisor for Regional and International Affairs, Office of the Governor

**Attachment #3**

Copy of Agenda for Senator McSally Meeting



AGENDA  
Meeting with Senator Martha McSally

Nogales, Arizona  
January 22, 2019

- Noon – 1:00 PM Meeting with the Honorable Martha McSally, Senator
- 12:00 – 12:10 PM Welcome and Introductions
- The Honorable Bruce Bracker, Supervisor, Santa Cruz County and Past Chairman, Greater Nogales Santa Cruz County Port Authority
  - The Honorable Arturo Garino, Mayor, City of Nogales
  - The Honorable Michael Stabile, Vice Mayor Town of Patagonia
  - Self Introductions
- 12:10 – 12:30 PM Remarks by The Honorable Martha McSally
- 12:30 – 12:55 PM Open Dialogue  
Moderated by: The Honorable Bruce Bracker  
Commentary by (2-3 minutes each):
- Scott Vandervoet, Chairman, Fresh Produce Association of the Americas
  - Wendy Molina, President, INDEX, Maquila Association of the Americas
  - Terry Shannon, Chairman, Nogales Economic Development
  - Nilo Larriva, Nogales Community Development
  - Fernando Sandoval, Nogales Customs Brokers Association
- 12:55 – 1:00 PM Photo Opportunity
- 1:00 PM Adjourn

## **Attachment #4**

### **ADOT Press Release featuring SR-189 Modernization project**

Having trouble viewing this email? <https://content.govdelivery.com/accounts/AZDOT/bulletins/22b4c01>



## **2019 will be busy year for ADOT in southern Arizona**

*New year brings transition to major new projects*

PHOENIX – Widening the last two stretches of Interstate 10 between Casa Grande and Tucson that remain two lanes in each direction. Opening a modern Ina Road traffic interchange with Interstate 10 in Marana. Launching a major upgrade to State Route 189, the 3.75-mile Nogales highway essential to trade with Mexico.

These are just some of the Arizona Department of Transportation projects finishing or starting in 2019 that are designed to make travel safer and more efficient in southern Arizona.

Four major projects that received a great deal of attention in 2018 are scheduled for completion this year:

\* A new I-10 interchange is on track to open this spring carrying Ina Road traffic over the Union Pacific Railroad tracks and greatly improving mobility and safety in a growing area northwest of Tucson. This \$128 million project also is widening Ina Road to two lanes in each direction from I-10 west over new bridges crossing the Santa Cruz River, with full project completion expected this summer.

\* Crews will finish widening 4 miles of I-10 in Casa Grande between Earley Road and Interstate 8. This \$43 million project, scheduled for completion by late summer, includes replacing the original bridges over Jimmie Kerr Boulevard to accommodate three lanes in each direction.

\* Between Eloy and Picacho, crews are scheduled to complete a \$72 million project widening 4 miles of I-10 to three lanes in each direction by creating new travel lanes. The improvements include a new State Route 87 interchange and a first-of-its-kind dust detection zone on 10 miles of I-10 to provide drivers with crucial safety information during dust storms. Completion is scheduled for late summer.

\* A \$55 million overpass that will carry State Route 347 traffic over the Union Pacific Railroad tracks in Maricopa is scheduled for completion by the end of 2019.

**Design work is set to begin by June on the largest project of 2019: a \$134 million upgrade of State Route 189, which connects the Mariposa Port of Entry with Interstate 19 in Nogales and carries a large share of produce entering the United States. Planned upgrades include flyover ramps to make a smoother transition between SR 189 and I-19 and a bridge over Frank Reed Road that will improve safety near Nogales High School. The two-year project is expected to be completed in 2021.**

In Tucson, construction is scheduled begin this summer on a new interchange at I-10 at Ruthrauff Road. The \$101 million, two-year project will be similar to interchange improvements at Ina and Prince roads.

Other major projects expected to begin in 2019 include replacing the 70-year-old Pinto Creek Bridge on US 60 east of Superior and repaving a 7-mile section of State Route 95 north of Parker. Bidding for the Pinto Creek work will take place early this year, while paving on SR 95 began earlier this month and is expected to continue until fall.

For more information on these projects, please visit [azdot.gov/projects](http://azdot.gov/projects).

SR 389 full build

