

November 13, 2014

TO: MR. BRUCE BRACKER, CHAIRMAN, GNSCCPA

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

SUBJECT: Activity Report

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. Mariposa Ribbon Cutting Ceremony;**
- 2. Corridor Initiatives;**
- 3. Arizona Office in Mexico City;**
- 4. Querobabi Inspection Station;**
- 5. Cross-border Trucking Update;**
- 6. Visit by Canadian Consulate General;**
- 7. Rail Initiatives at Nogales; 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 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. 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. ***MARIPOSA RIBBON CUTTING CEREMONY***

- ✦ On October 15, 2014 Nogales celebrated the conclusion and ribbon cutting of the Mariposa Port of Entry Reconfiguration project.
- ✦ The event brought together people from Mexico City, Sinaloa, Sonora, and from throughout Arizona.



Picture of the ceremony at the Mariposa Port of Entry. Senator Jeff Flake, Congressman Raul Grijalva, US Ambassador to Mexico Anthony Wayne, Ruth Cox, GSA's Region 9 Administrator, The Honorable Arturo Garino, The Honorable Ramon Guzman, and Will Brooks, Director of CBP's Field Operations out of Tucson

- ✦ While the General Services Administration (GSA) hosted the ribbon cutting ceremony at the port, the community event that was hosted by the Greater Nogales Santa Cruz County Port Authority (GNSCCPA) was a great success.
 - With the participation of Senator Jeff Flake, Congressman Raul Grijalva, John Halikowski, Director of the Arizona Department of Transportation (ADOT), Margie Emmermann on behalf of Governor Janice K. Brewer, the Honorable Arturo Garino, Mayor of the City of Nogales, Ruth Cox, Region 9 Administrator of GSA and Will Brooks, Director of Field Operations for the Tucson Sector of CBP, among many others helped elevate the significance and importance of this celebration.
- ✦ A special thanks to all the sponsors of this event, including:
 - Hensel Phelps,
 - Jones Studio,
 - Stantec,
 - The Arizona-Mexico Commission,
 - The Fresh Produce Association of the Americas, and
 - The Nogales US Customs House Brokers Association
- ✦ Additionally, this event brought great media attention to the Ambos Nogales region and helped to spread the word on the investments made in Nogales in both the Port of Entry and the connectivity to the Federal highway system.
- ✦ On Saturday, November 8, 2014, Hensel Phelps received the Project of the Year Award from the Association of Minority Contractors of Arizona. In addition,

- ✦ Hensel Phelps is up for another award from the Associated Builders and Contractors (ABC) 2014 Excellence in Construction Award for Large Projects (Over \$100 million).
 - Chairman Bracker has sent a letter of support for this nomination. A copy of the letter is provided in Attachment #1.

2. *CORRIDOR INITIATIVES*

- ✦ The looming date of the Ribbon Cutting ceremony was used quite effectively in advancing the need to make the necessary improvements on the Mexican side of the port of entry.
 - Vias Concesionadas, the concessionaire that operates the corridor, has repaved more than 70% of the 13 kilometers of the corridor, with an asphalt carpet of 5 centimeters (previously at 3 cm), has installed new signage to ensure proper lane designation and will also complete the stripping of the corridor. These advances should be completed by approximately December 10th, 2014.



Photos of the progress being made for the repaving of the Corridor, including the signage that has been installed.

- Additionally, the pedestrian pick up and drop off on the Mexican side has been completed. This project greatly enhances the safety of the pedestrian traffic at Mariposa.
- There still remain some short-term projects to be completed, including the repairing of the fencing of the entire corridor and ensuring the north-south lane dividers are installed correctly.
- Additionally, in a more long-term time frame, there is still pending the construction of the new Aduanas facility some 4 kilometers south of the border.
 - During a meeting with Marco Frias Galvan, Assistant Director General of Highway Development for the Ministry of Communications and Transportation of Mexico (SCT) on Wednesday, November 12, 2014, he confirmed that SCT remains

vigilant on the progress being made on the corridor. He also indicated that they are coordinating with Aduanas on the new inspection facility but it is still unclear as to who will pay for this new facility.

- It is recommended that this topic be raised directly with Aduanas and SCT in the first quarter of 2015 in Mexico City.

3. *ARIZONA OFFICE IN MEXICO CITY*

- ✦ On October 7, 2014 the State of Arizona inaugurated its Mexico City office. A delegation of 71 people representing the public and private sectors from Arizona were part of the festivities.
- ✦ Taking advantage of the presence of such a large delegation, a series of meetings were set up in three separate tracks: Tourism, Economic Development and Corridor Competitiveness.
- ✦ Among the major outcomes from the visits were:
 - ProMexico to establish representative office in Phoenix;
 - Mexican Government to spend \$14 billion pesos to improve MX 15 from the border 800 km into Mexico which is well into the state of Sinaloa;
 - The new highway will constructed out of concrete and will operate with the same standards as a US Interstate. This will be greatly improve the efficiency of the corridor and should help eliminate many of the dreaded “topes” that slow down traffic on this corridor.



Arizona Delegation meeting with Under Secretary Raul Murrieta Cummings of SCT

- The US, through the Embassy of the United States in Mexico and the Mexican government are working on a plan to spend \$6.8 million in funds authorized under the Merida Initiative to deploy US technology and equipment, including training, to enhance the efficiency of the Querobabi Military Inspection Station 60 miles north of Hermosillo, Sonora which inspects more than 1,000 trucks per day;



Arizona delegation meeting at the US Embassy in Mexico including the Attaches of CBP, Defense and Commercial Service.

- Commitment by the State of Mexico to work with State of Arizona in exploring ways to collaborate and identify synergies between both states in the areas of tourism, Infrastructure and Corridor Competitiveness and Economic Development;



Directors of the Arizona Office of Tourism and CEO of the Arizona Commerce Authority with their counterparts from the State of Mexico

- Arizona forges stakeholder group to promote rail alternatives for the movement of cargo both north and southbound through Nogales. Stakeholder group includes such critical entities as the Arizona Department of Transportation, Union Pacific, Ferrymen, the Association of Agricultural Producers of Culiacan (Sinaloa), US Customs and Border Protection, the Mexican Ministries of Communications and Transportation and Agriculture, and the Nogales Customs Brokers Association;



Arizona Delegation meeting with Directors General of
Operations, Marketing and Planning of Ferromex.

- Confirmed advances to the necessary improvements to the Mexican side of the Mariposa Port of Entry at Nogales.
- ✦ The State of Arizona office is a collaborative effort of the State of Arizona through the Arizona Commerce Authority, the Arizona Office of Tourism, the Arizona -Mexico Commission and the City of Phoenix.

4. *QUEROBABI INSPECTION STATION*

- ✦ As a continuation of the progress made on Querobabi, during the visit to Mexico City and the State of Mexico on November 10-13, 2014, the Arizona delegation met with Deputy Mario Sanchez Ruiz of the State of Sonora (he is actually from Ciudad Obregon). He is also the President of the Commission on the Economy.
- ✦ One of the principle topics for discussion with the Deputy was the need to address the situation at Querobabi. He has committed that he will convene a meeting of both US and Mexican governments, the governments of the states of Sinaloa, Sonora and Arizona and appropriate representatives of industry.
- ✦ During our meeting he called the Office of Secretary Cienfuegos, Ministry of Defense of Mexico and Sergio Alcocer, Under Secretary of the Ministry of Foreign Affairs and both agreed to participate in this meeting.
- ✦ We are working with the office of the Deputy to define a date for the meeting. We will also coordinate with the US Embassy in Mexico City to ensure their participation.
- ✦ RAI-N requests guidance as to which industry representatives should be included to participate – it needs to be limited to a small number.

5. *CROSS-BORDER TRUCKING UPDATE*

- ✦ ADOT continues to be actively involved on this issue.
- ✦ There have been delays on the dialogue with the Federal Motor Carrier Safety Administration (FMCSA) as the Administrator resigned and the General Counsel is currently serving as the Acting Administrator.
- ✦ Director Halikowski of ADOT will be sending a letter to Associate Administrator for Field Operations, Annie Collins, inquiring as to the status of the proposal to have ADOT take over all Level 1 inspections at the ports of entry.

6. *VISIT BY CANADIAN DELEGATION TO NOGALES*

- ✦ At the request of Glenn Williamson, Honorary Consul of Canada in Arizona, a

visit was coordinated and organized for the Consul General of Canada in Los Angeles, James (Peter Gerard) Villeneuve and Nadia (Kathleen) Scipio del Campo, Consul – Foreign Policy & Diplomacy Service.

- ✦ A special thanks to CBP Port Director Lupe Ramirez and Richard Rubin of Javid for participating in this visit and taking the time to show our visitors around.
 - Interesting to note that with the participation of Consul General of the US in Nogales, Chris Teal and Consul General of Mexico in Nogales Jaime Paz y Puente, the meeting was a mini North American summit.
- ✦ The Consul General and the delegation have expressed their gratitude and look forward to a working dialogue that may bring Canadian business and investment to the region.

7. ***RAIL INITIATIVES AT NOGALES***

- ✦ As discussed during the meetings in Mexico City in October, the rail stakeholder team has been established.
- ✦ ADOT has agreed to conducting a study that will evaluate the feasibility of a multimodal facility at Nogales. This discussion has led to the expansion of the study to include the entire corridor from Mexico City and the State of Mexico all the way to the Arizona border at Nogales.
 - SCT has indicated that they are prepared to partner with ADOT and make this a true binational study that will look at both rail and highway deficiencies, impact of investments on the corridor and the development of industry clusters along the entire corridor to promote jobs and economic development.
 - The Departments of Economic Development and Communications of the State of Mexico have also indicated their interest to participate in this study.
 - The full scope of work is yet to be defined.
 - This study would be similar to a study recently conducted by SCT and the Texas Department of Transportation that focused on the San Antonio to Monterrey Corridor. SCT has indicated that they would like to use a similar structure for our corridor.
- ✦ Once the study is completed it can be used to promote the entire corridor and the access through Arizona to the entire Western United States.



Margie Emmermann of the Office of the Governor and Gail Lewis of ADOT visit rail yard at Rio Rico to better understand the situation.

8. 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;
 - Consulate General of Canada;
 - DHS/CBP;
 - Ferromex;
 - GSA;
 - Offices of Arizona Congressional Delegation;
 - Office of the Governor;
 - SCT;
 - SRE;
 - State Department;
 - State of Mexico;
 - State of Sonora;
 - Transportation and Trade Corridor Alliance;
 - Union Pacific; and
 - US Consulate in Nogales, 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 Hensel Phelps nomination



November 10, 2014

Eric Bain
Hensel Phelps
Project Manager Construction Group
2701 E. Speedway, Ste. 101
Tucson, Arizona 85716

RE: Excellence in Construction Award

Dear Eric,

It has come to my attention that the work by Hensel Phelps at the Mariposa Port of Entry is being considered for the Excellence in Construction Award. It is with great pleasure that I write to support the nomination of the project and strongly urge the evaluation committee to give the Mariposa Project and Hensel Phelps the highest of considerations.

Mariposa is clearly a one of a kind infrastructure project but it is also far more than that. It is not just a building or a road; it is a critical economic engine for the United States and it sits on the frontlines of the efforts to protect the Homeland. In addition, the port of entry must be designed with the intent to enhance the safety of the officers that staff the facilities and of the traveling public that use it to enter and leave our nation.

But to truly understand the magnitude and significance of the project we must put the Mariposa and Nogales in perspective. Nogales is the gateway for more than \$30 billion in trade with Mexico - more than 620,000 trucks, 19 million people and 6.2 million cars cross each year in two-way traffic. The original port was designed and built in the late 1970's and early 1980's. We estimate that the original port reached its intended design capacity by the late 1980's, of approximately 400 northbound trucks per day.

Understanding the significance of the port of entry and its shortcomings the community embarked on a path to modernize the facility and thus enhance the competitiveness of the Ambos Nogales area and of the entire corridor connecting Arizona to Central Mexico and the Mexico City Area. Nogales is Arizona's principal gateway for trade and tourism with Mexico. And Mariposa is at the heart of this

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dynamic relationship.

The community, and its many stakeholder partners, including the City of Nogales, Santa Cruz County, the Nogales Customs House Brokers Association, the Arizona-Mexico Commission, the Arizona Department of Transportation, the Maquila Association, the Arizona Congressional Delegation and the Office of the Governor, worked tirelessly since 2005 in order to secure the necessary funding for the project: \$13.7 million in 2007 to pay for the design, permitting and land acquisition and \$199.4 million to pay for the construction phase.

The design and construction teams faced many challenges, from the desert location, to the very hilly topography and construction directly on top of the Nogales Wash - not to mention the need to coordinate every aspect of the design and construction with Mexico at the local, state and federal level. Furthermore, the project had to comply with all the safety and security standards established by US Customs and Border Protection and the General Services Administration.

In addition, the community advocated strongly on two additional fronts: that the project include as many local and regional subcontractors as possible and that the port retain its full operational capacity during the entire construction phase.

Now that the project has been completed I am happy to confirm that the project has met all of the aforementioned conditions and criteria. The port remained fully operational during the entire construction phase. In fact, due to the ingenious project team, we actually gained primary inspection capacity close to 18 months before the project was fully completed.

This project has transformed the Mariposa port of entry into one of the best and biggest assets in our efforts to promote US-Mexico trade and to attract investment to our region. The impacts of this project will be felt for several generations to come.

Eric, I would ask that you inform the evaluation committee that I stand ready to respond to any questions or clarifications that they may have. I hope they will give this project the true recognition that it deserves. Mariposa is today a beacon of excellence - thank you Hensel Phelps and team.

Respectfully,



Bruce Bracker
Chairman