

March 19, 2017

TO: MR. GUILLERMO VALENCIA, 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. **State Legislature Hearing;**
2. **SR-189 Update;**
3. **ADOT 5-Year Plan;**
4. **Ruby Road Improvements;**
5. **AMC Appointments;**
6. **Nogales Cold Rooms DAP;**
7. **ADOT Enforcement unit events;**
8. **Talking Points for Supervisor Bracker;**
9. **Talking Points for FPAA Policy Seminar;**
10. **Arizona DEC Congressional Forum;**
11. **Senator Flake’s border infrastructure list;**
12. **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 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, Supervisor Bruce Bracker, Terry Shannon, 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. STATE LEGISLATURE HEARING

- ◆ 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.
- ◆ As a result of the participation in the hearing, there has been additional follow up with Representative Rosana Gabaldon in terms of her participation in the GNSCCPA meetings.
- ◆ A copy of the Chairman Valencia's testimony is provided in Attachment #1.

2. SR-189 UPDATE

- ◆ Dialogue with the Arizona Department of Transportation continues over the breadth of the project to modernize State Route 189 (SR-189), Phase 1.
- ◆ As a result of the public hearing that took place in Nogales in January, there has been dialogue with the both affected land owners and the ADOT Technical team in order to find ways to address the concerns of the affected land owners.
- ◆ Among the principal issues is the expansion of the right of way on northbound Grand Avenue that is making a turn to the west at Mariposa Road. The recommendation has been to eliminate the need to add a third turning lane at Grand Avenue.

3. ADOT 5-YEAR PLAN

- ◆ On January 31, 2017, ADOT Staff presented its recommendations to the Arizona Transportation Board for the 5-Year plan including the 6-10 year anticipated program.

- ◆ In addition to confirming the funding for Phase 1 of SR-189 in 2019, the ADOT Staff recommended the inclusion of the Ruby Road interchange in 2026 (10th year of the plan) to the tune of \$30 million.
 - Even though it is in 2026, it is a significant achievement that ADOT is already planning the improvements at the Ruby Road interchange. This helps advance the planning of the project which is currently underway.

4. *RUBY ROAD IMPROVEMENTS*

- ◆ On February 7, 2017, Chairman Valencia received a letter from ADOT with regards to the proposed improvements to the Ruby Road Interchange.
- ◆ In this letter, provided in Attachment #2, they reference the initial proposals from 2014 and are now moving forward with a new evaluation of all the alternatives, with the preferred alternative being the one that requires the construction of roundabouts on either side of the intersection and makes improvements to the Frontage road on the West side of Interstate 19 (I-19) and creates an improved access to the Rio Rico/I-19 Interchange.
- ◆ Input on these proposals are always welcome.

5. *AMC APPOINTMENTS*

- ◆ On February 13, 2017, Governor Ducey appointed Jessica Pacheco as the new President of the Board of Directors of the Arizona-Mexico Commission.
 - Jessica is the Vice President of Governmental Affairs for Arizona Public Service.
- ◆ On February 2, 2017, Governor Ducey appointed Beth Castro to serve on the AMC's Board of Directors.

6. *NOGALES COLD ROOMS DAP*

- ◆ The formal technical process for the Donation Acceptance Program (DAP) for the Cold Rooms at the Mariposa port of entry has formally started.
- ◆ The entire technical team representing Nogales has executed Non-Disclosure Agreements (NDA) in order to participate in the process.
- ◆ **Due to the sensitive nature of some of the information that is exchanged, there will be limited disclosure of the advancements and progress made in the dialogue with Customs and Border Protection (CBP) and the General Services Administration (GSA).**
- ◆ Representing Nogales in the process are:
 - Chairman Valencia
 - Jose Valencia and Hector Suarez on behalf of the Customs Brokers

- Matt Mandel, Lance Jungmeyer and Allison Moore on behalf of Fresh Produce.
- Luis Ramirez is on the team to serve as the liaison between the GNSCCPA and the federal agencies.

7. *ADOT ENFORCEMENT EVENTS*

- ◆ The Enforcement arm of ADOT hosted two events in Nogales on February 15 and 16th, the first in English and the Second in Spanish.
- ◆ These events served to provide information the new approaches to the safety inspection process at the border, including the creation of the Border Liaison Unit that will serve as a permanent mechanism for industry to communicate with ADOT Enforcement.
- ◆ New approaches to enforcement that are being considered include:
 - Pit-Crew approach to level 1 inspections – testing of this approach in San Luis has resulted in a reduction of over 60% in the time to conduct a level 1 inspection (from 65 minutes to 25 minutes)
 - A risk-based approach over a quota based approach to inspections at the state level.
 - Working with Federal Motor Carriers Safety Administration to implement similar approaches to inspection for federal inspections.
- ◆ The GSNCCPA helped to promote these events.

8. *TALKING POINTS FOR COUNTY VISIT TO WASHINGTON, D.C.*

- ◆ In anticipation of a visit by the Santa Cruz County Supervisors to Washington, D.C. talking points were prepared on key issues.
- ◆ A copy of those talking points is provided in attachment #3

9. *TALKING POINTS FOR FPAA POLICY SEMINAR*

- ◆ In anticipation of the presentation by Chairman Valencia during the Fresh Produce Association of the Americas Spring Policy summit, talking points were prepared.
- ◆ A copy of those talking points are provided in attachment #4

10. ARIZONA DEC CONGRESSIONAL FORUM

- ◆ The Arizona District Export Council (AZ DEC) hosted a roundtable discussion on trade with Arizona’s House Delegation.
- ◆ Representatives that were in attendance were:
 - Representative Andy Biggs
 - Representative Tom O’Halloran
 - Representative Kyrsten Sinema
 - Representative Paul Gosar
 - Representative David Schweikert
- ◆ Among the industry presenters were representatives of large and small companies, including Jaime Chamberlain of J-C Distributing.



- ◆ Each company/industry representative spoke about the importance of international trade, markets and opportunities for their businesses.

11. SENATOR FLAKE’S BORDER INFRASTRUCTURE LIST

- ◆ As a follow up to Senator Flake’s visit to Mexico City earlier this year, Senator Flake has provided a list of critical projects to his contacts in Mexico. This list included some critical projects in Nogales and on the Arizona-Mexico Corridor.
- ◆ The GNSCCPA worked with the Senator’s staff, particularly Chris Stoller, in providing some of the background information for this list of projects.
- ◆ A copy of the list provided by Senator Flake is provided in Attachment #5.

12. 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

ADOT letter on Ruby Road Interchange Improvements



Intermodal Transportation

Douglas A. Ducey, Governor
John S. Hallikowski, Director
Dallas Hammit, State Engineer

February 7, 2017

Mr. Guillermo Valencia
The Greater Nogales Santa Cruz County Port Authority
P.O. Box 4518
GVALENCIA@EVALENCIA.COM
Rio Rico, AZ 85648

Re: 019-A(217)A
019 SC 007 H8401 02L
I-19 Frontage Roads, Ruby Road – Rio Rico Drive (MP 7.71 to MP 10.88)

Dear Mr. Guillermo Valencia:

The Arizona Department of Transportation (ADOT), in collaboration with the Federal Highway Administration (FHWA), has proposed improvements to the intersection of Interstate 19 (I-19) East Frontage Road and Ruby Road, located approximately eight miles north of the United States-Mexico border near the City of Nogales in Santa Cruz County, Arizona (see enclosed Figure 1). Previous public and stakeholder input meetings regarding the project were held in 2012 and 2014; a project kick-off meeting was held in October 2016. The purpose of this letter is to solicit additional input, comments, or concerns you may have regarding the project.

The need for the improvements to the intersection of I-19 East Frontage Road and Ruby Road arises from the high level of congestion that occurs during peak travel periods. The intersection currently receives a high volume of truck traffic associated with an adjacent truck stop and a nearby industrial park. Currently, the left-turn lanes from Ruby Road onto both directions of I-19 are not long enough to contain the queues of left-turning vehicles due to their end-to-end configuration in the roadway's center lane. Furthermore, the close proximity of the signalized intersections on Ruby Road between the northbound ramp and I-19 East Frontage Road do not provide enough space for left-turning queues. As a result of these issues, vehicles exiting I-19 in both the northbound and southbound directions can back up on the exit ramps with queues sometimes extending onto the mainline.

A preliminary evaluation of four alternative intersection designs, one sub-alternative design, and a no build alternative was conducted in 2014. Alternative C, which would convert the I-19/Ruby Road traffic interchange to a roundabout interchange, was identified as the recommended alternative because it is anticipated to provide the greatest operational improvement to the intersection. However, because the preliminary evaluation found each of the considered alternatives to be viable, all six alternatives are currently under consideration at this time. The previously-assessed alternatives are described below and are shown in the enclosed Figures 2-6. ADOT's on-going evaluation will also consider new alternatives, such as an extension of I-19 West Frontage Road from Calle Calabasas to Rio Rico Road (see enclosed Figure 2).

- The **No Build Alternative** assumes that no major improvements would be made to any of the roadways within the study area.
- **Alternative A** would convert I-19 East Frontage Road from a one-way to a two-way road between Kipper Street and Rio Rico Drive. I-19 East Frontage Road would be disconnected from

I-19 Frontage Roads, Ruby Road – Rio Rico Drive (MP 7.71 to MP 10.88)
019 SC007 H8401 02L

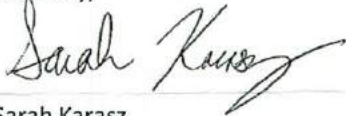
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the northbound I-19 exit ramp, converted to two-way traffic, and realigned to intersect Rio Rico Drive approximately 400 feet east of the existing combined ramp/frontage road intersection. The northbound I-19 ramp intersection would remain in its current location.

- **Alternative B** would combine the northbound I-19 exit ramp and a portion of the I-19 East Frontage Road located south of Ruby Road into a one-way northbound roadway. A new two-way access road would be constructed south of Ruby Road to convey traffic to and from the remaining two-way portion of I-19 East Frontage Road. The new access road would connect to I-19 East Frontage Road just south of the one-way exit ramp/frontage road gore and would connect to Ruby Road across from the truck stop canopy.
 - **Alternative B1** provides the same features as Alternative B except that the new access road would not be constructed. Southbound traffic would not be accommodated on I-19 East Frontage Road south of Ruby Road and would have to take I-19 or I-19 West Frontage Road south to the next traffic interchange.
- **Alternative C (recommended)** would reconstruct the I-19/Ruby Road Traffic Interchange to a roundabout interchange. Two six-leg roundabouts on Ruby Road, one on each side of I-19, would combine the frontage roads and ramps into the same intersection.
- **Alternative D** would reconstruct the I-19/Ruby Road Traffic Interchange to a diverging diamond interchange. The diverging diamond configuration crosses traffic to the opposite side of the road and then crosses it back, allowing the right- and left-turns to and from the freeway ramps to act as free-flow movements.

This letter serves as your invitation to review the proposed project based upon the information outlined above. If you have any questions, comments, or concerns, please submit them by March 9, 2017 to ADOT c/o Laura Stewart, Archaeological Consulting Services, Ltd., 424 West Broadway Road, Tempe, Arizona 85282; 480-894-5477 (phone); 480-894-5478 (fax); lstewart@acstempe.com. Thank you for your time and assistance.

Sincerely,

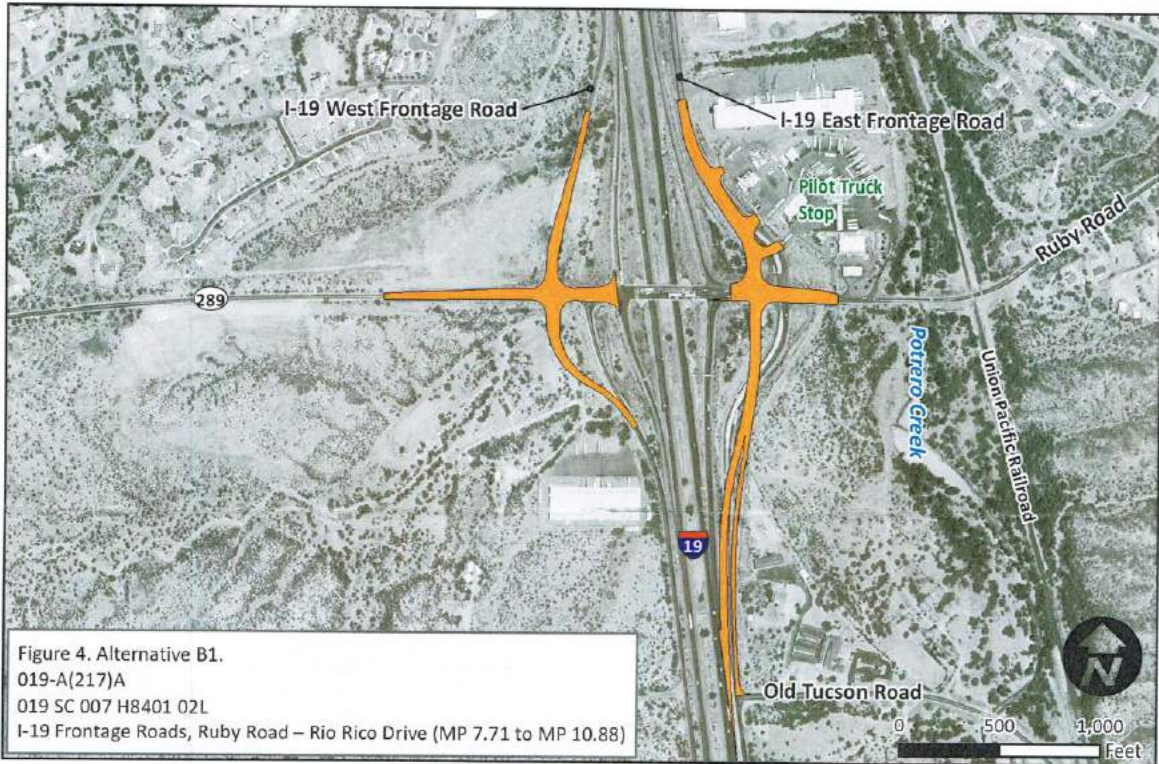


Sarah Karasz
Senior Environmental Planner, PAG Region
ADOT Environmental Planning

Enclosures: Figure 1. State Location Map
Figures 2-6. Alternatives A-D

c: Ammon Heier, FHWA
Tremaine Wilson, FHWA
Asadul Karim, ADOT
Laura Stewart, Archaeological Consulting Services, Ltd.







Attachment #3

Talking points for County Visit to Washington, D.C.

Subject: Talking Points**Date:** Wednesday, February 15, 2017 at 1:23:22 PM Mountain Standard Time**From:** luis@ramirezadvisors.com**To:** Bruce Bracker**CC:** Guillermo Valencia, Terry Shannon Jr., Jaime Chamberlain, Scott Vandervoet, Gregory Lucero, Dr. Marcelino Varona

Bruce,

Per your request, here are some talking points for you to consider taking for your trip to DC. I know most of this stuff is fresh in your mind so I presume they will serve more as reminders.,

- Staffing:
 - According to CBP reports, Arizona's ports of entry have a 21% shortfall in current staffing. That equates to approximately 270 positions. This does not consider or include the anticipated growth in volumes traffic and new enforcement initiatives at the ports of entry
 - Supporting Senator Flake's Customs and Border Protection Hiring and Retention ([CBP HiRe](#)) Act that would, among various initiatives, help streamline the CBP recruiting process and gives flexibility to CBP in the selection of the most appropriate polygraph test.
- Infrastructure Funding:
 - Urge the creation of a predictable mechanism for the funding of ports of entry. This is essential in helping to pay for future projects, including the modernization of the DeConcini Port of Entry
 - As you are discussing funding for infrastructure, it is important to be on the look out for possible funding opportunities for our key projects, including Phase II of Mariposa Road, Ruby Road/Rio Interchanges and frontage roads, and the grade separation (overpasses) for at least 2 vehicular rail crossings at Nogales
- Nogales DAP
 - Customs and Border Protection has accepted the proposal

submitted by the Greater Nogales Santa Cruz County Port Authority for the conversion of 5 docks at the Mariposa port of entry to cold rooms.

- The Technical team that will be involved in the design, engineering and construction of the improvements will be meeting in the next two weeks.
- The Port Authority is looking for possible grant opportunities to help defray the cost of the project (initial estimates indicate a total cost of approximately \$600,000).
- The cost is higher due to need to comply with the Platinum LEEDS certification of the port of entry thus we need to find environmentally friendly technologies that typically cost more upfront but are much cheaper to maintain and operate in the long run. The offices of Senators McCain and Flake and Congressman Grijalva, and Congresswoman McSally are very much in the loop on this project but we still need help in finding some additional grants
- Nogales Wash and Tunnels
 - General Services Administration will soon be starting some repairs to the US side of the Grand Tunnel under the DeConcini port of entry. But the issue remains unresolved on the Mexican side where major repairs are required to the tunnel in the short-term as well as the need to have a broader long-term approach to the Nogales watershed and basin that feeds into the storm water tunnels into Arizona.
 - We are working with the offices of Senators McCain and Flake as well as Congressman Grijalva and Congresswoman McSally to find a vehicle to reintroduce the language that addresses the funding issues of the repairs to the IOI.
 - For your reference, here is the language that we want included:
 - § **SEC. 8008.** INTERNATIONAL OUTFALL INTERCEPTOR REPAIR, OPERATIONS, AND MAINTENANCE.
 - § (a) SENSE OF CONGRESS.—It is the sense of Congress that, pursuant to the Act of July 27, 1953 (22 18 U.S.C. 277d–10 et seq.), and notwithstanding the memorandum of agreement between the United States Section of the International Boundary and Water Commission and the City of Nogales, Arizona, dated January 20, 2006 (referred to in this section as the “Agreement”), an equitable proportion of the costs of operation and maintenance of the Nogales

sanitation project to be contributed by the City of Nogales, Arizona (referred to in this section as the “City”), should be based on the average daily volume of wastewater originating from the City.

§ (b) CAPITAL COSTS EXCLUDED.—Pursuant to the Agreement and the Act of July 27, 1953 (22 U.S.C. 5 277d–10 et seq.), the City shall have no obligation to contribute to any capital costs of repairing or upgrading the Nogales sanitation project.

§ (c) OVERCHARGES.—Notwithstanding the Agreement and subject to subsection (d), the United States Section of the International Boundary and Water Commission shall reimburse the City for, and shall not charge the City after the date of enactment of this Act for, operations and maintenance costs in excess of an equitable proportion of the costs, as described in subsection (a).

§ (d) LIMITATION.—Costs reimbursed or a reduction in costs charged under subsection (c) shall not exceed \$4,000,000.

Please let me know if you have any questions..

Luis

Attachment #4

Talking Points for FPAA Policy Summit

Donation Acceptance Program

- The Port Authority, in full coordination with the Fresh Produce Association of the Americas and the Nogales Customs House Brokers, submitted a proposal to US Customs and Border Protection (CBP) to convert 6 docks of the Mariposa port of entry to cold storage rooms.
- The submittal was presented under the Section 559 Donation Acceptance Program, better known as DAP, that permits CBP to receive donations for infrastructure and staffing related costs.
- DAP is a recognition that Customs simply does not have the necessary resources to address all of its infrastructure and staffing needs on a timely basis. This program allows for third parties, such as city governments and private entities like the Port Authority, to put forward a proposal to address a port or staffing deficiency. In this case, our state of the art port at Mariposa is not equipped to handle temperature sensitive commodities.
- Many of you in the audience have expressed the need to have temperature controlled facilities that can handle products like berries, avocados and even shrimp, through Nogales. We are also aware that there are some pharmaceutical products that could also benefit from a cold storage facility at the port.
- We are also aware that our biggest competitors have or are building cold storage rooms at their ports of entry. We recognized that if we don't act now more commodities will start moving to other ports of entry.
- We can work to attract commodities that are currently crossing at other ports of entry in Texas and California.
- Our proposal has been accepted, we have signed the Memorandum of Understanding with CBP along with the necessary Non-Disclosure Agreements for the Technical Team.
- Representing the Port Authority in the technical team will be Jose Valencia, Hector Suarez on behalf of the Customs Brokers and Matt Mandel and Lance Jungmeyer on behalf of Fresh Produce. Additionally, Allison Moore will serve as an advisor to the process and Luis Ramirez will serve as our liaison with the federal agencies.
- We are starting the process of selecting the architects and engineers that will work with us on the design and construction of the project.
- I did want to mention and thank Lance for opening the door with the Governor's Energy Office as we are now exploring a possible grant from the state to help defray the cost of the project. Additionally, the Port Authority will be working with the North American Development Bank and the Arizona Department of Environmental Quality to help identify other possible grants for this project.

- It is not an easy project as we are not just converting these rooms to cold storage but also need to comply with all the security standards by Customs as well as the LEEDS certification of the facility that is truly a very energy efficient and green port of entry.
- I want to thank the technical team for volunteering on this critical project for Nogales and Arizona. It will be opening the door for a number of opportunities and a number of new commodities to come through Nogales. We hope to have it completed by summer of 2018. I promise to keep you informed of our progress.

Unified Cargo Inspections

- By now most of you should know about our historic program called Unified Cargo Inspections.
- This program places both US and Mexican Customs inside the Mariposa Port of Entry and both agencies inspect the truck at the same time, meaning a single stop to comply with the requirements of both the US and Mexico.
- At last report, Customs indicates that the average wait times for a truck to be processed under this program is 24 minutes. This is unmatched at any location in Texas, New Mexico or California.
- This program is now open to all C-TPAT/FAST certified trucks.
- And as of December 13, 2016 the Unified Cargo program has been expanded to southbound traffic. This means that today, at Nogales, any C-TPAT truck can cross the border in both directions faster than anywhere else.
- Nogales is today the example for the rest of the border. There have been many delegations coming to Nogales to study how this is being done and how Nogales got it done.
- In a very large part, this is due to the out-of-the-box thinking by Will Brooks, Director of the Tucson Field office for Customs and his Mexican counterpart, Alberto Morales of Mexican Aduanas.
- While we continue to push for investments in our infrastructure, it is programs like this that streamline the inspection and compliance process that makes us better than everyone else.
- But we need to get the word out.
- This is where I ask for your help. I ask that you turn to your networks in the US, Mexico and beyond and tell them the story of Nogales. That we have a state of the art facility at Mariposa. That we are investing in cold storage rooms for new commodities. That we are deploying new programs that make our ports more efficient than ever and than anyone else. That we have a truly united community in pushing the trade and tourism agenda in our community.
- I know we still have other issues that need our attention so we remain committed to pushing the Nogales agenda in Phoenix, in Washington, DC, in Mexico City and anywhere else where our voice needs to be heard.

Attachment #5
Senator Flake's list of Priority Projects



THE OFFICE OF SENATOR JEFF FLAKE
PRIORITY INFRASTRUCTURE PROJECTS IN MEXICO
FEBRUARY 9, 2017

MILITARY INSPECTIONS

One issue that continues to slow down northbound traffic is the military checkpoints that occur along MX-15, which is the main corridor connecting central Mexico to Arizona. The permanent military inspection in Querobabi recently received technology and equipment upgrades that have improved efficiencies and helped reduce wait times. However, now that improvements at Querobabi have been completed, Mexico's military has set up a temporary inspection point further north at the entrance to Nogales, Sonora. While well intentioned, this duplicative inspection point creates an additional bottleneck for northbound commercial traffic, causes congestion, and impedes the flow of trade into Arizona.

IMPROVING THE COMMERCIAL CORRIDOR IN NOGALES, SONORA

The 13-kilometer commercial corridor from Mexican Customs to U.S. Customs in the Nogales area is in need of improvements. Specifically, the corridor would benefit from better segregation of traffic through additional signage, lighting, and fencing. I am aware that the Secretariat of Communications and Transportation intends to make operational changes to this corridor in the near future. Any changes that would allow for the necessary investments to make the corridor more safe and secure would be appreciated by stakeholders.

WATER INFRASTRUCTURE

An issue that poses a more immediate threat to cross-border trade is the critical water infrastructure issues at the border in Nogales, Arizona and Nogales, Sonora. The Grand Tunnel, which conveys stormwater runoff under the Dennis DeConcini Land Port of Entry, is in jeopardy of collapsing. In addition, the cross-border wastewater conveyance pipe known as the International Outfall Interceptor (IOI) is deteriorating. The U.S. is in the process of assessing needed improvements on the U.S. side. Mexico has also commissioned a study on the infrastructure needs leading up to the border. It is important that our two countries collaborate and work together to ensure the critical infrastructure problems at the border are addressed and do not pose an unnecessary threat to commerce and people in the area.

SAN LUIS II PORT OF ENTRY

In addition to Nogales, the San Luis I and II ports of entry in San Luis, Arizona present additional opportunities to expand cross-border commerce. The San Luis II port is currently used solely for commercial traffic, but due to routine congestion and long wait times at San Luis I, the U.S. is exploring potential modifications to allow passenger vehicles to use the commercial port as well. Once the U.S. concludes the study's findings and issues its recommendations, any modifications to the port will require additional planning and engagement from affected communities, including those in Mexico.

ARIZONA-MEXICO CORRIDOR STUDY

The Arizona Department of Transportation recently executed a Memorandum of Understanding with the Mexican Ministry of Communications and Transportation to study ways to improve the corridor that feeds into Arizona's port of entry system. The study will address transportation connectivity from southern Arizona into the interior of Mexico and will identify industry clusters along the corridor to promote investment and job creation. While this is only the first phase of a multi-year study, continuing to study improvements to this corridor will give us a better understanding of the economic opportunities in the region and allow them to further expand and grow.