

March 29, 2020

TO: Jaime Chamberlain, Chairman

FROM: Luis Ramirez, President, Ramirez Advisors Inter-National

SUBJECT: Monthly Report of Activities – January 2020

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”). As always, 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 directives and ensure an effective implantation of the initiatives at hand.

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

1. **Donation Acceptance Program Update;**
2. **USMCA Update;**
3. **Planning for SR-189 Groundbreaking and Project Update;**
4. **Update on HB-2030;**
5. **2019 Border Crossing data;**
6. **South32 Update;**
7. **Joint Working Committee in El Paso;**
8. **Santa Cruz County to visit Washington, D.C.;**
9. **Under Secretary Seade visits Arizona;**
10. **Monitoring COVID-19 events in Arizona and the world; and**
11. **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***

- On February 18, 2020, on a conference call hosted by US Customs and Border Protection (CBP), CBP confirmed that they are terminating the Donation Acceptance Program proposal submitted by the Port Authority for the Cold Rooms at the Mariposa port of Entry.
- Effective immediately, the development of cold rooms at the Mariposa Port of entry will fall under the Revocable Licensing program that is administered by the General Services Administration (GSA).
- The technical team is now working directly with GSA on the provisions of the contract, a draft of the agreement has been reviewed by the PA's legal counsel and discussions on the technical aspects of the project continue directly between the PA Technical Team and GSA.
- In fact, upon further review, this process with GSA may prove to be a simpler and more transparent process than what was anticipated under the CBP Donation Acceptance program.
- As more information becomes available, it will be provided to the PA.

2. ***USMCA UPDATE***

- After the ratification by the United States in January and Mexico before the end of 2019, Canada is now working to ratify the agreement before Parliament goes into Recess
- No issues are expected in the ratification process in Canada, which could take place as early as March 2020.

3. ***PLANNING FOR SR-189 GROUNDBREAKING AND PROJECT UPDATE***

- On February 20, 2020, the Arizona Department of Transportation, hosted a community and outreach session in Nogales, offering the opportunity for stakeholders and the general public to provide input on the project.
- Below are notes from the meeting and in Attachment #1 please find a copy of the flyer announcing the meeting issued by ADOT.

From: Corinne L. Ray <corinne@ramirezadvisors.com>

Sent: Monday, February 24, 2020 4:25 PM

To: Jaime Chamberlain <jaime@chamberlaindistributing.com>

Subject: Notes: ADOT SR189 Public Meeting

Jaime,

Per Luis, below please find notes from the ADOT Public Meeting on SR-189.

The Public Meeting hosted by Arizona Department of Transportation on the State Route 189 modernization project was held at Nogales High School on Thursday, February 20 from 5:00 - 7:00 PM. Annette Riley with ADOT provided a brief overview of the project and then allowed attendees the opportunity to ask questions to the ADOT and AMES teams posted at tables with maps of the design work for the project. Approximately 60-70 people were in attendance.

Notes from the presentation and discussions:

- *AMES Construction Inc. (<https://www.amesconstruction.com/>) has officially been awarded the contract*
 - *AMES SR-189 Project Manager: Ian Shantz*
 - *ianshantz@amesco.com*
 - *(602) 431-2111*
- *We may want to consider inviting Mr. Shantz to the upcoming Port Authority meetings*
- *The design for the project is nearly complete and will be provided to ADOT for review and discussion sometime next week*
- *Construction is anticipated to begin in April and end by Fall 2021- expected to be an 18-month project*

Project information is available via:

- *Website: azdot.gov/sr189*
- *Email: SR189@azdot.gov*
- *Project hotline: (833) 613-0496*

Please let us know if you have any questions.

Corinne

- *Additionally, the Port Authority has been instrumental in the planning of the SR-189 Groundbreaking ceremony that will take place on March 4.*
- *There has been extensive outreach to key stakeholder agencies to ensure that those that should be invited are invited to the event, including the Fresh Produce Association of the Americas, the Nogales Unified School District, INDEX, the Nogales Chamber of Commerce, and the Santa Cruz county Provisional College District among various other stakeholder.*

4. *UPDATE ON HB-2030*

- *ON February 3, 2020, the Fresh Produce Association of the Americas hosted a stakeholder meeting with representatives of the Arizona State Troopers Association and the Arizona Trucking Association.*

- There was extensive discussion about the enforcement of truck safety rules and regulations at the borders and in the interior of the state.
- On February 7, 2020, Chairman Chamberlain and the Honorable Bruce Bracker testified before the House Public Safety Committee in Phoenix, Arizona.
- A copy of Chairman Chamberlain's testimony is provided in Attachment #2.

5. **2019 BORDER CROSSING DATA**

- The US Department of Transportation has released the complete border crossing data for 2019.
- As reported to Chairman Chamberlain on February 18, 2020, the numbers for Nogales show a dynamic situation. Below are some notes sent to Chairman Chamberlain:

- *The US Department of Transportation just released the data for border crossing volumes in 2020. The story for Nogales is certainly mixed. Truck traffic was up 3.6% which may not sound like much but it represents close to 12,200 trucks more in 2019 over 2018! And all indications are that truck traffic will continue to grow in 2020 - with the ratification of USMCA we are already seeing new investments that could have a positive impact on trade.*
- *The story for people is quite different. The first half of the year was already indicating a drop (staffing reassignment at POEs) but it was not that bad, but the second half, particularly in the last quarter when you started seeing a lot more activity from asylum seekers, wait times in Nogales skyrocketed, thus we were expecting a decrease in the movement of people. That being said, the drop was 3.5%, and not the close to double digits that we see in other border communities (not just in Arizona).*
- *We continue to monitor wait times and we have seen a significant improvement for Nogales, from measurement in several hours to now about an hour or less on a pretty regular basis. If this trend continues, we should see a return of people traffic (cars and pedestrians) in 2020. Please note that pedestrian traffic remained statistically unchanged with a drop of 3,549 pedestrians out of 3.4 million for both 2018 and 2019. The stabilization of pedestrian traffic is a good thing for downtown merchants - a trend we certainly hope will continue.*
- *The one area that was unexpected was the 5.7% drop in trains. This is a mode that we certainly have to keep an eye on but I would venture to guess that this has to do with the drop in the price of key minerals/ores like copper that have been hammered by the US-China trade war and, most recently, by the anticipated economic slowdown in China due to the Coronavirus.*

- For 2019:
 - Trucks are up 3.6% to 349,377
 - Trains are down 5.7% to 695
 - Cars are down 6.5% to 3,369,965
 - Pedestrians are down 0.1% to 3,419,267
 - Total People are down 3.5% to 10,395,837

6. ***SOUTH32 UPDATE***

- Pat Risner, President of South32 USA, provided an update on the Hermosa Mine Project outside of Patagonia.
- To date, South32 has invested over \$1.3 billion in the development of the project.
- They continue to conduct explorations to define the extent of the resource and they have yet to find the end.
- They anticipate that this project will be operations for 30 to 40 years if not more.
- Due to ongoing analysis and planning, the new start date for production is 2023 to 2024.
- South32 has made a strong commitment to education and training of personnel as well as, through the Foundation, making contributions to non-profit organizations in the community.



South32 Presentation

7. ***US-MEXICO JOINT WORKING COMMITTEE IN EL PASO***

- On February 10-11, 2020, the US Federal Highway Administration and its Mexican counterpart, the Ministry of Communication and Transport, hosted their US-Mexico Binational Transportation Planning session.
- During the two-day session, the US and Mexico reviewed binational transportation initiatives.
- Among the various presentations, the State of Chihuahua presented the concept of a new highway connecting Mexico's west at Topolobampo, crossing the border at Ojinaga, Chihuahua and ending at Dallas, Texas.
- This was presented as the second alternative route for traffic coming out of the western states of Mexico to markets in the US, mirroring the Mazatlán-Durango highway.

- This new proposed corridor would be another route for cargo leaving the states of Guerrero, Jalisco, Nayarit and Sinaloa to access the US market though bypassing Arizona.



Presentation by State of Chihuahua.



Plenary Session

8. **SANTA CRUZ COUNTY TO VISIT WASHINGTON, D.C.**

- Santa Cruz County is planning a visit to Washington, D.C. the week of March 2-5, 2020.
- At the request of the Honorable Bruce Bracker, RAI-N has been assisting the County in scheduling meetings with key federal agencies, including the US Department of Transportation and the US Environmental Protection Agency.
- RAI-N also provided a set of talking points for each of these meetings.

9. **UNDER SECRETARY SEADE VISITS ARIZONA**

- On February 20, 2020, Under Secretary of Foreign Affairs from the Ministry of Foreign Affairs of Mexico visited Arizona, and participated in a private luncheon with business leaders in Arizona.
- During the meeting RAI-N took the opportunity of the need for Mexico and the US to set aside the necessary funding to support the development of border infrastructure.



Under Secretary Seade provides remarks during luncheon

10. *MONITORING COVID-19 DEVELOPMENTS IN ARIZONA AND THE WORLD*

- Since the beginning of the year, the New Corona Virus, now designated COVID-19, has been slowly spreading from China into various countries all over the world
- We continue to monitor the progress of this evolving pandemic in order to assess the possible impacts this disease can have on Nogales and the border.

11. *REPRESENTATION OF THE GNSCCPA WITH KEY ENTITIES*

- Continuing efforts to maintain an on-going dialogue with various agencies, entities and organizations allows us to ensure full coordination of efforts and maximizing the impact of our limited resources.
- 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, Nogales Customs House Brokers, INDEX and others, as each has well established relationships with most of these entities.

Attachment #1

Flyer provided by ADOT for Stakeholder meeting



State Route 189: International Border to Grand Avenue Project
FACT SHEET **SPRING 2019**

PROJECT OVERVIEW:

State Route 189 (locally known as Mariposa Road) is a 3.75-mile highway in the city of Nogales in Santa Cruz County, Arizona. The route is maintained by the Arizona Department of Transportation (ADOT).

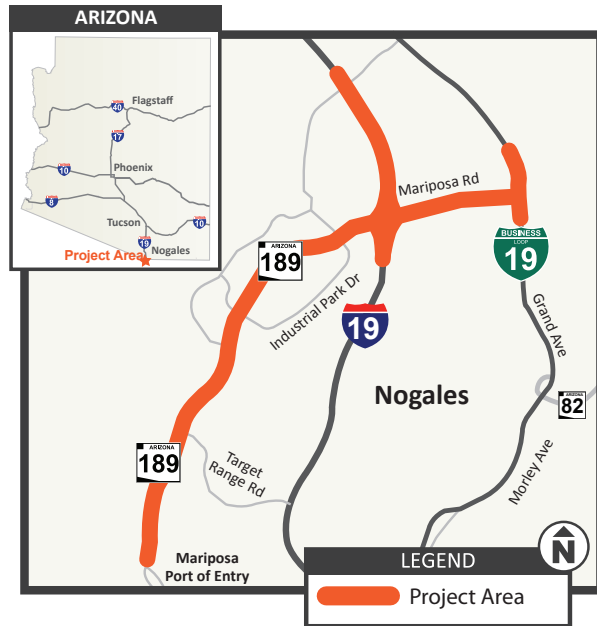
The Mariposa Port of Entry, one of the busiest cargo ports along the U.S.-Mexico border, has been expanded, and traffic volumes along State Route 189 (SR 189) are continuing to increase. To accommodate the increasing volume of traffic safely and efficiently, ADOT and the Federal Highway Administration will make improvements to SR 189 between the Mariposa Port of Entry and Grand Avenue. Design and construction are scheduled to begin in 2020.

THE SR 189 IMPROVEMENT PROJECT INCLUDES:

- ▶ Roadway widening and intersection improvements
- ▶ Construction of a roundabout at SR 189 and Target Range Road
- ▶ Drainage improvements, new traffic signals and signs
- ▶ Two flyover ramps connecting SR 189 with Interstate 19

PUBLIC INFORMATION IS AVAILABLE AT:

- ▶ **SR 189 project website:** azdot.gov/SR189, or visit azdot.gov/contact and select 'Projects' from the drop-down menu
- ▶ **Email:** JBradley@azdot.gov
- ▶ **Phone:** 855.712.8530
- ▶ **Mail:** SR 189 Project Team
c/o Joanna Bradley
1221 S. Second Ave., Mail Drop T100
Tucson, AZ 85713



PROJECT PROCESS AND SCHEDULE:



ADOT PROJECT NO. 189 SC 000 H804501C
FEDERAL AID NO. NHPP-189-A(201)S

Attachment #2

Copy of Chairman Chamberlain's Testimony

Testimony
Committee on Public Safety
Arizona House of Representatives

By: Jaime Chamberlain
Chairman, Greater Nogales Santa Cruz County Port Authority
Board Member, Fresh Produce Association of the Americas

February 5, 2020
Phoenix, Arizona

Chairman Payne, Vice Chairman Kern, and members of the committee, my name is Jaime Chamberlain and I am here as the Chairman of the Greater Nogales Santa Cruz County Port Authority, as well as in Representation of the Fresh Produce Association of the America of which I am Past Chairman of the Board of Directors. I am here to speak against House Bill 2030.

As a point of reference, the Board of Directors of the Port Authority is comprised of representatives from the City of Nogales, Santa Cruz County, The Fresh Produce Association of the Americas, Nogales Customs House Brokers Association, INDEX-Maquila Association, Nogales Community Development and the Nogales-Santa Cruz County Economic Development Foundation. We have been in existence for approximately 15 years and we are dedicated to improving our ports of entry and enhancing the quality of life for the residents of our binational region.

The Port Authority has worked on hundreds of issues and initiatives that are focused on improving our ports of entry, including promoting investments in infrastructure, enhanced binational coordination and working on systems and processes that impact the ability of goods and people to cross the border.

As part of those efforts we have been working with ADOT on the needed improvements to our transportation and inspection infrastructure as well as the process by which trucks can operate safely on our roads.

One example of this is our recent collaboration with ADOT to prevent the federal government from building their own facilities at the border to inspect trucks. Industry and local governments came together to negotiate with the Federal Motor Carrier and Safety Administration to stop that proposal. We did that because the current system at the border for ensuring the safety of trucks that cross the border is working efficiently.

ADOT-Enforcement Compliance Division created the Border Liaison Unit, a highly specialized unit within their ranks which is focused on working with truck drivers and the trucking industry on programs designed to better train drivers to comply with safety requirements before entering Arizona.

I am sure you have all heard the Governor himself touting the tremendous successes the Border Liaison Unit has had in working with industry to foster higher compliance records than those that have not been trained by the BLU team.

On Monday of this week, I, along with Fresh Produce Association leadership, met with the Arizona State Troopers Association to discuss the merits of HB2030. The Arizona Trucking Association participated by phone. To say the least we were alarmed by explanations these two entities shared about why and how this bill became the current proposal it is now. It is truly unfortunate the AZ Troopers Association wants to fold ADOT-ECD into DPS. Industries, Cities and Counties from across the State of Arizona are fortunate to work with such an engaged and pro-business minded agency as ADOT has proven to be. They embody the spirit of what it means to be an integral part of our State of Arizona successes. The Governor has consistently promoted that Government needs to work at the speed of business. Well, from my own experience, ADOT-ECD works along with businesses to promote efficiencies while demanding strict enforcement and compliance of Arizona Truck laws.

But while the current system is working so well we are concerned that this proposal is a solution looking for a problem to fix. The revised version of this bill makes changes to the current system by restricting ADOT enforcement to specific regions and then reporting to the Joint Legislative Committee.

The changes being proposed under HB-2030 have CONSEQUENCES. Consequences which affect hundreds of employees, critical retirement benefits, millions of dollars of department budgets, as well as the positive relationships with industries across our ports and throughout the State. We are concerned that changes are being proposed before any real analysis or study has been done. In my own business of Marketing and Distribution of fruits and Vegetables to North American retailers, we study, analyze, scrutinize and forecast positive and negative results to any changes we make. After a detailed and thoughtful process we then decide to move forward or step on the brakes.

We would expect those entities proposing said changes do their due diligence, present facts and prove that limiting ADOT-ECD responsibilities would be cheaper, more efficient, more effective and overall safer. The work we do at our southern borders promotes hundreds of thousands of trucks from all across North American to comingle with our school buses, public transportation services, trains, and pedestrians alike. We appreciate the efforts of ADOT in keeping our families safe while promoting economic growth and stability. The Department of Public Safety equally deserves to be recognized for countless acts of heroism in the protection of our citizens. We were pleased to learn that DPS will be recipients of a 10% pay raise equaling roughly 21 million dollars. It's well deserved and about time.

Our Governor, our Senators, our Federal Representatives as well as all of you at the State Capitol all supported the business community in promoting the benefits of the new United States Mexico Canada Trade Agreement. We are poised to continue our phenomenal growth trajectory with this agreement in place. This is NOT the time to be experimenting with drastic changes in department responsibilities without all the facts. We believe that we should NOT try to fix what is NOT broken. The membership of The Fresh Produce Association of the Americas and the Nogales Santa Cruz Port Authority urge you not to support HB-2030.

Thank you for the opportunity to speak with you today and I look forward to answering any questions you may have.