

September 22, 2015

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. **Claudia Pavlovich Swearing Inn Ceremony;**
2. **Querobabi Update;**
3. **US-MX Joint Working Committee Meeting;**
4. **Testimony Before Transportation Board;**
5. **Briefings with Senator McCain and his staff;**
6. **GNSCCPA writes letter on threat of government shutdown;**
7. **Arizona Week Program on I-11;**
8. **Letter from Senators McCain and Flake on Staffing; and**
9. **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.

RAI-N would like to take this opportunity to thank Bruce Bracker for his service and dedication as Chairman and congratulate Guillermo Valencia on his election as Chairman of the GNSCCPA. We are excited to continue our work with Chairman Valencia to advance the agenda of the GNSCCPA and work towards a better Nogales.

1. *CLAUDIA PAVLOVICH SWEARING IN CEREMONY*

- ✦ On Sunday, September 13, 2015, Claudia Pavlovich became the first woman to ever hold the position of Governor for the state of Sonora.
 - Governor Doug Ducey led a delegation of Arizona government and business leaders to participate in this event.
 - Among the members of the Arizona delegation were:
 - The Honorable John Doyle
 - The Honorable Cesar Parada
 - The Honorable Gerardo Sanchez, Mayor, City of San Luis
 - The Honorable Martin Porchas, Mayor, City of Somerton
 - The Honorable Doug Nicholls, Mayor, City of Yuma
 - The Honorable Greg Stanton, Mayor, City of Phoenix
 - Luis Gonzalez, Arizona Diamondbacks
 - Jaime Chamberlain, Fresh Produce Association of the Americas
 - David Rousseau, Salt River Project; and
 - Many others.
- ✦ Governor Pavlovich's message was a very strong one that stressed her commitment to address the many allegations of corruption of the outgoing administration but also a commitment to unite Sonora. That she was committed to a strong Sonora and would give extensive support for entrepreneurs and overall growth in the state. She also stressed that transportation would be an area of particular attention for her administration.
 - Close to 10,000 people attended the Governor's speech





Governor Pavlovich with former Chihuahua Governor Patricio Martinez



Leader of the PRI Party and Former Sonora Governor Manlio Fabio Beltrones with Kim Sabow



Governor Pavlovich hosts breakfast with all 72 Municipal Presidents-Elect (all were present)

2. *QUEROBABI UPDATE*



Photos of Querobabi on Friday, September 12, 2015 at 6:20 PM. Line estimated at more than 5 KM of trucks.

- ✦ Critical to note that the construction of the additional lanes for the queuing of trucks has been completed. Truck lanes are separated from regular traffic lanes by concrete barriers, which offer a safer environment for truck drivers who tend to step out on the road while they wait and for cars that may be traveling at highway speeds alongside.

3. ***US-MEXICO JOINT WORKING COMMITTEE MEETING***

- ✦ The US Federal Highways Administration (FHWA) and the Mexican Ministry of Communications and Transportation (SCT) hosted the Joint Working Committee meeting for Binational Planning in Austin Texas, September 8-10, 2015
 - Representing ADOT were Gail Lewis and Rudy Perez.
- ✦ The issue of the military inspection stations in Mexico was discussed. Felipe Garcia of Visit Tucson, presented a concept that is based on technology to create a program for trusted shippers. This is very much in line with the many initiatives that have been proposed by the GNSCCPA, the Fresh Produce Association of the Americas and ADOT over the years.
- ✦ As it pertains to the corridor, SCT stated that they are working with the Visa Concesionadas for the completion of the improvements to the corridor.



Paving of the roadway has been completed



Concrete barriers have been changed



Signage for FAST Lanes has not been changed



Fencing is still in poor condition

4. TESTIMONY BEFORE TRANSPORTATION BOARD

- ✦ One week after having been elected as Chairman, Chairman Valencia testified before the Arizona Transportation Board in support of the project to improve SR-189.
 - A copy of the testimony is provided in Attachment #1

5. BRIEFINGS WITH SENATOR MCCAIN AND HIS STAFF

- ✦ On August 12, 2015, the leadership of the Port Authority met with key members of Senator McCain's staff and provided updates on:
 - SR-189
 - Ruby Road

- CBP Staffing
- Rail Initiatives
- ✦ On August 24, 2015 a meeting was held in Tucson with Senator McCain and key members of his staff. During the meeting, Senator McCain was presented with a commemorative plaque from the GNSCCPA for his support on the Mariposa Reconfiguration project. Additionally, an overview of the situation at Nogales was provided to the Senator, including such key topics as:
 - Trends in crossborder traffic
 - Competition from other states
 - CBP Staffing
 - Infrastructure Funding
 - Rail Operations at Nogales



Photograph with Senator McCain as he receives the plaque from the GNSCCPA



Senator McCain with then Chair-Elect Valencia, The Honorable John Doyle and the Honorable Greg Lucero

6. *GNSCCPA WRITES LETTER ON THREAT OF GOVERNMENT SHUTDOWN*

- The GNSCCPA has been monitoring the situation in Washington, D.C. regarding the possible threat of a government shutdown at the end of the month.
 - A copy of that letter is provided in Attachment #2

7. *ARIZONA WEEK PROGRAM ON I-11*

- On August 28, 2015, Past Chairman Bracker, Allison Moore of the Fresh Produce Association and Luis Ramirez of RAI-N participated in a segment of Arizona Week on the Tucson PBS station.
- The entire 30 minute program can be viewed by visiting:
 - [Youtu.be/ooYYDu-8EWk](http://youtu.be/ooYYDu-8EWk)

8. *SENATORS MCCAIN AND FLAKE SEND LETTER TO DHS ON CBP STAFFING*

- On September 17, 2015, Senators John McCain and Jeff Flake sent a letter to Secretary Jeh Johnson of the Department of Homeland Security posing a number of key questions with regards to staffing at the Arizona ports of entry, questions that if directly answered should provide great insights into the short- and long-term staffing at our ports of entry.
 - Recall that the GNSCCPA has been advocating for additional staffing at our ports of entry for quite a long time.
- A copy of the letter to DHS is provided in Attachment #3

9. *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;
- SCT;
- SRE;
- Offices of Arizona Congressional Delegation;

- Office of the Governor;
 - SCT;
 - State Department;
 - State of Sonora;
 - Union Pacific; and
 - Vias Concesionadas
- ✦ 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 Testimony before Transportation Board

TESTIMONY

Before the Arizona Transportation Board

By: Guillermo Valencia, Chairman
Greater Nogales Santa Cruz County Port Authority
September 18, 2015

Dear Mr. Chairman,

Mr. Chairman and members of the Board, my name is Guillermo Valencia and I am the new Chairman of the Greater Nogales Santa Cruz County Port Authority. And by new, I mean that I was elected only last Thursday so I am a week into this new task. By profession I am a US Customs House Brokers in Nogales since 1982.

I want to clarify that while I may be new as the Chairman, I have more than 30 years of border business and logistics experience and both my business and my everyday life depend on the international nature of our community.

I know that my predecessor, Bruce Bracker, has appeared before you on various occasions and I am here to reaffirm our support for the improvements to SR-189.

This is the principle connector for over \$26 billion worth of goods that flow between the US and Mexico through our community. We are the state's largest gateway for trade and tourism and we are also on the forefront of our nation's efforts to protect the Homeland.

Before continuing I want to personally acknowledge the tremendous partnership we have been able to develop with Director John Halikowski and the ADOT team on finding aggressive and innovative ways to address our transportation infrastructure needs. He and his team understand that effective and efficient connectivity between our ports of entry and our federal highway system are more than just addressing congestion and safety; it is also about job creation, economic development and attracting new investment.

SR-189 is in need of improvement. As we are ready to ramp up for the peak produce season in about 60 days, I become more and more sensitive to the infrastructure issues at Nogales. We will go from approximately 1,200 trucks per day to well over 1,8000 trucks per day – and no doubt there will be days that we will exceed 2,000. By the way, that is only northbound. Once you include southbound traffic, we are looking at days that Mariposa Road and the port of entry must process over 4,000 trucks, and that does not include the thousands of cars and pedestrians, as well as local traffic, that also use this road.

We are in constant contact with Director Halikowski and his team to find ways to bring this project to reality. We are conscious of the need to be creative in paying for this project and we are jointly exploring various mechanisms to get it done. I am hopeful that in coming weeks we will be able to come to you with the path to success but it is imperative that the \$64 million that you have identified in 2021 to pay for part of the project be firmly committed.

The Greater Nogales Santa Cruz County Port Authority is committed to the improvement of the port of entry system at Nogales and the quality of life for the residents of the region. Your continued support on this project is essential if we are to create a viable and sustainable system to support the growth of trade and tourism in the Arizona-Sonora region.

Again, we are proud of the partnership we have been able to develop with Director Halikowski, and the entire ADOT team and look forward to our continued work on these critical issues. I thank you for your attention and I stand ready to answer any questions you may have.

Thank you.

Attachment #2
Letter on Threat of Government Shutdown



September 22, 2015

The Honorable John McCain
Senator
United States Senate
218 Russell
Washington, D.C. 20510

The Honorable Jeff Flake
Senator
United States Senate
413 Russell
Washington, D.C. 20510

RE: Prospects of a Government Shutdown

Dear Senators McCain and Flake,

On behalf of the Greater Nogales Santa Cruz County Port Authority, I write to you to express our serious concerns over a possible Government shutdown at the end of the month.

The border is the gateway for over a billion dollars in trade and over a million tourists each and everyday. The US Department of Commerce estimates that close to 6,000 jobs in the US are supported by every billion dollars in trade. That means that for every day that the government is shutdown some 6,000 jobs could be directly affected. At a time when our economy seems to be on a solid path to recovery, anything that could deviate our economic recovery must be avoided at all costs.

For Nogales, anything that stands to impact the flow of legal trade and tourism stands to have severe impacts on multiple sectors in our small yet very diverse economy, including retail, professional services, tourism, manufacturing, and global logistics.

In particular, we are seriously concerned that a government shutdown will mean severe curtailment in the level of service from US Customs and Border Protection (CBP) at our ports of entry. CBP is already facing staffing shortages, overburdened infrastructure and growing challenges in protecting our nation's physical and economic security. And we remain very concerned that CBP is already operating under sequestration provisions that are severely impacting recruiting efforts and everyday operations at the border.

While we applaud the seriousness of the debate in the US Congress there needs to be the same level of concern that the very debate and lack of resolution will only exacerbate the very situations that decision makers are trying to address.

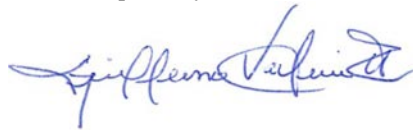
Mr. Guillermo Valencia
Chairman
September 22, 2015

Page 2 of 2

The Honorable John McCain
The Honorable Jeff Flake
September 22, 2015

I thank you for your ongoing support for Nogales and Arizona, and we look forward to hearing of a prompt and sustainable solution to the budget debate.

Respectfully,



Chairman

cc: The Honorable Doug Ducey, Governor
The Honorable John Doyle, Mayor
Mr. John Halikowski, Arizona Department of Transportation
Mr. William Brooks, US Customs and Border Protection

Attachment #3
Copy of letter from Senators to DHS

United States Senate
WASHINGTON, DC 20510

September 17, 2015

The Honorable Jeh Johnson
Secretary
U.S. Department of Homeland Security
Washington, DC 20528

Dear Secretary Johnson:

On October 14, 2014, we wrote to you regarding the assignment of new Customs and Border Protection officers (CBPOs) at ports of entry in Arizona following the increased funding to hire 2,000 new CBPOs nationwide by the end of fiscal year 2015. Our concern at the time, and today, is how those officers would be assigned to ports within Arizona and under what time frame. Of particular concern is the Mariposa port of entry, which has seen increased vehicular traffic following the completion of the renovation and expansion of the port.

In your November 6, 2014, response to our letter, you stated that, "Based on the Workload Staffing Model's finding, 44 of CBP's 328 ports of entry will receive the new authorized officers. The Port of Nogales will receive more officers than all but three ports." This was welcomed news, however, as the end of the fiscal year nears, stakeholders in Arizona report that not only has there not been an increase in overall staffing of CBPOs, but that attrition has outpaced the hiring of new officers.

CBP has assured Congress and those that depend on the ports of entry for their livelihood that hiring these officers is a top priority, however, it appears that these assurances have not resulted in the full staffing at the ports of entry located within Arizona. Per your response to questions related to a recent oversight hearing in the Judiciary Committee, as of April of 2015, CBP has only gained a net of 838 CBP officers toward the 2,000 additional officers that were funded by Congress. To help us better understand the staffing shortage and the challenges in hiring additional officers, please provide answers to the following questions:

1. Given that CBP will fail to meet the congressionally mandated staffing level of 23,775 CBPOs by the end of FY2015, what is the end of fiscal year delta for CBPO hiring?
2. How many CBPOs have been hired and placed at the Tucson Field Operation Office within the last fiscal year, in excess to those officers replaced due to attrition or relocation in the last fiscal year?
3. How many CBPOs have been lost to attrition or relocation from the Tucson Field Operation Office in the last fiscal year? How does that compare to attrition rates at other offices along the southern border with Mexico?

4. What has CBP done to make the process of recruiting, screening, and hiring new officers more efficient and effective? What improvements, if any, have been made to accelerate the turnaround time for polygraph tests and background examinations of applicants?

We appreciate your consistent attention to Congressional requests for information and issues associated with ports staffing, including the assistance of your staff in moving forward with legislation to ensure that the Department of Defense and your department work cooperatively toward ensuring that separating service members are aware of CBP officer openings. We request your assistance in ensuring a transparent process in the allocation of these critical new officers and thank you for your attention to this matter, in accordance with all existing agency rules, regulations, and ethical guidelines. We look forward to a timely response.

Sincerely,



John McCain
United States Senator

Jeff Flake
United States Senator