

November 17, 2020

TO: Jaime Chamberlain, Chairman

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

SUBJECT: Monthly Report of Activities – September 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. Mariposa Cold Room Project Update;
2. Virtual dialogue with Captain Mark Kelly;
3. Progress on SR-189 Modernization Project;
4. ADOT *Touchless Border* Initiative;
5. Border Crossing Restrictions Continue;
6. Letters to Congressional Delegation on USMCA Funding for environmental projects;
7. Report on Binational Bridges and Border Crossings Meeting;
8. PA Comments on State Transportation Plan; and
9. PA Website displayed to Board of Directors.

This report is not intended to be a full description of all 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. *MARIPOSA COLD ROOM PROJECT UPDATE*

- Work with the General Services Administration (GSA) continues on the project.
- Port Authority Technical team has submitted suggested revisions for the Revocable Licensing Agreement.
 - Awaiting response from GSA.

2. *VIRTUAL DIALOGUE WITH CAPTAIN MARK KELLY*



- The Port Authority arranged a video conference with Captain Mark Kelly, candidate for Senate.
- This is a long-standing tradition that the Port Authority provides updates for serious candidates so that, should they win the election, they would be up to speed on the key issues affecting Nogales.
- He received updates from representatives of the Maquila Industry, Fresh Produce Association of the Americas, US Customs House Brokers, Santa Cruz County among others.
- We will continue to provide him and Senator Martha McSally with the pertinent information on Port Authority key projects until the outcome of the election is finalized.

3. *PROGRESS ON SR-189 MODERNIZATION PROJECT*

- During Arizona Transportation Board Meeting on October 16, 2020, the Arizona Department of Transportation provided an update on the SR-189 project and confirmed that the project is more than 30% complete.
- The project is moving forward on time and on budget and project is slated to be completed in the second half of 2021 (less than a year away!)



4. **ADOT TOUCHLESS BORDER INITIATIVE**

- During the October Board meeting, ADOT made the first announcement of the *Arizona Touchless Border Initiative*.
- In an era of COVID-19 and as part of the continual efforts by ADOT to identify possible process efficiencies, a new program will be deployed at the three international border crossings, where trucking companies and their drivers will no longer be able to use cash to secure permits upon entering Arizona.
- This initiative is designed to eliminate the hand-to-hand transaction that relies on cash to pay for permits once the truck is at the ADOT compound.
- The Touchless initiative means that all trucking companies and drivers are encouraged to secure permits prior to arriving at the border by purchasing them on ServiceArizona.gov. Alternatively, permits will be purchased at the ports with credit card payments only.
- With drivers arriving with pre-paid permits, the time savings are estimated to be between 20 to 40 minutes per transaction.
- Going paperless means that presenting permits will now only take seconds.
- Additionally, eliminating contact-based transactions helps in the efforts to stop the spread of COVID-19.
- ADOT invited representatives of key trucking sectors in Nogales to participate in an informational video.



- To view the full 2-minute video please follow this link:
<https://vimeo.com/469053095/4ec4984d73>

5. ***BORDER CROSSING RESTRICTIONS CONTINUE***

- The Governments of Mexico and the United States, along with the Canadian government, have extended the border crossing restrictions through November 21, 2020.
- With the rising numbers of COVID-19 contagion on both sides of the border, additional extensions of these restrictions are expected until the situation abates on the contagion of COVID-19.
- On March 21, 2020 the US and Mexican governments announced new temporary restrictions for travel across the US-Mexico border.
- It is imperative that cross-border travel be limited to essential travel in order to help eliminate the unnecessary congestion at the border.
- Who is considered an “essential” traveler?
 - Citizens and lawful permanent residents returning to the United States.
 - Individuals traveling for medical purposes (e.g., to receive medical treatment in the United States).
 - Individuals traveling to attend educational institutions.
 - Individuals traveling to work in the United States (e.g., individuals working in the agriculture industry who must travel between the United States and Canada or Mexico in furtherance of such work).
 - Individuals traveling for emergency response and public health purposes (e.g., government officials or emergency responders entering the United States to support federal, state, local, tribal, or territorial government efforts to respond to COVID-19 or other emergencies).

- Individuals engaged in lawful cross-border trade (e.g., truck drivers supporting the movement of cargo between the United States and Canada and Mexico).
- Individuals engaged in official government travel or diplomatic travel.
- Individuals engaged in military-related travel or operations.

6. *LETTERS TO CONGRESSIONAL DELEGATION ON USMCA FUNDING FOR CROSSBORDER ENVIRONMENTAL PROJECTS*

- As part of the ratification process of the United States-Mexico-Canada Agreement, \$300 million were included to pay for crossborder water projects.
- In a coordinated effort with the Arizona-Mexico Commission, letters were sent by the Port Authority to the entire Arizona Congressional delegation asking them to push for part of those funds to be designated for the International Outfall Interceptor and other related projects at Ambos Nogales.
- Initial press releases claimed that all of the funding was slated for projects on the California border.
- Thanks to the continual follow up of these issues by the Arizona Department of Environmental Quality, it was determined that these funds have yet to be fully committed.
- A sample copy of the letters is provided in Attachment #1.

7. *REPORT ON US-MEXICO BINATIONAL BRIDGES AND BORDER CROSSINGS MEETING*

- On September 30, 2020 the US and Mexico hosted the US-Mexico Binational Bridges and Border Crossings meeting.
- Notes were prepared and sent to the leadership at the Port Authority.
- A copy of the notes are provided below:
 - Last week, the US Department of State, in coordination with its Mexican counterpart, the Ministry of Foreign Affairs (SRE), held the annual Binational Bridges and Border Crossings meeting. This essential protocol meeting was held virtually and was limited to a total of 4 hours - these meetings typically take a day and half. Agendas were received about 36 hours before the meeting was to take place. I want to thank Consul General Biedebach for making sure that Arizona was included in the meeting. The meeting was limited to federal and state entities only. Arizona was represented by Juan Ciscomani from the Office of the Governor, Misael Cabrera of the Arizona Department of Environmental Quality, and Mark Sanders and me on behalf of the Arizona Department of Transportation.

- While we had pushed to have the Modernization of the DeConcini port of entry as one of the 22 projects discussed during the meeting (22 projects in 4 hours), we were informed that morning that, at the request of Mexico, the project had been removed from the list. It is hard to push for the Project to be included because it still is not considered a top binational priority (more on this below). The meeting allowed for just a few minutes per project and the larger projects in California (Calexico, San Ysidro and Otay Mesa East) and Texas (14 projects), as usual, dominated the agenda.
- With COVID and the economic slowdown, along with the elections in the US, federal agencies have a lot on their plates, thus it is essential that we keep our efforts focused on elevating the profile of the DeConcini project. As a follow up to the letters on this project, and the update we provided to the Congressional Delegation, we should request a meeting with Customs and Border Protection and the General Services Administration to hear their take on the project and the status of the request on the Feasibility Study. If you agree, we will look to schedule a conference call in the next week or two. I would also suggest that we reach out to Consul General Santana and seek his assistance in raising the awareness of the project with SRE.
- Below are press statements by both State and SRE, and as you can see, the statements lack specificity aside from the major projects in California.

Promoting Economic Prosperity Along the U.S.-Mexico Border During COVID-19

US Department of State

<https://www.state.gov/promoting-economic-prosperity-along-the-u-s-mexico-border-during-covid-19/>

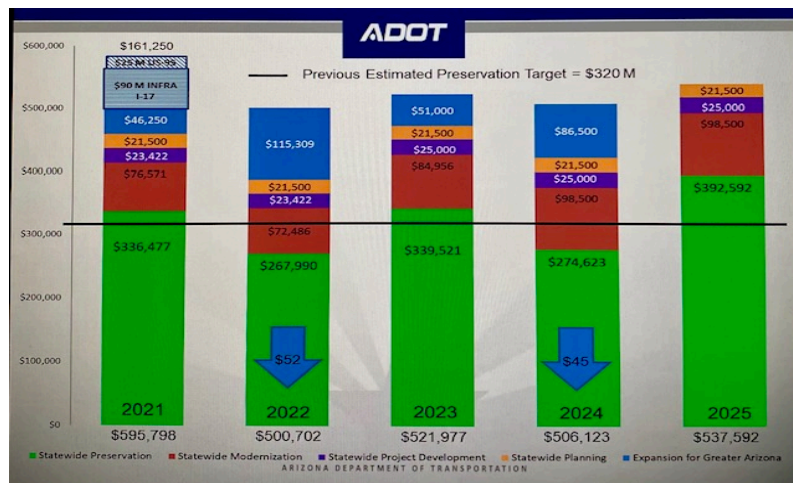
A delegation from the U.S. Department of State met virtually with counterparts from Mexico's Secretariat of Foreign Affairs for a Binational Bridges and Border Crossings Group (BBBXG) plenary meeting on September 30 to strengthen the development of binational cross-border infrastructure projects. The U.S. delegation highlighted important progress in the planning, construction, and operation of proposed international bridges, roads, border crossings, and ports of entry. Both delegations emphasized the need for close coordination to facilitate the ability of communities and companies to do business along the border.

The COVID-19 pandemic underscores the importance of efficient and secure border crossings, which are vital to the people and economy of both of our nations. The U.S.-Mexico-Canada Agreement has provisions outlining important improvements to our border infrastructure as the U.S.-Mexico trade relationship continues to grow and deepen, expanding our

countries' development and boosting regional competitiveness. The Department of State will continue to coordinate binational cross-border infrastructure projects to facilitate infrastructure integration and advance economic growth in the United States and Mexico.

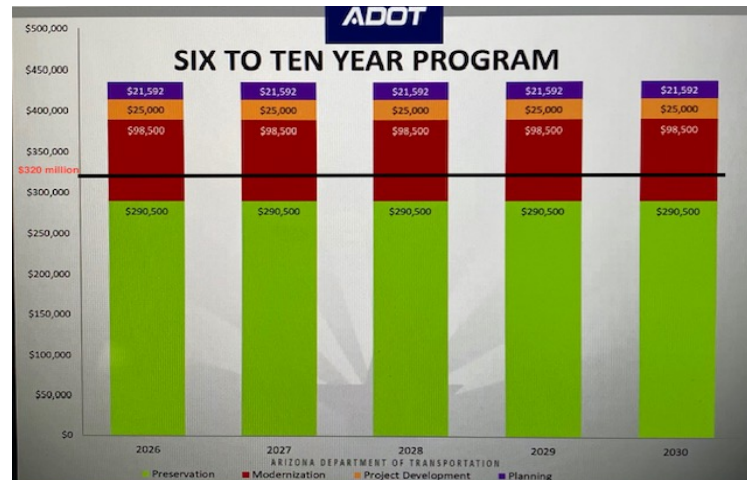
8. PA SUBMITS COMMENTS ON ADOT 5-YEAR TRANSPORTATION PLAN

- During the most recent meeting of the Arizona Transportation Board, ADOT provided an update on budget projections and impact on the current 5-0year plan as well as the extended 6-10 year plan.
- In the current 5-Year Plan, ADOT will face shortfalls in preservation in years 2022 and 2024.
 - In the image, the line indicates the amount that ADOT needs for statewide maintenance on an annual basis. This remains the top priority and the area that requires the largest portion of funds
 - Should maintenance fail, ADOT would have to rebuild the roads and the cost of new infrastructure is far higher than the maintenance costs



Current 5-Year Plan

- For the extended 6-10 years, ADOT is forecasting a continuing shortfall in maintenance of about \$30 million per year as can be seen in the table below.
 - For years 6-10 there are no projects planned for Expansion of Greater Arizona, meaning no new projects.
 - This could change should there be any special funding opportunities that could result in new funding to pay for road maintenance and new projects.
 - This is important when we consider the projects at the Ruby Road and Rio Rico Interchanges on I-19.



Extended Plan, Years 6-10

- Chairman Chamberlain sent a second letter to Director John Halikowski of ADOT urging ADOT to advance the Interchange projects on I-19.
 - The letter reaffirms the top priority transportation projects:
 - Ruby Road and Rio Rico Interchanges at I-19, along with the frontage roads
 - Deployment of Intelligent Transportation Systems (ITS) to help manage congestion at these interchanges while the major improvements are completed
 - Planning for an intermodal facility at Rio Rico for future trade flows, particularly for minerals and agricultural commodities.
- A copy of the letter is provided in Attachment #2.

9. **PORT AUTHORITY WEBSITE REVAMP CONTINUES**

- During the October Board meeting, the new website was demonstrated.
- It includes almost totally new content on Nogales, trade, infrastructure, the Port Authority and so much more.
- We encourage everyone to please visit www.nogalesport.org
- Comments, thoughts, ideas and pictures are always welcome.
- **Special thanks to Paula Shaper, President and CEO of WestWorldVision** for her tireless work on creating a far more professional look for the website and for incorporating all the new information.

Attachment #1

Copy of letter to delegation regarding Environmental Funds



October 2, 2020

The Honorable Andy Biggs
US House of Representatives
1318 Longworth House Office Building
Washington, DC 20515

RE: \$300 million Border Environmental Projects

Dear Representative Biggs,

As you might recall, as part of the ratification process for the US-Mexico-Canada Trade Agreement, \$300 million were included to fund grants by the Environmental Protection Agency under the Border Water Infrastructure Program. There are critical projects on the Arizona-Mexico border region that are in desperate need of investment and these funds could help address these urgent situations.

Earlier this year, several members of the California delegation issued press releases assuring that 100% of these funds were to be spent on projects on the California border with Mexico, but the EPA has confirmed that they have not finalized the allocation of these funds. Before they finalize their priority list, it is imperative that they consider projects on the Arizona border.

We ask for your immediate intervention in helping to secure a portion of these grants to help pay for:

- The screening mechanism to help prevent the flow of bundles of drugs that are injected into the International Outfall Interceptor (IOI). These bundles tend to get stuck interfere with the flow of the wastewater and have in fact ruptured the pipeline
- Pay for the remaining improvements required as part of the Cure-In-Place for the IOI. Even after the settlement reached with the International Boundary and Water Commission (IBWC) earlier this year, there remain additional portions of the IOI that require improvements.
- Help pay for the modernization of the retention pond system in Nogales, Sonora that are in desperate need of rehabilitation and upgrades to help slow down the stormwaters that flow into Arizona at dangerous speeds and volumes. These uncontrolled stormwater flows have forced multiple shutdowns of the DeConcini

Page 2 of 2

The Honorable Andy Biggs
US House of Representatives
October 2, 2020

port of entry and overwhelmed the Nogales Wash and the IOI. A rehabilitated retention pond system on the Sonora side will have tremendous positive consequences for the Arizona side.

We ask that you work with your colleagues in Congress to convey the urgency of these projects and urge the EPA to consider them as they define the list of projects to be funded under this program.

Respectfully,



Jaime Chamberlain
Chairman

CC: Misael Cabrera, Director, Arizona Department of Environmental Quality
Juan Ciscomani, Senior Advisor, Office of the Governor

Attachment #2
Letter to ADOT on 5-Year Plan



October 5, 2020

Mr. John Halikowski
Director
Arizona Department of Transportation
206 South 17th Ave., MD 100
Phoenix, Arizona 85007

RE: New 5-Year Plan Comments

Dear Director Halikowski,

As a follow up to our letter of May 26, 2020, I once again write to request that, as part of the revised 5-Year Transportation Plan, the Arizona department of Transportation, include the much needed modernization of the Interstate 19 (I-19) Interchanges at Ruby Road and Rio Rico Drive, along with the frontage roads in between these two critical interchanges.

As you might recall, the Final Project Assessment (FPA) for these improvements were completed in March 2018 with the intention that "This project will be submitted by the ADOT Southcentral District to the Priority Programming Section of the Multimodal Planning Division for inclusion in the Five-Year Transportation Facilities Construction Program."¹ According to the FPA, the estimated costs of the recommended construction components totaled \$26.3 million.

As we are about to turn the corner and enter the peak of the produce season in late October and early November, we once again will experience long lines of trucks exiting I-19 at Ruby Road. Years ago, the produce season would last 4 or 5 months, but that season has evolved and now runs through June, or for approximately 8 months of the year. And as new commodities look to leverage the investments on Mexico Highway 15 connecting key producing areas along the Pacific coast of Mexico and the Sea of Cortez, new commodities are relying on Nogales and Santa Cruz County as their gateway to North America.

And with the investment being made in the construction of cold rooms at the Mariposa Port of Entry, allowing companies to maintain a cold supply chain for their temperature sensitive commodities, we expect continued and faster growth in the flow of fresh produce

¹ Final Project Assessment, March 2018, P. 36

Page 2 of 2

Director John Halikowski
Arizona Department of Transportation
October 5, 2020

from Mexico, which will add to the congestion at the I-19 and the aforementioned interchanges.

We are also seeing backups for southbound truck traffic exiting at Ruby Road. This congestion is aggravated with the residential traffic that also relies on Ruby Road for access to and from I-19, creating a dangerous safety situation for both commercial and non-commercial traffic.

We know that construction projects take substantial amounts of time thus we wanted to inquire if there may be some Intelligent Transportation Systems (ITS) that could be deployed immediately at Ruby Road that may help ease congestion on a real time basis. With trucks backing up on the freeway we are growing concerned over the safety hazards that the backups are creating.

Finally, we would ask that ADOT also consider a partnership with Santa Cruz County in the planning for a multimodal facility at Rio Rico in order to better leverage Arizona's only rail connector with Mexico that runs through Nogales. We are aware that railroads fall outside the purview of ADOT, but this would be part of the planning process for the state's rail plan.

Again, we ask that the improvements recommended by the FPA for the Ruby Road and Rio Drive Interchanges be included in the New 5-Year Plan. As a short-term solution, we would hope to see ITS deployment that could help address some of the safety and congestion that we are facing today. And we look forward to partnering with you in the planning process for a multimodal facility at Rio Rico. As has been our commitment in the past, we look forward to working with you to implement the long-term solutions needed at these interchanges.

Respectfully,



Jaime Chamberlain
Chairman