

August 21, 2017

TO: MR. GUILLERMO VALENCIA, CHAIRMAN, GNSCCPA

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

SUBJECT: June 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 and 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. **Donation Acceptance Program Update;**
2. **Union Pacific Rail Road Visit to Nogales;**
3. **Letter in support of DeConcini Feasibility Study;**
4. **IOI Breach and Repairs; and**
5. **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. Guillermo Valencia 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***

- ✦ Dialogue between the GNSCCPA Technical Team and Customs and Border Protection and the General Services Administration continue with bi-weekly conference calls.
- ✦ Initial cost estimates have come in higher than anticipated and alternative bids are being sought out.
- ✦ **Reminder:** information provided is limited due to Non-Disclosure Agreement signed that prevents public disclosure of detailed information.

2. ***UNION PACIFIC RAILROAD VISIT TO NOGALES***

- ✦ On July 28, 2017, the GNSCCPA hosted a meeting with Union Pacific Rail Road (UP) to discuss business opportunities in the Nogales area.
- ✦ Attending the meeting were representatives of the City of Nogales, Santa Cruz County, Fresh Produce Association of the Americas, INDEX, Arizona Mining, Arizona Department of Transportation (ADOT), Customs and Border Protection and Nogales Customs Brokers Association, among others. Representatives of the Port of Tucson attended the meeting as guests of the Union Pacific Railroad.
- ✦ Among the topics discussed were:
 - Fresh Produce via rail, including Culiacan to Rio Rico Pilot
 - Transshipment/Cross-dock Facilities
 - Possible double-tracking
 - Federal Inspection capabilities at Rio Rico Rail Yard



Union Pacific Representatives



The Honorable John Doyle, Mayor, addressing the attendees



Chairman Ruiz of Santa Cruz County, Don Taylor of Arizona Mining, Greg Lucero of Arizona Mining and Member of City Council, Chairman Valencia

- ✦ Presentations were given by the Fresh Produce Association, Arizona Mining and INDEX in order to help illustrate the variety of products and the business opportunities for Union Pacific at Nogales.
 - 6.2 billion pounds of produce
 - Over \$20 billion of manufactured products from Nogales, Sonora alone
 - Arizona Mining anticipates the possibility of crossing 400-600 trucks of materials per day.

- ✦ A visit to the rail crossing at DeConcini demonstrated some of the key limitations of the single-track crossing.
 - Two weeks ago, a northbound train could not stop in time and broke through the gate.
 - UP has poured concrete to help officers walk around the tracks, requested that additional concrete be poured to enhance safety



Chairman Valencia, representatives of ADOT and other members of the delegation



Concrete poured around tracks offers a safer environment for the officers

3. *LETTER IN SUPPORT OF DECONCINI FEASIBILITY STUDY*

- ✦ On July 20, the Port Authority sent a letter to our congressional offices urging support for a Feasibility Study that would look at the DeConcini port of entry.
- ✦ This is Nogales and Arizona's principle port for tourism and it is the principle gateway for shoppers for the downtown and retail sectors in Nogales
- ✦ A copy of the letter is provided in attachment #2

4. IOI PIPELINE EXPOSURE, BREACH AND REPAIRS

- ✦ On or about July 25, 2017, a portion of the International Outfall Interceptor (IOI) pipeline was detected in close proximity to warehouses and local businesses.
- ✦ The City of Nogales and Santa Cruz County pushed for an immediate temporary repair. Unfortunately, the initial repair only lasted a couple of days until the next major storm and additional, more permanent repairs had to be made.



Photo of the first exposure of the IOI



Second Repair of IOI Exposure

- ✦ Shortly thereafter, a breach of the IOI was detected further up north on the IOI
 - Site visits indicated that an entire manhole had been displaced and that as much as 14 million gallons of sewage were flowing into the Nogales wash.



Photo of the displaced manhole.



Nogales International Sent out a tweet with pictures of the breach and testing being done of the water in the wash.

- ✦ The City of Nogales, Santa Cruz County, along with the International Boundary and Water Commission and a number of state agencies, including the Arizona Department of Emergency Management, started coordinating efforts to effect immediate urgent repairs.
- ✦ The City, the County and the GNSCCPA undertook an effort to keep relevant and critical stakeholders informed of the urgent situation at the Wash and the spill of untreated sewage.

5. ***KENNETH SMITH RAMOS NAMED CHIEF NEGOTIATOR FOR MEXICO***

- ✦ Shortly after the visit by Kenneth Smith Ramos from the Ministry of the Economy of Mexico, based out of Washington, D.C., Secretary Ildefonso Guajardo named him as the Chief Negotiator for the Mexican Government for the NAFTA negotiations.
- ✦ Mr. Smith Ramos was a member of the original NAFTA negotiating team for Mexico.
- ✦ Special thanks to Olivia Ainza-Kramer and the Nogales Chamber of Commerce for having Mr. Ramos visit Nogales!

6. ***REPRESENTATION OF THE GNSCCPA WITH KEY ENTITIES***

- Continuing efforts to maintain an on-going dialogue with various agencies 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;
 - SCT;
 - SIDUR;
 - State Department;
 - State of Sonora;
 - Transportation and Trade Corridor Alliance; and
 - Union Pacific Rail Road.

- 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 Agenda for Union Pacific Visit

Visit by Union Pacific to Nogales

July 28, 2017

- 11:00 AM** **Arrival** at offices of Fresh Produce Association of the Americas
Location: 590 East Frontage Road, Nogales, Arizona 85621
- 11:00 AM – 12:30 PM** **Stakeholder Meeting and Lunch**
- **Welcome Remarks and Introductions (5 -7 minutes)**
 - Guillermo Valencia, Chairman, Greater Nogales Santa Cruz County Port Authority
 - **Fresh Produce Overview (7-8 minutes)**
 - Allison Moore, Director of Legislative and Regulatory Affairs, Fresh Produce Association of the Americas
 - **Maquila Overview (7-8 minutes)**
 - Richard Rubin, Javid International and Board member of INDEX-Maquila Association
 - **Mining Overview (7-8 minutes)**
 - The Honorable Greg Lucero, Vice President, Arizona Mining and Councilmember of the City of Nogales
 - **Rail Operations Overview (7-8 Minutes)**
 - Andy Perez, Union Pacific Railroad
- 12:00 PM** **Lunch Buffett Available**
- General Discussion Topics:**
- Fresh Produce via rail, including Culiacan to Rio Rico Pilot
 - Transshipment/Cross-dock Facilities
 - Possible double-tracking
 - Federal Inspection capabilities at Rio Rico Rail Yard
- 12:30 – 12:45 PM** Transport to DeConcini Port of Entry
- 12:45 – 1:30 PM** Tour of DeConcini Rail Crossing installations
- 1:30 PM** Adjournment and Departure

Attachment #2

Copy of letter in support of DeConcini POE Feasibility Study



July 20, 2017

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

RE: DeConcini Feasibility Study

Dear Senator Flake,

On behalf of the Greater Nogales Santa Cruz County Port Authority, I am writing to ask for your support in confirming that the US General Services Administration (GSA) will conduct a Feasibility Study for the possible modernization of the DeConcini Port of Entry at Nogales.

As you know, in order to make any major improvements or investments at our ports of entry, a Feasibility Study is required by GSA in order to advance the project. Customs and Border Protection has informed the Port Authority that there is a very high likelihood that this feasibility study could be conducted in the upcoming Fiscal Year - in fact, that the study could start before the end of this calendar year.

The DeConcini port of entry is, in reality, a system of three ports of entry, which includes the main car and pedestrian facility, but there is also the rail crossing, and the Morley Gate, which is a historical pedestrian crossing about 300 feet to the east of the main installations.

The DeConcini port of entry is outdated, overburdened and heavily congested yet it is the main gateway for the car and pedestrian traffic that is the lifeblood for our downtown merchants and Nogales' retail sector. It has been over 25 years since the last time major improvements were made to this port and many new security and technological requirements have essentially jammed into this port. It is time that a conscious effort was made to make sure that the facility provides the necessary security provisions for our Customs and Border Protection officers and the traveling public.

Mr. Guillermo Valencia
Chairman
August 21, 2017

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Additionally, this port has seen many emergencies, from major floods and train derailments in addition to the frequent back-ups generated by the high volumes of car and pedestrian traffic. This is also the current location where repatriations take place, adding to the congestion, safety and security concerns of the facility.

This is also one of the very few remaining ports on the border where the primary inspection booths are but a few feet from the international boundary, leaving very little room for the deployment of technology, any pre-inspection initiatives, and little space to offer any real time to prevent any incursions in and out of the port by "runners".

We continue to be amazed and appreciative of the efforts by CBP personnel to operate in such an outdated facility. But we can clearly see that the port of entry is an eyesore in our community and a deterrent for our visitors and frequent crossers.

I am taking the liberty of attaching some recent photos of the port to better illustrate some of the current challenges that Nogales, and our local CBP partners, must face on a regular basis.

Your intervention and support for the urgent prioritization of the Feasibility Study is critical in order to make sure that this port of entry receives the urgent attention it deserves.

Respectfully,

A handwritten signature in blue ink, appearing to read "Guillermo Valencia".

Guillermo Valencia
Chairman

CC: The Honorable Doug Ducey, Governor
John Halikowski, Director, Arizona Department of Transportation
William Brooks, Director, Office of Field Operations, Customs and Border
Protection
Anthony Kleppe, Region 9, General Services Administration

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Attachment

Recent Photos at DeConcini Port of Entry



Flooding at Primary Booths



Train derailment



Train ramming gate at the border due to vandalism



Car backup



Flooding of Pedestrian Lanes Inside Main Building