

June 24, 2020

TO: Jaime Chamberlain, Chairman

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

SUBJECT: Monthly Report of Activities – May 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. Border Crossing Restrictions and Essential Travel;
- 3. Port Authority Hosts Community Update Conference Calls;
- 4. SR-189 Modernization Project underway;
- 5. Q1 Trade Data Released
- 6. Q1 Border Crossing data released;
- 7. Port Authority Sends letter in support of City Grant Application;
- 8. Governor issues Executive Order on Re-opening Arizona;
- 9. Port Authority Joins Coalition calling for additional resources for CBP Operations;
- **10.** Port Authority Submits comments on new 5-Year Transportation Plan;
- 11. GSA and FMCSA Re-Issue Notice of EIS for FMCSA Truck Safety Inspection Facilities;
- 12. County and Produce Industry respond to community food needs during Pandemic; and
- **13.** Representation of GNSCCPA with Key Entities.

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.

P.O. Box 4518 Rio Rico, AZ 85648

www.nogalesport.org

1. MARIPOSA COLD ROOM PROJECT UPDATE

- Work with the General Services Administration (GSA) continues on the project.
- The Port Authority's legal counsel is reviewing the new Revocable Lease Agreement to be executed with GSA. Suggested edits will be submitted to GSA.

2. BORDER CROSSING RESTRICTIONS AND ESSENTIAL TRAVEL



TRAVEL ALERT: The temporary restriction on non-essential travel at US land border ports of entry remains in effect. Essential travel and trade continue unimpeded. Essential travel includes, but is not limited to:



8:25 AM · 6/21/20 · Sprout Social

• The Governments of Mexico and the United States, as well as Canada, have extended the border crossing restrictions for an additional 30 days, through June 21, 2020.

 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.

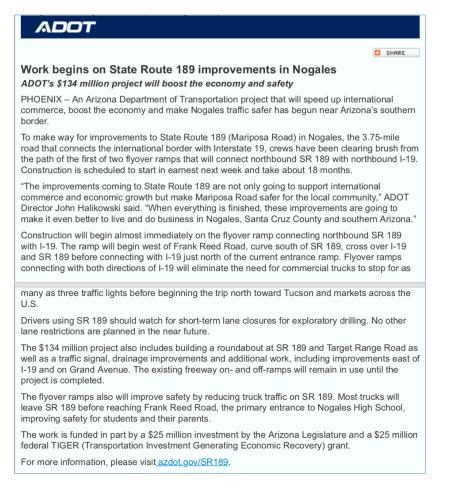
- It is imperative that cross-border travel be limited to essential travel in order to help eliminate the unnecessary congestion at the border.
- Who is considered an "essential" traveler?
- $\circ\;$ Citizens and lawful permanent residents returning to the United States.
- Individuals traveling for medical purposes (e.g., to receive medical treatment in the United States).
- o 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).
- o Individuals engaged in official government travel or diplomatic travel.
- o Individuals engaged in military-related travel or operations.

3. PORT AUTHORITY HOSTS COMMUNITY UPDATE CONFERENCE CALLS

- With the deferment of Port Authority Board meetings until the Social Distancing and Stay at Home provisions are removed, the Port Authority has continued to build consensus for a number of initiatives at Nogales.
- Conference calls have been scheduled to include all Port Authority board members as well as representatives of key sectors including the hotel industry and commercial and industrial real estate.
- Conference calls are being scheduled on as needed basis.

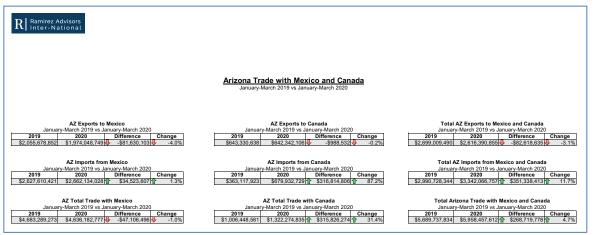
4. SR-189 PROJECT UNDERWAY

- On May 15, 2020, the Arizona Department of Transportation issued a press release confirming that the construction phase of the modernization of SR-189.
- Congratulations to the Port Authority and all those involved in supporting this project on this great step forward. The investment that will pay dividends to the community, the state and the entire Arizona-Mexico corridor for generations to come.
- Below is a copy of that Press Release.



5. Q1 TRADE DATA RELEASED

- The US Census Bureau has released the trade data for Q1-2020.
- Overall, our trade relationship with Mexico and Canada grew by 4.7% when compared to the same period of 2019. Most of that growth is due to the booming trade relationship with Canada. Trade with Mexico decreased by 1% while trade with Canada grew by 31.4%.
- In particular, imports from Canada grew by 87.2% during the period, an increase that
 I attribute in great part to (1) Canadian companies setting up shop in Arizona and
 bringing parts and components to Arizona for final assembly, and (2) additional
 sourcing by Arizona companies from Canada.
- Exports to Mexico dropped by 4% and imports from Mexico grew by 1.3%.
- We are still hoping to get additional detail on the trade data by commodity so we can better assess the sectors impacted (both good and bad); once we have that information we will send it to you.



Source: US Census Bureau

6. Q1 BORDER CROSSING DATA RELEASED

- The US Department of Transportation has released the border crossing data for Q1, 2020. Here are some observations on the Nogales numbers:
- Truck traffic, even with the slowdown that occurred starting in Mid-March, was up by 3.2%%, an increase of 3,256 trucks over the same period of 2019. I wanted to highlight that, based on US Census data, trade volumes between Arizona and Mexico decreased by 1% over the same period. I attribute this to a combination of a couple of issues: (1) in March most manufacturing came to a halt and only produce/food along with medical and related continued to operate, (2) produce continues to flow but typically produce is of a lower value per load than manufactured products, (3) highest value commodities stopped flowing, particularly automotive and aerospace.

- All other modes of border crossings were down significantly at Nogales. We looked at the monthly data, and though January and February were showing very positive trends, the month of March saw a plummeting of people crossings by 34.7% at Nogales when compared to the same period in 2019. If you recall, when the border restrictions were announced on March 21, for the next several days after that border crossings almost came to a halt.
- We expect that April may show a continued growth in the volume of trucks though that may be accompanied by a possible drop in the value due to the reasons mentioned above.
- We expect April, and perhaps May, to be another horrible month for the number of people crossing, though we are seeing very long wait times at Nogales (2-3+ hours), indicating that people are once again crossing. While this may be good for grocery store sales for instance, it also means that people are starting to ignore the "essential travel" direction of both the US and Mexican governments.

| Ramirez Ao nter-Na | dvisors tional | | | | |
|-----------------------|-------------------------------|----------------------------------|--------------|------------|--------|
| | Arizona Northb January-Mar | ound Bor ch 2019 v January-Ma | | sings | |
| Port | Mode | Jan-Mar 2019 | Jan-Mar 2020 | Difference | Change |
| Douglas | Trucks | 6,661 | 6,834 | 173 | 2.6 |
| | Personal Vehicles | 402,284 | 332,831 | -69,453 🦊 | -17.3 |
| | Personal Vehicle Passengers | 714,082 | 541,548 | -172,534 🦊 | -24.2 |
| | Pedestrians | 211,785 | 205,017 | -6,768 🦊 | -3.2 |
| | Total People | 930,364 | 748,616 | -181,748 🦊 | -19.5 |
| Nogales | Trucks | 100,498 | 103,754 | 3,256 | 3.2 |
| | Personal Vehicles | 828,363 | 805,860 | -22,503 🦊 | -2.7 |
| | Personal Vehicle Passengers | 1,638,813 | 1,542,353 | -96,460 🦊 | -5.9 |
| | Pedestrians | 764,615 | | -75,005 🦊 | -9.8 |
| | Trains | 196 | 188 | -8 🖡 | -4. |
| | Total People | 2.452.989 | 2.272.935 | -180.054 🦊 | -7.3 |
| San Luis | Trucks | 11,472 | 13,618 | 2,146 | 18.1 |
| | Personal Vehicles | 752,121 | 726,369 | -25,752 🦊 | -3.4 |
| | Personal Vehicle Passengers | 1.330.205 | 1,180,356 | -149.849 🦊 | -11.3 |
| | Pedestrians | 706.974 | | 32.388 | 4.6 |
| | Total People | 2.037.221 | 1,919,729 | -117.492 | -5.8 |
| Lukeville | Trucks | 65 | 86 | 21 | 32.3 |
| | Personal Vehicles | 96.213 | 84.016 | -12.197 | -12.7 |
| | Personal Vehicles Passengers | 239,284 | 186.596 | -52.688 | -22.0 |
| | Pedestrians | 10.244 | 10,793 | 549 | 5.4 |
| | Total People | 250,237 | 198,533 | -51.704 | -20.1 |
| Naco | Trucks | 720 | 792 | 72 | 10.0 |
| | Personal Vehicles | 78.356 | 67.069 | -11.287 | -14.4 |
| | Personal Vehicles Passengers | 134,830 | 115,756 | -19,074 🦊 | -14. |
| | Pedestrians | 20,463 | 19,686 | -777 🖡 | -3.8 |
| | Total People | 155,293 | 135,467 | -19,826 🦊 | -12. |
| Sasabe | Personal Vehicles | 6,201 | 6,082 | -119 | -1.9 |
| | Personal Vehicle Passengers | 12,359 | | -885 🖡 | -7. |
| | Pedestrians | 79 | 142 | 63 🕇 | 79.7 |
| | Total People | 12,438 | 11,616 | -822 🖡 | -6.6 |
| | | | | | |
| Port | Mode | Jan-Mar 2020 | Jan-Mar 2020 | Difference | Change |
| State Totals | Trucks | 119,416 | 125,084 | | 4.7 |
| | Personal Vehicles | 2,163,538 | 2,022,227 | -141,311 🕂 | -6.5 |
| | Personal Vehicle Passengers | 4,069,573 | 3,578,083 | -491,490 🦊 | -12. |
| | Pedestrians | 1,714,160 | 1,664,610 | | -2.9 |
| | Total People | 5.838.542 | 5.286.896 | -551.646 🖖 | -9.4 |

Source: US Department of Transportation

2019 State Totals

7. PORT AUTHORITY SENDS LETTER IN SUPPORT OF CITY GRANT APPLICATION

- On May 1, 2020, the Port Authority issued a letter addressed to Sandra Watson of the Arizona Commerce Authority, in support of a grant application by the City of Nogales to help pay for the repairs of Industrial Park Drive.
- Industrial Park Drive is a heavily used road by truck traffic that are traveling to and from the many warehouses and distribution centers located along this road.
- A copy of the letter is provided below.

| Greater Nogales Santa Cruz County PORT AUTHORITY | | | | | |
|---|--|--|--|--|--|
| May 1, 2020 | | | | | |
| Ms. Sandra Watson President and CEO Arizona Commerce Authority 100 North 7th Street, Ste 400 Phoenix, Arizona 85007 | | | | | |
| RE: City of Nogales Grant Application | | | | | |
| Dear Ms. Watson, | | | | | |
| On behalf of the Greater Nogales Santa Cruz County Port Authority, I write express our support for the application by the City of Nogales for a grant from the Arizona Commerce Authority for the repaving of Industrial Park Drive in Nogales. | | | | | |
| Nogales is the principal gateway for trade and tourism between Arizona and Mexico. In 2019 approximately 350,000 northbound trucks crossed from Mexico into Arizona at Nogales. Additionally, more than 10.3 million people and 3.4 million cars were processed. Based on recent estimates by the US Department of Commerce, more than \$26 billion dollars' worth of trade depend on Nogales to get to and from Arizona and Mexico. | | | | | |
| Industrial Park Drive is one of the principal industrial thoroughfares in our community. Many twin plant operations that have major manufacturing facilities in Mexico rely on distribution centers off of Industrial Park Drive for their domestic and international logistics. The condition of the road is a road and safety hazard and it is in desperate need of repairs. The grant from the ACA would go a long way towards offering state of the art infrastructure to support billions of dollars' worth of trade. | | | | | |
| I ask that you give this application due consideration and know that if we can provide any additional information or respond to any inquiries to please let us know. | | | | | |
| Grateful for the attention you give to this request, I remain, | | | | | |
| Respectfully, Jaime Chamberlain Chairman | | | | | |
| | | | | | |
| P.O. Box 4518 Rio Rico, AZ 85648 www.nogalesport.org | | | | | |

8. GOVERNOR ISSUES EXECUTIVE ORDER ON REOPENING ARIZONA

- On April 30, 2020, Governor Ducey started the process to reopen the Arizona economy.
- The Return Stronger campaign was launched, and it laid out a sequential timeline for the reopening of different small business, as can be seen in the notice that was sent out by the Office of the Governor (see below).



 Websites for additional public health guidance:

 www.cdc.gov · www.azhealth.gov · www.dol.gov

- 9. PORT AUTHORITY JOINS COALITION CALLING FOR ADDITIONAL RESOURCE FOR CBP OPERATIONS;
- The Port Authority joined a coalition of over a dozen national and regional organizations asking Congress for an additional \$300 million in funding to help Customs and Border Protection meet staffing requirements.
- With border crossing restriction and the limiting of essential shipments only, CBP has experienced a drop in the revenues it collects that helps pay for day to day operations.
- As stated in the letter:
 - "As stakeholders interested in the activities of the U.S. Customs and Border Protection (CBP) at land, sea, and air ports-of-entry around the globe, we urge you to provide \$300 million in supplemental appropriations to cover a funding shortfall in CBP operations for the remainder of this fiscal year. This funding is needed to support CBP Officer (CBPO) staffing at ports of entry that are traditionally funded by user fees, but those revenues have declined drastically due to the COVID-19 pandemic."
- A copy of the letter is provided in Attachment #1.

10. PORT AUTHORITY SUBMITS COMMENTS ON **5**-YEAR TRANSPORTATION PLAN;

- On May 26, 2020, the Port Authority send a letter to ADOT providing comments re3lating to the proposed new 5-year Transportation Plan.
- The letter specifically addresses the need to modernize the I-19 Interchanges at Ruby Road and Rio Rico Drive, along with the frontage roads between these two interchanges.
- A copy of letter is provided in Attachment # 2

11. GSA AND FMCSA RE-ISSUE NOTICE OF EIS FOR FMCSA TRUCK INSPECTION FACILITIES;

- On May 15, 2020, the General Services Administration issued a new announcement regarding the truck safety inspection facilities that were being planned for Arizona and California.
- As stated in the new announcement:
 - "The proposed project scope of an EIS for six proposed bus and truck inspection facilities at five locations in California and Arizona has been revised to develop co-located truck inspection facilities within existing state-operated inspection facilities to the extent practicable and develop stand-alone Federal facilities for the proposed bus inspection facilities where necessary."
- This is a major win for industry, For Nogales and Santa Cruz County, and for the entire Arizona border, as the community came together with the Arizona Department of

Transportation to fight the original proposal that would have only added to the congestion and the border and the loss of efficiencies gained in recent years.

- Congratulations to the Port Authority and all the integrating members.
- A copy of the actual announcement is provided in Attachment #3.

12. COUNTY AND PRODUCE INDUSTRY RESPOND TO COMMUNITY FOOD NEEDS DURING PANDEMIC;

- Recognizing the negative impacts of the COVID-19 pandemic on the Nogales/Santa Cruz County community, Santa Cruz County, Nogales Food Bank, along with the very generous representatives of the Fresh Produce industry and the Fresh Produce Association of the Americas in Nogales, fresh produce was distributed to hundreds of families.
- Congratulations to Supervisor Bracker, who led the charge on behalf of the County, and the many industry partners including, Scott Vandervoet, Jaime Chamberlain and many others who very generously contributed to the effort.
- Here is a copy of an article from the Nogales International reflecting this donation and food assistance to the community.

13. 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

Letter to Congress on additional funding to support CBP Operations

May 18, 2020

The Honorable Richard Shelby Chairman Committee on Appropriations United States Senate Washington, DC 20510 The Honorable Patrick Leahy Vice Chairman Committee on Appropriations United States Senate Washington, DC 20510

Dear Chairman Shelby and Vice Chairman Leahy:

As stakeholders interested in the activities of the U.S. Customs and Border Protection (CBP) at land, sea, and air ports-of-entry around the globe, we urge you to provide \$300 million in supplemental appropriations to cover a funding shortfall in CBP operations for the remainder of <u>this fiscal year</u>. This funding is needed to support CBP Officer (CBPO) staffing at ports of entry that are traditionally funded by user fees, but those revenues have declined drastically due to the COVID-19 pandemic.

Currently, CBP collects two user fees—the Consolidated Omnibus Budget Reconciliation Act Fee and the Immigration User Fee—which together fund 40 percent of CBP's Office of Field Operations annual budget and 8,000 CBP officer positions. These positions equate to nearly one-third of the entire CBPO workforce (24,600) at all ports of entry.

Due to the COVID-19 pandemic, travel and trade volume have fallen precipitously resulting in a significant reduction in the amount of user fees collected and an anticipated user fee shortfall for CBP in FY 2020. For example, international air travel has fallen by as much as 98 percent, from about 330,000 travelers per day to less than 5,000. Nearly all seaport passenger travel has been stopped due to a "no cruise" government order that runs through at least July 2020, eviscerating this year's cruising season. On the cargo side, while the decline in volume and value vary widely from seaport to seaport, nationwide there has been a double-digit percentage decrease as compared to last year.

CBP is projecting that they will spend all the fees they collect this year as well as any surplus from prior years before the end of FY 2020. Further, the agency anticipates low fee collections due to a continued diminishment of travel volumes into FY 2021. Without appropriated funding to support these CBP officers in FY 2020, we are gravely concerned that this loss of user fee funding will result in furloughs at a time when trade and travel will be struggling to return to normal.

U.S. businesses rely on the safe and efficient movement of goods and people across our borders and are all working to safely resume international travel and travel. Keeping current CBPO staffing levels will be necessary to successfully transition into a more robust, safe, and delay-free travel environment and improve cargo movement. Also, CBP will likely lose the hiring and staffing advances that they finally started to gain, after years of effort, which will negatively impact

cross-border travel, passenger processing and trade facilitation in future years as the economy returns to normal.

The critical issues that American businesses are facing to recover from this pandemic require quick, decisive action so that our government can best facilitate the flow of travel and trade as the economy recovers. As such, we respectfully request that you provide \$300 million in supplemental funding to help CBP respond effectively to the COVID-19 related challenges it must overcome now and in the future.

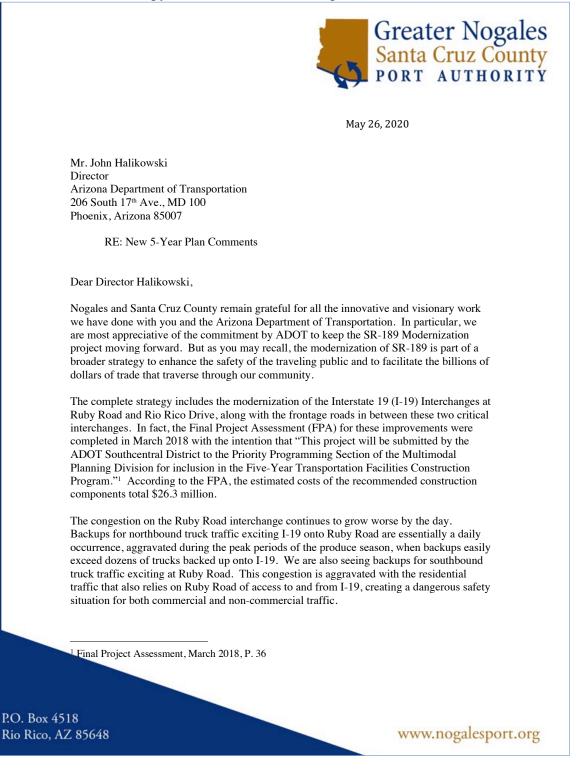
Sincerely,

American Association of Airport Executives American Association of Port Authorities Airports Council International-North America Border Trade Alliance Federal Law Enforcement Officers Association Fresh Produce Association of the Americas Greater Nogales Santa Cruz County Port Authority National Association of Waterfront Employers National Treasury Employees Union New York Shipping Association Pacific Maritime Association **Texas International Produce Association** The Borderplex Alliance U.S. Chamber of Commerce United States Maritime Alliance West Gulf Maritime Association

cc: Chairwoman Capito, DHS Subcommittee Ranking Member Tester, DHS Subcommittee

Attachment #2

Copy of letter on 5-Year Transportation Plan



Page 2 of 2

Director John Halikowski Arizona Department of Transportation May 26, 2020

Permit me to point out that even during the pandemic that has overtaken Arizona and our nation, truck traffic continues to trend upward. In fact, during the month of March 2020, when cross-border traffic was most severely impacted, truck traffic at Nogales was up 1.3%. This is a continuation of the multi-year trend for the growth in truck traffic, with 2019 alone up by 3.6% over 2018, or an additional 12,200 northbound trucks.

We continue our efforts to promote trade though our region and contribute to the efforts by Governor Ducey to have Arizona Return Stronger from the Pandemic. But the mounting congestion issues at Ruby Road are a growing safety hazard for the traveling public. We know that construction projects take substantial amounts of time thus we wanted to inquire if there may be some Intelligent Transportation technologies 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.

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 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

Attachment #3

GSA Announcement of FMCSA Inspection Facilities

FMCSA Projects



Federal Motor Carrier Safety Administration inspection canopy

GSA is partnering with the Federal Motor Carrier Safety Administration (FMCSA) to develop a program of projects at a number of Land Ports of Entry (LPOEs) so that FMCSA agents can safely and effectively inspect both commercial truck and bus traffic.

GSA intended to prepare an Environmental Impact Statement (EIS) to analyze the potential impacts from the proposed construction of six inspection facilities at five different LPOEs in both California and Arizona. A Notice of Intent (NOI) was published in the Federal Register for this EIS on May 23, 2019. A revised NOI was published June 21, 2019.

Proposed Projects originally included:

- San Ysidro LPOE Bus inspection
- Otay Mesa LPOE Commercial Truck Inspection
- Calexico East LPOE Bus and Commercial Truck Inspections
- San Luis II LPOE Commercial Truck Inspection
- Nogales-Mariposa Commercial Truck Inspection

Based on scoping comments received on the EIS, GSA has modified the proposed action to develop co-located truck inspection facilities within existing state-operated inspection facilities to the extent practicable and develop stand-alone Federal facilities for the proposed bus inspection facilities where necessary. GSA has further revised the NOI[DOCX - 34 KB] since published and updated the Federal Register Notice on May 15, 2020, which revises the proposed program.

SAN YSIDRO - LAND PORT OF ENTRY FMCSA BUS INSPECTION FACILITY

GSA intends to prepare a separate Environmental Assessment (EA) and, if appropriate, a Finding of No Significant Impact (FONSI) to analyze the potential impacts from the proposed construction of the bus inspection facility at the San Ysidro LPOE in California. The revised NOI also includes the Notice of Availability (NOA) for the Draft EA for public comment. The public comment period for the Draft EA is open until June 30, 2020.

- SYLPOE Draft EA-May 2020 [PDF 4 MB]
- SYLPOE Existing Conditions and Proposed Alternatives Poster [PDF 2 MB]
- Revised NOI, Project Action and NOA [DOCX 34 KB]

GSA is negotiating agreements with state operated inspection facilities for possible colocated facilities, which will determine what type of NEPA documentation will be prepared for those proposed actions. This website will provide updates on the suite of FMCSA projects as the plans for the facilities are clarified.

The shortcut for this page is www.gsa.gov/r9fmcsa