



February 19, 2016

Dear Members of the Arizona State Transportation Board,

I would like to thank you for hosting your monthly meeting in Santa Cruz County and for spending time touring this community and meeting with local stakeholders. I want to thank ADOT Director John Halikowski and his team for their willingness to work so closely with this community as we chart a path forward for SR 189 and other infrastructure projects. They are a fantastic asset to the state.

Broad Based Support for SR 189

This community is united behind the full redesign plan for SR 189 that takes into account improved traffic flow, especially at the north and southbound junction of SR 189 and I-19, and also the safety of our community and the trucks and passengers traveling through, most critically necessary at the intersection of SR 189 and Frank Reed Road.

Our partners across Arizona are also united in achieving the “ultimate” buildout of SR 189 as evidenced by a resolution passed by nearly all regional planning agencies throughout Arizona supporting the acceleration of the buildout of SR 189. Everyone understands that this key piece of road is the main artery for the economic viability of our entire state.

Important to Include SR 189 on CRFC Allocation

SR 189 must be part of the State’s allocation of Critical Rural Freight Corridor (CRFC) miles. This designation makes the project eligible to addition funding options that could help advance the project.

For example, in the Federal Transportation Reauthorization law, “Section 1105 creates a new discretionary grant program for freight projects of national or regional significance.....” Indeed, this project is of the upmost national significance, with one third of the nation’s Mexican produce imports coming through the Mariposa Port of Entry onto SR 189, because SR 189 is part of the future I-11/Intermountain West Corridor, and because it is the link to Mexico’s largest highway leading up the west coast and into Arizona.

Section 1105 states “Eligible projects must be highway freight projects on the National Highway Freight Network, highway or bridge projects on the National Highway System (NHS), intermodal facilities or grade crossings. The project cost must exceed the lesser of \$100 million or 30 percent of that State’s annual federal highway apportionment.”

It is my understanding that the ultimate buildout of SR 189 meets both of these criteria. This reinforces how important it is to have SR 189 in the CRFC allocation as we all look for ways forward in funding the full buildout of SR 189.

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We are awaiting the completion of the final Environmental studies and Design Concept Report, which should be available this summer. While we wait on final numbers, I want to reiterate the importance of including \$70 million in the 5-year plan for this project: \$2 million for right of way, \$4 million in design, and \$64 million in construction.

Industry stakeholders continue to analyze their potential role in a Public-Private Partnership scenario, but it is important to leverage all possible funding mechanisms in the final financing scenario. This is why we believe Arizona must include the roughly 3.5 miles of SR-189 when designating the 205 miles of Arizona Critical Rural Freight Corridors.

Thank you again for hosting your meeting in Nogales, for touring the vital infrastructure that is part of Arizona's transportation network, and for your interest in advancing key projects in this region that are important for the entire state.

Sincerely,

A handwritten signature in black ink, appearing to read "LJ", with a long horizontal flourish extending to the right.

Lance Jungmeyer
President
Fresh Produce Association of the Americas

About FPAA: The Fresh Produce Association of the Americas (FPAA) was founded by produce distributors in 1944. Today the FPAA has over 100 member companies involved in the importation and distribution of fresh produce from Mexico. The association is focused on critical business objectives that ensure the health and viability of the produce industry. The members of the FPAA consist of U.S. distributors and associate members. Distributors directly import fresh produce from growing operations in Mexico. Associate members are a variety of companies, from unique buyers procuring product from distributors to industry-associated companies such as custom house brokers, seed companies, packaging providers, trucking firms, financial institutions, insurance companies, and more.

Trucks from Mexico cross the border carrying already sorted, packaged and palletized produce, and these trucks offload the produce into U.S. warehouses. The product is held in these refrigerated warehouses until it is loaded on a U.S. truck that will carry it to the buyer or buyers across the United States and Canada. A majority of the volume crosses counter-seasonally to production times in the U.S. The major commodities are tomatoes, watermelons, bell peppers, cucumbers, eggplant, squash, green beans, melons, and more.



A study highlighting the economic impacts of the fresh produce import industry and production-sharing (aka maquiladora) in Santa Cruz County, Arizona shows that the fresh produce importing industry in Santa Cruz County generates:

- \$437.7 million in direct and secondary economic output in Santa Cruz County (*this is more than 1/3 of the county's economic output*)
- \$45 million in tax revenue to the state and county
- About 4,000 direct and secondary jobs, representing \$190 million in wages (*representing more than 22% of total jobs and nearly 25% of total wages*)
- There is a multiplier effect, benefitting more than 80 local services, from commercial equipment to packaging to legal to insurance services.
- Arizona is poised to benefit from expanding fresh produce imports. From 2002-2012, Mexican produce imports have grown 42% from 8 billion pounds to more than 14 billion pounds, according to USDA.
- More than 85% of the 750,000 annual commercial truck crossings between Arizona and Mexico flow through the Mariposa Port of Entry in Nogales, Arizona.

The study was conducted by The University of Arizona (Eller College of Management, Economic & Business Research Center, and the College of Agriculture & Life Sciences) and made possible by a grant from the US Economic Development Authority, administered by Nogales Community Development.