




## City Council Report

**Date:** December 3, 2018  
**To:** City Council  
**Through:** Christopher J. Brady, City Manager  
**From:** William J. Jabjiniak, Economic Development Director  
Aric H. Bopp, Deputy Director – Strategic Initiatives   
**Subject:** Operator Agreement between the City of Mesa and SkyBridge LLC -  
Foreign Trade Zone No. 221  
Council District 6

### Purpose and Recommendation

The purpose of this report is to present an Operator Agreement between the City of Mesa and SkyBridge LLC (SkyBridge) for operation of an international air cargo facility at 6229 S. Sossaman Road, Hangar 32 located in Foreign Trade Zone No. 221 (FTZ 221). The boundaries of FTZ 221 are shown on Exhibit A.

If approved, this agreement will allow SkyBridge to operate at the Premises for the purpose of performing General Purpose Zone activities, including all applicable operations that do not require a production notification.

Staff recommends that Council approve the Operator Agreement with SkyBridge.

### Background

SkyBridge is an international air cargo hub to house both Mexican and United States customs. The first-of-its-kind service, which is operated out of Phoenix-Mesa Gateway Airport, will enable E-commerce companies, manufacturers and other commercial interests conducting business in the U.S., Mexico and throughout Latin America to more efficiently and cost-effectively transport goods between countries, while ensuring proper inspections and safety controls.

The Unified Cargo Processing (UCP) Program - jointly operated by both U.S. and Mexican customs officers - seamlessly approves incoming and outgoing freight at Phoenix-Mesa Gateway Airport bound for customers on either side of the U.S.-Mexico border.

SkyBridge notified City Staff via letter that it wished to activate a General-Purpose Zone location in FTZ 221, located at Phoenix-Mesa Gateway Airport.

## **Discussion**

Foreign trade zones (FTZ) are restricted-access sites in or near ports of entry that are licensed by the Foreign Trade Zone Board (FTZB) and operated under the supervision of U.S. Customs & Border Protection. FTZ are secured areas, and merchandise in a zone is considered outside the customs territory of the U.S. for formal entry procedures only.

The FTZ program helps encourage activity at U.S. facilities in competition with foreign alternatives by allowing delayed or reduced duty payments on foreign merchandise, as well as other savings. FTZ 221 was granted by the FTZB to the City of Mesa on April 25, 1997.

Activity at the SkyBridge General Purpose Zone site will consist of importing, testing, repairing, packaging, repackaging, storing, exhibiting and shipping of merchandise from multiple vendors and countries. No manufacturing of zone status goods will be conducted at the site. The site is operated as a general-purpose third-party warehouse that is open to multiple users.

## **Alternatives**

If Council does not approve the Operator Agreement with SkyBridge, the company will need to identify alternative options.

## **Fiscal Impact**

SkyBridge will pay to the City of Mesa a onetime activation fee of \$1,000, as well as an annual Operator fee of \$5,000.

## **Coordinated With**

This agreement has been coordinated with the City Attorney's office.

**Exhibit A**  
**Mesa Foreign Trade Zone No. 221**

