



City Council Report

Date: July 20, 2026
To: City Council
Through: Scott Butler, City Manager
Brent Stoddard, Assistant City Manager
From: Jaye O'Donnell, Economic Development Director
Chris Molnar, Economic Development Administrator
Subject: Operator Agreement between the City of Mesa and Arrow Global Supply Chain Services, Inc. within U.S. Foreign-Trade Zone No. 221 Council District 6

Purpose and Recommendation

The purpose of this request is to present an Operator Agreement between the City of Mesa and Arrow Global Supply Chain Services, Inc. for a foreign-trade zone (FTZ) subzone with three sites at 7449 E Pecos Rd, 7453 E Pecos Rd, and 7250 S Sossaman Rd.

Upon execution, this agreement will allow Arrow Global Supply Chain Services, Inc. to undertake foreign-trade activities at the Premises in accordance with the standards of operations required by the United States of America, U.S. Customs and Border Protection, the Foreign-Trade Zones Board, and all other applicable laws, regulations, executive orders, and proclamations.

Staff recommend that Council approve the signing of an Operator Agreement with Arrow Global Supply Chain Services, Inc.

Background

Arrow Global Supply Chain Services, Inc., a wholly owned subsidiary of Arrow Electronics, provides supply chain services for customers across the globe. Their warehouse logistics center along Pecos and Sossaman Roads is a key part of Arrow's global supply chain infrastructure, enabling faster, more resilient distribution for its electronics supply chain clients. Arrow also supports logistics activities conducted under FTZ procedures. Primary operations at these sites will include admission, importation, exportation, receiving, withdrawal, unpacking, repackaging, labeling, quality control inspections and distribution. At this time, no production activity is proposed or anticipated.

A critical component of Arrow Global's growth and future expansion is the ability to designate their facility as a subzone within Mesa's Foreign-Trade Zone No. 221, enabling them to take advantage of beneficial import-export duty savings for their sites. The company will not pursue property tax reclassification for the proposed new site.

Arrow Global Supply Chain Services, Inc. received FTZ site status approval from the United States Department of Commerce Foreign-Trade Zones Board on April 9, 2026. An Operator Agreement with the City of Mesa as Grantee of FTZ No. 221 is the next step toward FTZ site activation.

Discussion

The FTZ program promotes domestic economic activity by helping U.S.-based operations remain competitive with foreign alternatives.

The main purpose of the FTZ program is to encourage companies to manufacture, assemble, and invest in the U.S. instead of moving those operations overseas. Many products today are made from parts and materials that come from multiple countries. Without an FTZ, companies may pay customs duties multiple times as products move through different stages of manufacturing and distribution. The FTZ program helps simplify that process and prevents unnecessary expense on imported components used in U.S.-based production and manufacturing.

Benefits may include deferred, reduced, or eliminated duties on imported goods, as well as other cost savings. By reducing those costs, FTZs help make it more competitive for companies to keep manufacturing, logistics, and technology operations and jobs in American communities like Mesa rather than relocating them internationally.

Companies operating within an FTZ still pay local property taxes, utility costs, development fees, and other applicable taxes and obligations. The City's role is to support economic development opportunities that bring investment, jobs, and long-term economic activity to Mesa while administering the program in accordance with federal law.

Foreign-Trade Zones are secure, restricted-access sites located in or near U.S. ports of entry and authorized by the Foreign-Trade Zones Board. They operate under the supervision of U.S. Customs and Border Protection (CBP). For customs purposes, merchandise within an FTZ is treated as outside U.S. customs territory for formal entry procedures.

Alternatives

If Council does not approve the Operator Agreement with Arrow Global Supply Chain Services, Inc., they would not be in compliance with requirements of the FTZ program and be able to proceed with activation of the zone. In addition, the company's operations in Mesa and ability to efficiently and cost-effectively operate its facility could be adversely affected.

Fiscal Impact

Arrow Global Supply Chain Services, Inc. will pay to the City of Mesa a one-time activation fee of \$1,000, as well as an annual Operator fee of \$5,000. These fees are subject to adjustment in accordance with the Zone Schedule.

Coordinated With

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