



City Council Report

Date: June 8, 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 MGC Pure Chemicals America, Inc. within 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 MGC Pure Chemicals America, Inc. for a foreign-trade zone (FTZ) site at 6560 S. Mountain Rd.

Upon execution, this agreement will allow MGC Pure Chemicals America, 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 MGC Pure Chemicals America, Inc.

Background

MGC Pure Chemicals America, Inc. (MPCA) currently employs approximately 108 permanent, high-wage employees in Southeast Mesa District 6 along Pecos and Mountain Roads. MCPA is expanding its manufacturing facility in Mesa, creating 100 new high-wage jobs. They have already invested over \$150 million into the Mesa site.

This agreement will provide supply chain flexibility for MCPA and reduce operational costs of imported materials into their Mesa facility. MCPA imports, stores, produces, and distributes refined chemicals that are used in the manufacturing of semiconductors, a critical focus industry. Activities at the site will also include receiving shipments of foreign-status bulk liquids and chemicals, inspecting and inventorying, and storing them within the activated FTZ area.

A critical component of this expansion was the ability to designate their facility as a usage-driven site within Mesa's Foreign-Trade Zone No. 221, enabling them to take advantage of beneficial import-export duty and tax savings for the site. MCPA has received "Letters of Support or No Objection" from all impacted tax jurisdictions as a requirement of the FTZ application process.

MGC Pure Chemicals America, Inc. received FTZ site status approval from the United States Department of Commerce Foreign-Trade Zones Board on March 5, 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. Benefits may include deferred, reduced, or eliminated duties on imported goods, as well as other cost savings.

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 can end up paying customs duties multiple times as products move through different stages of manufacturing and distribution. The FTZ program helps simplify that process and prevents unnecessary double taxation 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 added costs, FTZs help make it more competitive for companies to keep manufacturing, logistics, and technology operations 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 MGC Pure Chemicals America, Inc., MGC Pure Chemicals America, Inc. would not be in compliance with requirements of the FTZ program. In addition, the company's expansion in Mesa and ability to efficiently and cost-effectively operate its Mesa facility could be adversely affected.

Fiscal Impact

MGC Pure Chemicals America, 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.