





City Council

Date: June 7, 2021
To: Mayor and Council
Through: Christopher J. Brady, City Manager
From: William J. Jabjiniak, Economic Development Director 
Lori Collins, Deputy Economic Development Director 
Subject: Authorizing the City Manager to sign an application letter to the National Foreign Trade Zones Board to reorganize Mesa FTZ #221 under the Alternative Sites Framework. (Citywide)

Purpose and Recommendation:

To authorize the City Manager to sign an application letter to the Foreign Trade Zones Board to reorganize Mesa Foreign Trade Zone (FTZ #221) under the Alternative Sites Framework.

Foreign Trade Zones (FTZ) facilitate international commerce and are secure areas under U.S. Customs and Border Protection (CBP) supervision. They are administered at the federal level by the Foreign Trade Zones Board (FTZB), comprised of the Commerce and Treasury departments. FTZs can allow for a range of activities involving imported goods such as warehousing, manufacturing, and more. FTZs encourage domestic manufacturing by helping companies in the U.S. compete more effectively in the global marketplace. Not only can the program help Mesa companies save money, but it also helps to create and maintain local employment.

The Mesa FTZ (FTZ #221) was established in 1997 and the City of Mesa acts as the Zone Grantee. The zone boundaries were originally established primarily on and around the Phoenix Mesa Gateway Airport and has operated under the "Traditional Sites Framework", which limited the location of FTZs to designated areas. An FTZ Subzone can be designated in another Mesa location when a company is unable to operate effectively at the existing zone site. This process can take several months.

In order to modernize and streamline the process, the Foreign Trade Zone Board (FTZB) adopted an optional Alternative Site Framework (ASF) to manage FTZ, codified in 15 CFR 400.2(c). ASF gives participating zones great flexibility to use a simpler, faster minor boundary modification procedure to designate locations where companies are ready to use FTZ.

Interest from companies that qualify for the FTZ program is increasing in Mesa. As the administrating department for Mesa FTZ #221, the Office of Economic Development would like to apply to FTZB to "reorganize" its zone under ASF. ASF does not change grantee / operator structure. Activation of site still requires that specific site first be approved by

FTZB and that the grantee concur on activation. All other FTZs in Arizona have reorganized under this framework.

Staff recommends that the City Council approve the Resolution authorizing the City Manager to sign an application letter to the National Foreign Trade Zones Board to reorganize Mesa Foreign Trade Zone (FTZ #221) under the Alternative Sites Framework.

Coordinated With:

The Office of Economic Development has worked closely with the City Attorney's Office.