

RESOLUTION NO. 2012-R-07

AUTHORIZING THE CITY MANAGER TO SUBMIT AN APPLICATION TO THE UNITED STATES FOREIGN-TRADE ZONES BOARD REQUESTING THE REORGANIZATION OF THE LAREDO FOREIGN-TRADE ZONE (FTZ NO. 94) FROM TRADITIONAL TO AN ALTERNATIVE SITE FRAMEWORK (ASF); PROVIDING FOR EFFECTIVE DATE.

WHEREAS, the Airport Manager recommends that the City Council authorize the City Manager to submit to the United States Foreign-Trade Zones Board an application requesting the reorganization of the Laredo Foreign-Trade Zone (FTZ NO. 94) from a Traditional to an Alternative Site Framework (ASF).

WHEREAS, Sections 681.051 and 681.052 and Section 681.166 of Title 15, Subtitle C of Chapter 681 of the Texas Business and Commerce Code authorizes the City of Laredo to establish, operate and maintain a Foreign-Trade Zone in Webb County, and

WHEREAS, the City of Laredo received a Grant of Authority on November 22, 1983 (Foreign-Trade Zones Board Order No. 235) from the United States Department of Commerce, Foreign-Trade Zones Board, to establish, maintain and operate a foreign trade zone project, designated FTZ No. 94, at or adjacent to the Laredo customs port of entry; and

WHEREAS, the City of Laredo, in its capacity as Grantee of FTZ No. 94, has as one of its goals and objectives the ability to expeditiously and efficiently provide FTZ designation to companies located within Webb County or desirous of locating within Webb County; and

WHEREAS, the City of Laredo desires to reorganize FTZ No. 94 under the Alternative Site Framework (ASF) adopted by the Foreign-Trade Zones Board as described in the Federal Register of January 12, 2009 and as amended in the Federal Register of January 22, 2009 so as to provide the City of Laredo with a better economic development tool to accomplish the above-stated goal and objective.

WHEREAS, the Airport Advisory Board finds that said reorganization is in the best interest of the Airport and recommends that the City Council approve the proposed assignment; and

WHEREAS, the City Council of the City of Laredo having heard the recommendations of the Airport Manager and of the Airport Advisory Board agrees with same.

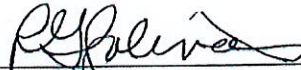
Foreign Trade Zone No. 94 Alternative Site Framework (ASF)

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LAREDO THAT:

Section 1: The City Manager be hereby authorized to submit an application to the United States Foreign-Trade Zones Board requesting the reorganization of the Laredo Foreign-Trade Zone (FTZ NO. 94) from a Traditional to an Alternative Site Framework (ASF).

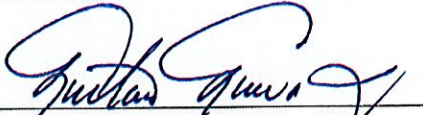
Section 2: This Ordinance shall become effective upon passage hereof.

PASSED BY THE CITY COUNCIL AND APPROVED BY THE MAYOR ON THIS THE 17th DAY OF January, 2012.



RAUL G. SALINAS
MAYOR

ATTEST:



GUSTAVO GUEVARA, JR.
CITY SECRETARY



APPROVED AS TO FORM:



for RAUL CASSO
CITY ATTORNEY

COUNCIL COMMUNICATION

DATE: 01/17/2012	SUBJECT: Resolution No. 2012-R-07 Authorizing the City Manager to submit an application to the United States Foreign-Trade Zones Board requesting the reorganization of the Laredo Foreign-Trade Zone (FTZ NO. 94) from a Traditional to an Alternative Site Framework (ASF) county wide; providing for effective date.
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INITIATED BY: Jesus Olivares Assistant City Manager	STAFF SOURCE: Jose L. Flores Airport Manager
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PREVIOUS ACTION: None

BACKGROUND:
Alternative Site Framework (ASF) is a newly implemented program of the US FTZ Board. It offers greater flexibility to designate and manage general-purpose FTZ sites based on "user-driven" needs for an FTZ program & its benefits. It is an economic development tool the trade community specifically designed to expedite the approval process, minimize costs to potential users and serve as an impetus for global trade by allowing the City of Laredo's FTZ program to be expanded and available to any company or individual within the jurisdictional boundaries of Webb County. Users will continue to be required to obtain concurrence from the applicable School District.

The Foreign Trade Zones Boards is recommending that FTZ Grantees transition to an Alternate Site Framework. U.S. Customs is encouraging bonded warehouse operators to offer Foreign Trade Zone services to exporters/importers.

What is a Foreign Trade Zone?
Foreign-trade zones are designated sites licensed by the United States Foreign-Trade Zones (FTZ) Board at which special Customs procedures may be used for foreign goods. The activities in a zone offset Customs advantages available to overseas producers who compete with producers located in the United States. The program has existed since 1934 and continues to thrive and change to better meet the needs of American companies to compete in the global economy.

What is Foreign Trade Zone No. 94 Service Area?
The City of Laredo, Grantee of FTZ #94 currently administers 7 zone sites and 4 sites are presently approved for specific users with specific time limitations of 3-years under a Temporary Boundary Modification. All these sites are located within the geographical boundaries of the City of Laredo. Of the approved 7 general-purpose zone sites, three are presently activated and plans are currently underway to activate a fourth site (Embarcadero). FTZ #94 was established under the "Traditional Zone Framework" and has been in continuous operation for 27 years. At present, FTZ No. 94 provides contains 23 operators (Users).

Approval of the Alternative Site Framework will expand the City's FTZ program to all of the City's industrial parks as well as encompass the entire County of Webb.

FINANCIAL: N/A	
BOARD RECOMMENDATION: On January 10, 2012, the Airport Advisory Board considered this item and recommends _____.	STAFF RECOMMENDATION: Approve this Resolution.

COUNCIL COMMUNICATION

BACKGROUND CONTINUED PAGE 2:

What are the differences between the Traditional vs. Alternate Site Framework FTZ?

Submission of traditional General Purpose Expansion or Sub-Zone application to the Foreign Trade Zone Board for action under the Traditional Zone Framework (TZF) requires:

- Generally a ten (10) month process,
- Greater/Extensive documentation requirements, and
- Submission of a request for administrative minor boundary modifications involves swapping like properties from existing zone sites. This requirement is not only costly because it requires the surveying of the properties being "transferred" and "proposed" but also has the tendency of adding additional time to the application process.

Alternative Site Framework (ASF) reorganization application for FTZ Board action requires:

- Generally, six (6) to eight (8) months for ASF reorganization applications with no new Magnet Sites (industrial parks).
- The City of Laredo proposes that all 7 existing general Purpose sites be designated Magnet Sites.
- No new sites will be added and the Laredo International Airport will be designated the permanent site.
- The City of Laredo proposes that the existing 4 sites approved through the temporary boundary modification (TBM) procedure be approved as Usage Driven Sites.
- **Faster Processing for Usage Driven Sites** once an ASF application is submitted, the Grantee can utilize the simplified and minor boundary modification actions for usage driven sites. This eliminates the need to "swap" like amounts of acreage from existing sites.

Alternative Site Framework Advantages

Grantee Advantages

- Enhanced response to community FTZ needs
- Expedited zone designation (under 30-days)
- Lower costs to users
- **Significant reduction time from application to receiving FTZ designation**

User Advantages

- Expanded "service area" coverage to include all of Webb County
- Expedited zone start-up
- **Lowers participation barriers to small and medium sized businesses**
- **Ability to target 1,000+ firms operating in International Trade within the City/County**

COUNCIL COMMUNICATION

BACKGROUND CONTINUED PAGE 3:

Traditional vs. Alternative Site Framework

Traditional	Alternative Site Framework
Focused on FTZ designation for a limited number of specific sites	Focused on serving companies county wide
Significant justification required for new sites	Minimal burden for Minor Boundary Modifications (MBM) to serve new companies
Sites may have sunset or expiration limits/dates	Sunset limits apply to all sites every three years with automatic 3-year extensions if the site is conducting FTZ activities.
2,000 acre activation limit	
Pros of Traditional Site Framework	Pros of Alternative Site Framework
<ul style="list-style-type: none"> •Can be best approach for a grantee that does not need flexibility for modifications to its zone. •Can maintain long-term designation of certain FTZ sites despite lack of activity. 	<ul style="list-style-type: none"> •Enables grantee to focus on marketing FTZ to companies across service area. •The Power of Yes – "Yes, we can do a MBM to get FTZ designation for your company's site within 30 days."
	•No need to swap acreage for MBMs.
	•Do-it-yourself simple application for pure reorganization (maintain existing sites plus get service area authorized).
	•Sunset limits automatically renew designation for active sites.
Cons of Traditional Site Framework	Cons of Alternative Site Framework
•Limited flexibility to serve companies through Minor Boundary Modifications (MBM).	•With possible exception of one site, all sites of zone will be subject to sunset limits.
•Need to swap FTZ acreage designation	•Higher standard for approval of new industrial park sites.
•Expansion of General Purpose Zone requires full FTZ Board process.	•No need to swap acreage designation.
•Can maintain long-term designation of certain FTZ sites despite lack of activity.	•Do-it-yourself simple application for pure reorganization (maintain existing sites plus get entire County service area authorized).
	•Sunset limits automatically renew designation for active sites.