

Item # 8-5

**City of Carson City
Agenda Report**

Date Submitted: March 23, 2010

Agenda Date Requested: April 1, 2010

Time Requested: Consent

To: Mayor and Supervisors

From: Larry Werner, City Manager

Subject Title: Action to ratify the City Manager's signature on a letter to Economic Development Authority of Western Nevada (EDAWN) supporting Carson City's inclusion within the Service Area of the Foreign-Trade Zone (FTZ) No. 26.

Staff Summary: This will allow EDAWN to apply to the Foreign-Trade Zone Board for authority to serve sites located within Carson City on businesses' trade-related needs.

Type of Action Requested: (check one)
 Resolution Ordinance
 Formal Action/Motion Other (Specify)

Does This Action Require A Business Impact Statement: Yes No

Recommended Board Action: I move to ratify the City Manager's signature on a letter to Economic Development Authority of Western Nevada (EDAWN) supporting Carson City's inclusion within the Service Area of the Foreign-Trade Zone (FTZ) No. 26.

Explanation for Recommended Board Action: See Staff Summary.

Applicable Statute, Code, Policy, Rule or Regulation: N/A

Fiscal Impact: N/A

Explanation of Impact: N/A

Funding Source: N/A

Alternatives: Do not approve

Supporting Material: Letter of Support

Prepared By: Janet Busse, Office Supervisor

Reviewed By:

[Signature]
(City Manager)

Date: 3/23/10

[Signature]
(Finance Director)

Date: 3-23-10

[Signature]
(District Attorney)

Date: 3-23-10

Board Action Taken:

Motion: _____

- 1) _____
- 2) _____

Aye/Nay

(Vote Recorded By)



CARSON CITY, NEVADA

CONSOLIDATED MUNICIPALITY AND STATE CAPITAL

March 22, 2010

Mr. Chuck Alvey
President
Economic Development Authority of Western Nevada
201 West Liberty Street
Suite 200
Reno, Nevada 89501

Dear Mr. Alvey:

The purpose of this letter is to document the support of this county for inclusion within the Service Area of Foreign-Trade Zone (FTZ) No. 126. We understand that this means that the grantee, the Economic Development Authority of Western Nevada, will be able to apply to the Foreign-Trade Zones Board for authority to serve sites located within this county based on businesses' trade-related needs. We also note that the zone will be made available on a uniform basis to companies within this county, in a manner consistent with the legal requirement that each FTZ be operated as a public utility.

Sincerely,

Lawrence A. Werner, P.E., P.L.S.
City Manager

FOREIGN-TRADE ZONE STATUS ECONOMIC DEVELOPMENT AUTHORITY OF WESTERN NEVADA

The Economic Development Authority of Western Nevada (EDAWN) is the Grantee Sponsor of Foreign-Trade Zone No. 126 in the State of Nevada. This document is to provide you with information required to include your County within the foreign-trade zone service area.

The Foreign-Trade Zones Board, chaired by the Secretary of Commerce, administers the U.S. Foreign-Trade Zones program. U.S. Customs and Border Protection oversees day-to-day operations. Foreign-trade zones are restricted-access sites that are considered outside the U.S. Customs territory. Companies that operate in foreign-trade zones can defer, reduce, or eliminate Customs duties on foreign products admitted into zones for storage, exhibition, assembly, manufacture, and processing. Customs duties are not paid on products and materials exported from foreign-trade zones; they are paid only on products entered into U.S. Customs territory. Zone users may elect to pay the duty rate applicable to either the original foreign material or the finished product manufactured from the foreign material, whichever is lower. No duties are owed on scrap/waste. Zones provide the opportunity to reduce cycle time by expediting the receipt of foreign sourced material and filing summary entries only once per week. This makes many U.S. operations more cost-competitive with overseas operations.

Foreign-trade zones stimulate American economic growth and development because they encourage companies to continue and to expand their operations in the United States. Foreign-trade zones are located in all 50 states and Puerto Rico. Many well-known U.S. and multinational firms utilize the zone program as an import/export financial management tool.

The Foreign-Trade Zones Board has implemented a new option to streamline the process for a company to be added to a foreign-trade zone. This is known as the Alternative Site Framework. EDAWN is filing an Alternative Site Framework Application with the Foreign-Trade Zones Board. This will allow the addition of new foreign-trade zone sites for companies within thirty (30) days with the concurrence of U.S. Customs and Border Protection. This program was made available and announced by the Board in 74 *Federal Register* 1170 on January 12, 2009. The Alternative Site Framework is a Foreign-Trade Zones Board program that provides flexibility for organizations such as EDAWN to add new companies in its foreign-trade zone and streamline the process for information required for companies to apply for such a designation. This streamlined provision is available to any companies within EDAWN's "service area." In order to secure this streamlined foreign-trade zone designation for companies in your County, we must submit a service area concurrence letter to the Foreign-Trade

Zones Board. A copy of this service area letter provided by the U.S. Department of Commerce is attached to this document.

A usage-drive site is a designation solely for a specific operator backed by its user and cannot be used for any other entity. It is designated to meet a specific operator/users present need for FTZ designation. A company that secures this designation must activate and utilize the foreign-trade zone within three years of the approval date. This is known as the "three year sunset limit." If a company does not activate and secure approval from U.S. Customs within that time frame, the designation from the Foreign-Trade Zones Board will disappear. This does not preclude a company from reapplying for the same designation in the future.

If you have any questions regarding these items, please do not hesitate to contact the zone Administrator, Russ Romine of Griffin Transport at (775) 331-8010, ext 112; or our outside counsel on this Application, Scott Taylor, Esq. of Miller & Company, P.C., at (816) 561-4999