

CONSENT AGENDA  
ITEM NO. **15**

**CITY OF SAN ANTONIO  
ECONOMIC DEVELOPMENT DEPARTMENT  
CITY COUNCIL AGENDA MEMORANDUM**

**TO:** Sheryl Sculley, City Manager

**FROM:** Ramiro Cavazos, Director

**SUBJECT:** Activation of Foreign Trade Zone Site No. 4 by ProTrans International, Inc.

**DATE:** March 30, 2006

**SUMMARY AND RECOMMENDATIONS**

This ordinance authorizes the City Manager, acting as the Grantee for Foreign Trade Zone (FTZ) No. 80, to execute an Operating Agreement with ProTrans International, Inc. as an operator of FTZ business activities at 1510 Cornerway Boulevard in the Cornerstone Business and Industrial Park.

Staff recommends the approval of this ordinance.

**BACKGROUND INFORMATION**

The FTZ Program was created by the passage of the Foreign Trade Zone Act in 1934. The purpose of the FTZ Program is to facilitate international trade and increase the global competitiveness of companies operating in the U.S. The FTZ Program serves as an economic development tool for attracting, developing and growing manufacturing and distribution operations in San Antonio. A designated FTZ site is an area within the United States where foreign and domestic merchandise is considered to be outside the country, or at least, outside of U.S. Customs territory. The benefits of operating in an FTZ include the delay, deferral or elimination of duties on foreign merchandise admitted into an FTZ site. In addition, companies operating in an FTZ can reduce importing costs and improve efficiencies in their supply chain. Types of operations permitted in an FTZ include assembly, distribution, manufacturing, repackaging, relabeling, storage, display, and repair.

The City of San Antonio received a Grant from the U.S. Department of Commerce FTZ Board to establish FTZ No. 80 on September 16, 1982. As a result, the City of San Antonio is the Grantee for FTZ No. 80 with the program administered through the Economic Development Department (EDD). The initial FTZ grant included the establishment of 3 sites and has since been expanded twice. Today, there are 10 designated FTZ sites (see attached map). In 2004, the City of San Antonio contracted with Free Trade Alliance San Antonio (FTA) for assistance in marketing and administering the FTZ Program under the oversight of EDD and the International Affairs Department. Currently, there is one activated site in FTZ No. 80. VTech Communications, Inc. is an FTZ operator within Site No. 8 at the Coliseum Distribution Center in District 2. VTech's operations include assembly, packaging and distribution of phones imported from China. VTech's annual savings from FTZ operations are estimated at \$1,000,000.

ProTrans International, Inc. (ProTrans) has requested activation within Site No. 4 in the Cornerstone Business and Industrial Park (map attached). ProTrans is a leader in the logistics industry providing transportation, warehousing, distribution, and custom brokerage services in the U.S. and Mexico.

ProTrans generates \$90,000,000 in annual sales, with 289 employees located at 14 U.S. locations, including an FTZ operation in El Paso, and another 5 operating locations in Mexico. ProTrans is leasing 30,000 sq. ft. of a 549,000 sq. ft. facility at 1510 Cornerway Boulevard. The company intends to initially activate 2,400 sq. ft. for FTZ operations with room for expansion. ProTrans will offer a variety of services including kitting, sorting, relabeling, storage and manipulation of products to potential FTZ clients.

### **POLICY ANALYSIS**

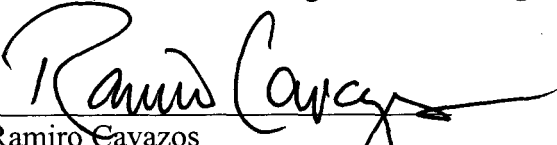
As the Grantee of the FTZ No. 80, the City's role is to approve the designation and activation of sites within the Zone, therefore, City Council must authorize execution of an FTZ Operating Agreement with ProTrans. After approval and execution of the Agreement, EDD will issue a letter of concurrence for ProTrans to include in their application to U.S. Customs and Border Protection for final activation approval. The activation of this FTZ site supports the targeted industry of Logistics and Distribution and will help facilitate growth in international trade and commerce. The ProTrans operation will also provide the region with an activated FTZ site that is immediately available for those companies seeking the advantages of operating within an FTZ.

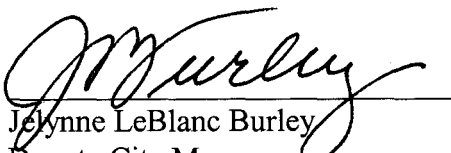
### **FISCAL IMPACT**

The City of San Antonio has a set fee schedule for FTZ designation, activation and modification applications. ProTrans will pay a \$1,500 application fee and upon activation will pay an annual fee of \$5,000. In 2005, EDD collected \$15,000 in fees for the City. Projected fees are \$21,500 in 2006.


### **COORDINATION**

This item has been coordinated with the International Affairs Department, Free Trade Alliance of San Antonio, Office of Management and Budget, the City Attorney's Office and the Finance Department.

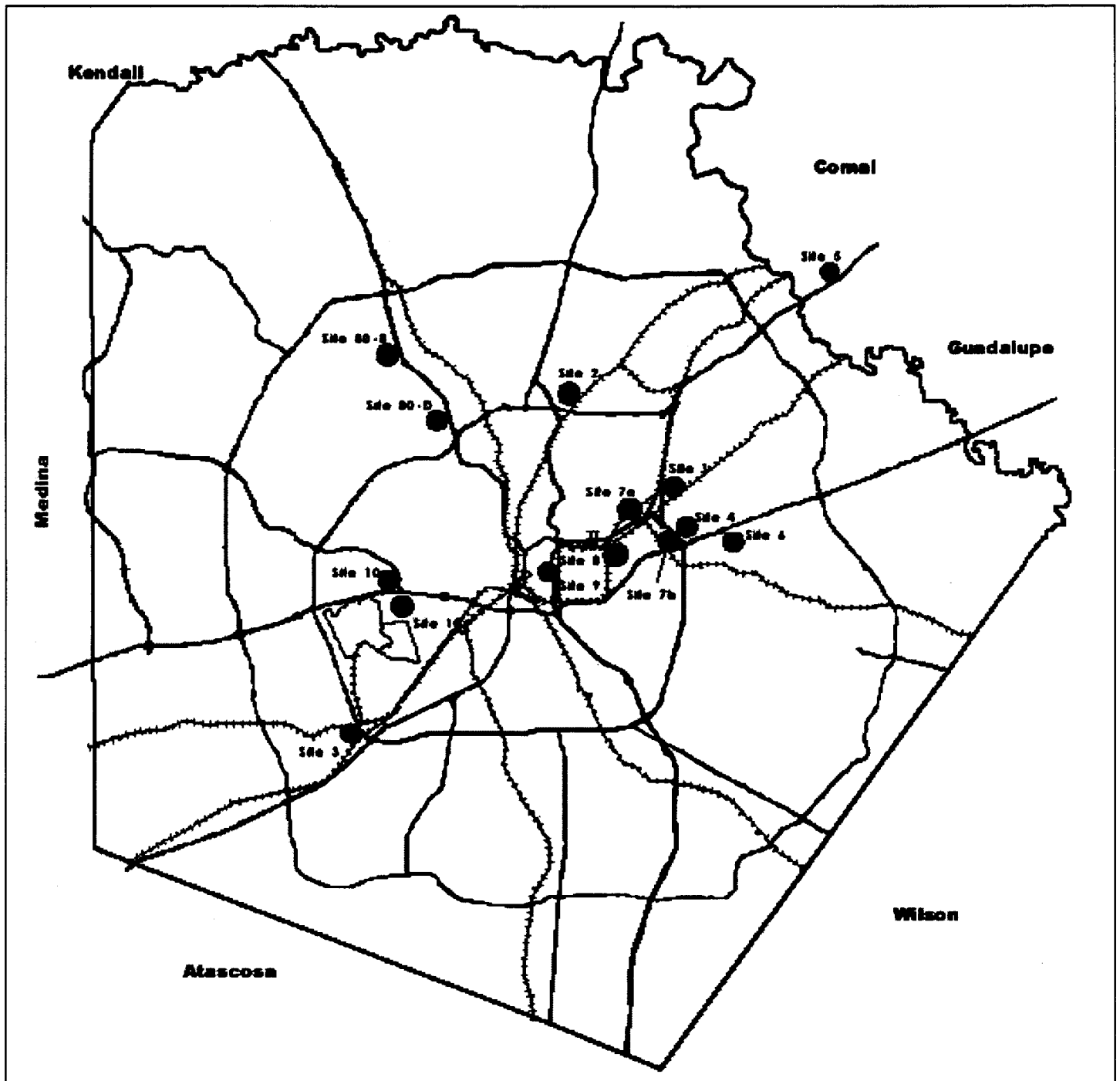
  
Ramiro Cavazos  
Director, Economic Development

  
Jelynn LeBlanc Burley  
Deputy City Manager

Approved for Council Consideration:

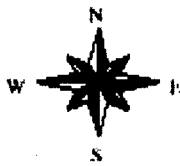
  
Sheryl Sculley  
City Manager

Attachments



Prepared by the City of San Antonio  
Planning Department  
Date 10/16/2001  
Bureau: Economic Development Department

## Foreign Trade Zone No. 80



SCALE: 1" = 25,000'

### GENERAL PURPOSE SITES

- Site 1: San Antonio Distribution Center
- Site 2: San Antonio International Airport Cargo Facilities
- Site 3: ProSport Business Centre
- Site 4: Cornerstone Business & Industrial Park
- Site 5: Tri-County Business & Industrial Park
- Site 6: Foster Ridge Industrial Park
- Site 7a: Bina-Engleman Center
- Site 7b: City Park East Business Park
- Site 8: Coliseum Distribution Center
- Site 9: Convention Center & Alameda
- Site 10: Kelly USA

### SUBZONES

- Site 80-B: Colin Medical Instruments Corporation
- Site 80-D: R.G. Barry Corporation

# Site No. 4 Description

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- Cornerstone Business & Industrial Site--195 Acres designated in 1991
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