

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

114



FROM: Economic Development Agency

SUBMITTAL DATE:
May 29, 2009

SUBJECT: Foreign Trade Zone Staffing by the United States Department of Homeland Security, U.S. Customs, District 27

RECOMMENDED MOTION: That the Board of Supervisors direct our Washington, D.C. based legislative advocates to convey to members of the Senate and House of Representatives that the Foreign Trade Zone(s) in the County of Riverside must be adequately staffed by the Department of Homeland Security-Customs and Border Protection, District 27, Los Angeles Port Authority, without any additional costs to the County of Riverside and our existing Foreign Trade Zones.

BACKGROUND: In January 2009, an application to expand one of two Foreign Trade Zones (FTZ) in the County of Riverside by 3500 acres was denied by the United States Department of Commerce/Foreign Trade Zone Board, after receiving a recommendation from U.S. Customs to terminate the application. Specifically, the recommendation to deny expansion of our FTZ came from District 27, U.S. Customs, Port of Los Angeles.

Continued

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	08/09

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: NO

SOURCE OF FUNDS: N/A	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

BY: Jennifer L. Sargent
County Executive Office Signature

- Dept't Recomm.: Consent
- Per Exec. Ofc.: Consent
- Policy
- Policy

301-11110 TWI:SS

Prev. Agn. Ref.: _____ **District:** _____ **Agenda Number:** **3.17**

BACKGROUND: continued

Riverside County is within the service delivery area of the Port of Los Angeles and District 27. Customs based its recommendation to deny the application on a lack of existing staffing to service the FTZ. Further, the relocation of an international air cargo corporation out of the area resulted in the loss of three funded customs and border protection officers serving the existing FTZ. These three positions were paid in full, including providing office space by the air cargo corporation. This program is known as User Fee Officer Program (UFO) and charges requesters \$150,000 per officer, not including office space and transportation charges, on an annual basis.

FTZ's are a crucial part of our ability to attract and retain business and save or create employment in our county. FTZ's offer businesses duty-free or duty-deferred status, and waive expensive administrative fees levied by Customs and eliminates excise taxes. FTZ's also offer significant time saving and logistical solutions that allow our business to realize the "Just in Time" concept. In one specific case the failure to secure the FTZ expansion here will cost a single distributor/manufacturer an additional \$3 million in fees on an annual basis.

As reported by the Southern California Foreign Trade Zone Association, the ports in Los Angeles, Long Beach and San Diego enjoy the benefit of staffing their ports without UFO charges, thus placing our county at a significant disadvantage in business attraction, retention, saved jobs, and new employment opportunities.

Today 500 FTZ's operate in regions and communities across our nation. Some 5,000 firms utilize the FTZ and manufactures and distributes employ some 500,000 workers. The value of merchandise shipped through FTZ's is more than \$500 billion annually and U.S. Exports from FTZ's exceed \$25 billion annually.