



Memorandum

Memorandum No: 14-053

Date: March 28, 2014

To: Honorable Mayor and Commissioners

From: Lee R. Feldman, ICMA-CM, City Manager

Re: Revision to the Foreign Trade Zone 241 Schedule

The purpose of this memorandum is to advise City Commission of revisions to the Foreign Trade Zone Schedule. Foreign-Trade Zone (FTZ) Board Regulations establish the requirements for the authorization of zones and the regulation of zone activity. The City of Fort Lauderdale established Foreign-Trade Zone 241 on April 19, 2000 under a Grant of Authority from the Foreign-Trade Zones Board (US Secretary of Commerce and US Secretary of Treasury). The goal of the program is to promote development of the Executive Airport Industrial Airpark, serve businesses engaged in international commerce in the greater Fort Lauderdale area, and maximize the City's business retention and attraction efforts. The zone schedule allows for the Grantee (the City) to collect fees to offset the costs associated with administering and promoting the zone.

On April 30, 2013 Foreign-Trade Zone 241 was reorganized under the Alternative Site Framework (ASF), which allows for faster, more efficient designation and activation of eligible companies. According to revisions in 19 CFR part 400 of the federal regulations, an amendment and updates to the zone schedule was required and due to the Executive Secretary of the FTZ Board by February 28, 2014. The regulation requires that fees established in the schedule be fair and uniformly applied under like conditions and that the schedule be publicly available.

The Airport staff requested and received three bids for a professional consultant to review our Zone Schedule to ensure that it is compliant with all FTZ Board requirements and the latest FTZ regulations for the Alternative Site Framework. The bid was awarded to IMS Worldwide, Inc., who has extensive FTZ experience and has worked with the City previously, assisting with the structuring of FTZ-241. FTZ-241 has three fees in place; an application fee, activation fee and annual fee. IMS Worldwide recommended the following updates to the schedule. A copy of the amended Zone Schedule is attached.

An application fee is charged to any new site owner for a: Magnet Site, Subzone Site, Minor Boundary Modification Usage-Driven site or Production Notification when an application to the FTZ Board is being requested. The fee covers Grantee expenses for obtaining the necessary approval, resolutions, letters and support services.

Previous Fee

\$5,000 for each Subzone, Manufacturing request, and/or expansion application

Revised Fee

\$5,000 for each Subzone, Production Notification (Manufacturing) and/or Magnet Site

\$2,500 for each Usage-Driven, Minor Boundary Modification

The fee of \$5,000 will remain the same as in the previous Zone schedule for each Subzone, Production Notification *(manufacturing) and/or Magnet Site, and the proposed fee of \$2,500 will be put in place for each Usage-Driven, Minor Boundary Modification (Alternative Site Framework).

The activation fee is charged to an Operator when they are seeking to activate a Zone Site. These fees will cover the City's expenses for the preparation and processing of the Operator Agreement, the City's concurrence letter to the U.S. Customs and Border Protection, and review of the activation request and related documents. There are no changes recommended for the activation fee. The fee of \$5,000 to activate and a fee of \$3,000 to deactivate a Zone site will remain the same as in the previous Zone Schedule.

An annual fee will cover the administration of the Zone by the City including preparation of the Annual Report to the Foreign-Trade Zones Board, and support services from City Staff. All annual fees are charged to the Operator at the time of activation.

Previous Fee's

\$15,000/yr. All Subzones/Manufacturing Operators

\$ 4,000/yr. Operator located in FXE airport, FTZ Hub Site

\$ 2,000/yr. Operator located in Enterprise Zone or CRA

\$ 8,000/yr. Operator located in a private, non-profit industrial park

\$ 8,000/yr. Operator located in private industrial park

Revised Fee

\$10,000/yr. All Manufacturing Operators

\$ 4,000/yr. Operator located in FXE airport, FTZ Hub Site

\$ 2,000/yr. Operator located in Enterprise Zone or CRA

\$ 8,000/yr. Operator located in a private, magnet or Usage-Driven site

The annual fees of \$4,000/yr. to Operators located in FXE airport hub site, \$8,000/yr. to Operators located in Private Magnet or Usage-Driven sites, and \$2,000/yr. to Operators located in an Enterprise Zone or CRA will remain the same. The previous annual fee was \$15,000/yr. to all manufacturing Operators and will now be \$10,000/yr.

FTZ-241 revenue for the past three years was \$16,000 per year for a total of \$48,000. The projected total revenue for this year should increase to an annual income of at least \$48,000 per year and a total of \$227,000 total for a six year timeframe. This is a conservative estimate based on the current level of activity and increased marketing efforts by staff due to the approval of the Alternative Site Framework. Revenue is expected to grow as new operators are added to the Zone. A detailed breakdown is provided on the attached spreadsheet.

The Zone Schedule has been updated with the federal government to include the current Zone Operators including newly designated Alternative Site Framework (ASF) usage-driven sites. Per the FTZ Board request, the Definition of Foreign-Trade Zone Terms and Customs and Border Protection Forms have been removed in the revised schedule.

Staff is confident that the revised Zone Schedule complies with the public utility requirement of the Foreign Trade Zone regulations and establishes fair and equitable fees that will allow the City to market and attract users to its Zone.

The Zone Schedule is important to FTZ-241 for encouraging economic development and international trade.

Attachments:

Amended Zone Schedule
Revenue Breakdown

c: Stanley D. Hawthorne, Assistant City Manager
Susanne M. Torriente, Assistant City Manager
Cynthia A. Everett, City Attorney
Jonda K. Joseph, City Clerk
John C. Herbst, City Auditor
Department Directors
CMO Managers

FOREIGN-TRADE ZONE NO. 241

ZONE SCHEDULE

CHARGES, RATES, RULES, AND REGULATIONS

APPLICABLE AT

FOREIGN-TRADE ZONE NO. 241

**Operating Under Grant of Authority
from the
United States Foreign-Trade Zones Board
to the
City of Fort Lauderdale, Florida**

TABLE OF CONTENTS

<u>Section</u>	<u>Page</u>
I. Foreign-Trade Zone No. 241 Administration Directory.....	1-1
II. Overview of Foreign-Trade Zone No. 241 and this Zone Schedule	2-1
III. Principal Benefits Provided by Foreign-Trade Zone No. 241	3-1
IV. Site Descriptions for Foreign-Trade Zone No. 241	4-1
V. Principal Governing Regulations and Agreements	5-1
VI. General Rules and Regulations	6-1
VII. Applications to the Foreign-Trade Zones Board	7-1
VIII. Activation, Deactivation and Alteration of Zone Sites with CBP	8-1
IX. Activity Permitted in Zone.....	9-1
X. Fee Schedule.....	10-1
XI. Public Utility Principle.....	11-1
Appendix A: Definition of Foreign-Trade Zone Terms and CBP Forms.....	12-1

APPLICATION OF RATES, RULES, AND REGULATIONS

The rates, rules and regulations published in this schedule will apply to all Operators of Zone sites or Subzones under the jurisdiction of Foreign-Trade Zone No. 241. Except as otherwise provided in this schedule, all general rates, rules, and regulations will apply as published.

I. Foreign-Trade Zone No. 241 Administration Directory

GRANTEE: City of Fort Lauderdale, Florida

ADMINISTRATOR: Ms. Karen Reese

Site 1: Fort Lauderdale Executive Airport Complex
West Commercial Boulevard and NW 21st Avenue
Fort Lauderdale, FL 33311

Site 2: CenterPort Industrial Park
NW 8th Avenue
Fort Lauderdale, FL 33311

Site 4: Meridian Business Park
3355 Enterprise Avenue
Weston, FL 33331

Site 5: Wartsila North America, Inc.
2900 S.W. 42nd St.
Fort Lauderdale, FL 33311

Site 6: Corropack Containers Corporation "Pending Activation"
500 Shotgun Road
Sunrise, FL 33326

U.S. CUSTOMS AND BORDER PROTECTION:

Jorge Roig
Port Director
1800 Eller Drive, Suite 104
Fort Lauderdale, FL 33316
(954) 761-2000

II. Overview of Foreign-Trade Zone No. 241 and this Zone Schedule

Purpose of Foreign-Trade Zone No. 241 and this Zone Schedule

The Foreign-Trade Zones Board granted Foreign-Trade Zone No. 241 to the City of Fort Lauderdale, Florida (the City), on April 6, 2000, Board Order No. 1081. Foreign-Trade Zone No. 241 reorganized under the Alternative Site Framework on April 30, 2013.

This Zone Schedule is issued by The City of Fort Lauderdale (Grantee) in compliance with the U.S. Foreign-Trade Zones Board regulations. This Zone Schedule sets forth the operational structure of Foreign-Trade Zone No. 241 and the regulations and charges associated with active Zone operations. The Grantee's goal is to promote economic development throughout the greater Fort Lauderdale area. The City's area represents the Foreign-Trade Zone's service area. As an extension of the City, the FTZ has been developed to affect the following objectives:

1. Diversify the economy of the Greater Fort Lauderdale area.
2. Provide enhanced job opportunities for the citizens of the Greater Fort Lauderdale area.
3. Provide a relocation incentive for companies involved in international trade, which, if successful, would bring investment, jobs and commerce to the Greater Fort Lauderdale area.

Taking Advantage of the Benefits of Foreign-Trade Zone No. 241

Currently approved Zone sites are listed in Section IV of this Zone Schedule. The Zone can be expanded or modified to accommodate interested Zone site Operators and/or importers and exporters located throughout the region, as explained in Section VII. The actual procedure involved in expanding or modifying the Zone is included as an appendix to this Zone Schedule.

There are two ways to take advantage of Foreign-Trade Zone No. 241. A company can have its products handled by a Zone Operator, who can store and manipulate the products duty-free in the Zone, or a company can itself become a Zone Operator at one of the existing Zone sites or another site if none of the existing Zone sites are suitable.

The Grantee charges Zone Operators for the privilege of operating a Zone site. Uniform charges are set forth in Section X. Other charges and costs associated with the operation of a Zone site are also the responsibility of the Zone Operator for that Zone site.

Additional Information Concerning Foreign-Trade Zone No. 241

Additional general information concerning the operation of Zone sites and general recordkeeping requirements is contained in the other sections of this Zone Schedule. Obligations and responsibilities of Zone Operators are also specifically outlined in the Operations Agreement, which must be executed by every Zone Operator prior to activating a Zone site with CBP.

III. Principal Benefits Provided by Foreign-Trade Zone No. 241

Re-exports: Merchandise which is imported into the U.S. for admission into Foreign-Trade Zone No. 241 and later re-exported from the Zone is never assessed any CBP duties.

Reject, Scrap, and "Consumed" Merchandise: Imported merchandise which is admitted into a Zone and then rejected, scrapped, or consumed in the Zone is not assessed any CBP duties. Duties are reduced significantly for all merchandise, which is scrapped through a manufacturing operation in a Foreign-Trade Zone and then sold from the Zone as commercial scrap material.

Zone-to-Zone Transfers: Imported merchandise which is admitted into the Zone and then shipped to another U.S. Foreign-Trade Zone can be shipped duty-free to the receiving Zone with the receiving Zone's concurrence. As duty-free transfers, Zone-to-Zone shipments allow both the shipping Zone and the receiving Zone to reduce their duty exposure. Duties are eliminated completely on imported components which are transshipped through several Zones and eventually re-exported.

Duty Deferral: While duties are eventually assessed on imported merchandise shipped to U.S. locations from the Zone, these duties are deferred while the merchandise remains in the Zone. The time that duty is paid is moved from the date of importation to the date of shipment from the Zone. The cost-of-money savings on duty deferral can be significant for large-volume distributors or operations with long inventory turnover periods.

Inverted Tariffs: When components are imported and admitted into a Foreign-Trade Zone they can be manufactured into a new product for re-export or sale in the U.S. In these cases, the importer may elect to apply the finished product duty rate or the component duty rate, whichever is lower. When the finished product rate is lower than the imported component rate, the importer can save the difference between the two rates.

Weekly Entry: This benefit was added to the Foreign-Trade Zone benefits stream in the year 2000 by the Trade and Development Act. This benefit allows the importer to file a consolidated entry to CBP instead of the regular "entry per Bill of Lading" that normally occurs in shipping. Huge economies of scale result can be obtained through weekly entry, by reducing the number of CBP entries, reducing the importer's internal paperwork processing costs and reducing the total amount of fees paid to CBP for each entry. This fee reduction can result in \$200,000, \$300,000 and up to \$1 Million of savings annually for a large box, Distribution Center (DC) operator. The cost savings are so significant that the Foreign-Trade Zone program is now being used by 45 of the top 100 importers in the U.S.

Direct Delivery: This is a CBP procedure, only allowed in a Foreign-Trade Zone. This benefit gives the users/tenant the ability to "Sign for" CBP upon receipt of goods that normally have to go to another location for signature, before the goods can be delivered to the DC. With Direct Delivery, importers can eliminate 1-2 days of inbound time on their receipt of goods. This is being proved out every day by Huffy Bikes, Black and Decker, Skechers, and others importers who have announced publicly that they are receiving improved supply chain velocity within their Foreign-Trade Zone facility.

These are just the principal benefits of U.S. Foreign-Trade Zones. There are many other additional benefits provided by Foreign-Trade Zone No. 241, which are usually evaluated on a case-by-case basis. To discuss how your operation could benefit from Foreign-Trade Zone No. 241, call Ms. Karen Reese at the Fort Lauderdale Executive Airport at (954) 828-4970.

IV. Site Descriptions for Foreign-Trade Zone No. 241

Foreign-Trade Zone No. 241 is sponsored by The City of Fort Lauderdale pursuant to a grant issued by the U.S. Foreign-Trade Zones Board on April 6, 2000, Board Order No. 1081. The Zone is comprised of five (5) sites designated in the records of the Foreign-Trade Zones Board:

Site 1: Fort Lauderdale Executive Airport Complex

West Commercial Boulevard and NW 21st Avenue

Fort Lauderdale, FL 33311

Total acreage: 847 acres

Type of Site: Magnet

Sunset Date: N/A

Site 2: CenterPort Industrial park

NW 8th Avenue

Fort Lauderdale, FL 33311

Total acreage: 11 acres

Type of Site: Magnet

Sunset Date: 04/30/2018

Operator: Fairn & Swanson

Site 4: Meridian Business Park

3355 Enterprise Avenue

Weston, FL 33331

Total acreage: 8 acres

Type of Site: Magnet

Sunset Date: 04/30/2018

Site 5: Wartsila North America, Inc.

2900 S.W. 42nd St.

Fort Lauderdale, FL 33311

Total acreage: 7 acres

Type of Site: Usage-Driven

Sunset Date: 04/30/2016

Site 6: Corropack Containers Corporation

500 Shotgun Road

Sunrise, FL 33326

Total acreage: 4.2 acres

Type of Site: Usage-Driven

Sunset Date: 11/30/2016

V. Principal Governing Regulations and Agreements

Foreign-Trade Zones Act: Foreign-Trade Zone No. 241 is governed by the Foreign-Trade Zones Act, 19 United States Code 81a-81u as amended. Copies of the Act are maintained at the office of Foreign-Trade Zone No. 241.

Foreign-Trade Zones Board Regulations: Foreign-Trade Zone No. 241 is regulated by the Foreign-Trade Zones Board, Washington, D.C., under U.S. Code of Federal Regulations, Title 15, Part 400, as amended. Copies of these regulations are maintained at the office of Foreign-Trade Zone No. 241 for reference.

CBP Service Regulations: Foreign-Trade Zone No. 241 is subject to the regulations of the CBP Service under U.S. Code of Federal Regulations, Title 19, part 146, as amended. Copies of these regulations are maintained at the office of Foreign-Trade Zone No. 241 for reference.

FTZ No. 241 Zone Schedule: All corporations, partnerships, and persons operating within activated Zone space are subject to this Schedule. The Foreign-Trade Zone Grantee will be the sole judge to interpret and determine the applicability of any of the rates, rules, regulations, or services provided for in this Schedule. However, any matter involving interpretation of action by CBP or other agency of the U.S. Government will be determined by the Port Director of CBP as the resident representative of the Foreign-Trade Zones Board. One copy of this Schedule will be provided to each Operator. Updates will be provided as revisions occur. Additional copies of this Schedule are maintained at the office of Foreign-Trade Zone No. 241 for reference.

Foreign-Trade Zone Operator Agreement: Every corporation, partnership, and person seeking to operate a Zone site (including a Subzone) within Foreign-Trade Zone No. 241, must enter into an Operator Agreement with The City of Fort Lauderdale as Grantee. Copies of the Standard Operating Agreement are maintained at the office of Foreign-Trade Zone No. 241 for reference. If any conflict with this Schedule and any Operating Agreement occurs, the Operating Agreement will prevail.

Foreign-Trade Zone Developer Agreement: Every corporation, partnership, and person seeking to develop a General Purpose Magnet Site within Foreign-Trade Zone No. 241, must enter into a Developer Agreement with The City of Fort Lauderdale as Grantee. Copies of the Standard Developer Agreement are maintained at the office of Foreign-Trade Zone No. 241 for reference. If any conflict with this Schedule and any Developer Agreement occur, the Developer Agreement will prevail.

VI. General Rules and Regulations

Availability of Zone: All rates and charges for all services and privileges within the Zone shall be fair and reasonable, and the Grantee shall afford to all who may apply for the use of the Zone and its facilities uniform treatment under like conditions, subject to such treaties or commercial conventions as are now in force or may hereafter be made from time to time by the United States with foreign governments.

All Zone services and facilities shall be administered fairly and reasonably. In addition, the availability of all said services and facilities is subject to the physical limitations of Foreign-Trade Zone No. 241, with said services and facilities available on a "first-come, first-served" basis. No Zone participant is required to use any specific consultant, software system or other service provider in FTZ No. 241.

Merchandise Permitted in Zone: Foreign and domestic merchandise of every description, except such as is specifically prohibited by law, may, without being subject to the CBP laws of the United States except as otherwise provided in the Act and the regulations made thereunder, be brought into a Zone.

Merchandise which is specifically prohibited by law shall not be admitted into a Zone. Any merchandise so prohibited by law which is found within a Zone shall be disposed of in the manner provided for in laws and regulations applicable to such merchandise.

Activities Permitted in Zone: Merchandise lawfully brought into a Zone may, in accordance with these and other regulations made under the provisions of the Act, be stored, sold, exhibited, broken up, repacked, assembled, distributed, sorted, graded, cleaned, mixed with foreign and domestic merchandise, or otherwise manipulated or be manufactured into new articles of commerce. **Only production (manufacturing and/or processing) activity approved by the FTZ Board may be performed in the Zone or Subzone(s). See Section IX "Activities permitted in a Zone."**

Security and Safety Requirements in the Zone: All Foreign-Trade Zone sites, in order to be approved for their initial activation by CBP, must meet certain security and safety requirements. These requirements may include, but are not limited to: locking warehouse doors, adequate fencing (if necessary), personnel screening, proper lighting in warehouses, absence of debris or other safety hazards, etc. Each Zone site will be considered separately to determine what CBP may require to protect the revenue of the United States, based on the specific conditions of each Zone site, e.g., value of goods, size, chances of theft occurring, etc.

After a Zone site has been activated, all security and safety measures required to achieve the initial activation must be maintained at all times. Spot checks may be conducted by CBP and the Grantee and liquidated damages or notices may be assessed if these requirements are found to be insufficiently met in any way.

No operation or process of treatment will be permitted in the Zone that, in the judgment of the Foreign-Trade Zones Board, CBP, or the Grantee is detrimental to the public interest, health and safety.

Cost of special security devices and other requirements will be the responsibility of Operator.

Inventory Control and Recordkeeping Systems: All inventory control and recordkeeping systems employed by Operators within the Zone must meet the requirements of the CBP Service Regulations. Under the Regulations, each Operator maintains the inventory records. The CBP Service is relieved of the duty of actually keeping the records, but maintains assurance of the systems' accuracy by selective examinations of merchandise, and spot checks and audits of

Zone facilities. Each system must be capable of producing the following required results:

- Producing accurate and timely reports and documents as required by the CBP Regulations.
- Accounting for all merchandise in their care, custody and control.
- Identifying shortages and overages of merchandise in the Zone in sufficient detail to determine the quantity, description, tariff classification, Zone status, and value of the missing or excess merchandise.
- Providing an audit trail to CBP forms, from admission through manipulation, manufacture, destruction or transfer of merchandise from the Zone by a CBP authorized inventory method.
- Providing all information necessary to make entry for merchandise being transferred to the CBP territory.

Hours of Business and Services: The Zone will be available for business activities on a 24-hour basis. Regular business hours will be between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, except on holidays.

Holidays: The term "holiday" includes the following named days and every day proclaimed by the President of the U.S. or the Governor of the State of Florida to be a legal holiday:

New Year's Day	Labor Day
Martin Luther King's Birthday	Columbus Day
President's Day	Veteran's Day
Memorial Day	Thanksgiving Day
Independence Day	Day After Thanksgiving
	Christmas Day & Day Before or After

Use of Zone Facilities: Zone facilities will be used for the purposes of receipt, storage, handling, exhibition, manipulation, approved production/manufacturing, and related processing and shipment of foreign and domestic merchandise as considered necessary to the conduct of Operator's normal business. Operators will not use or permit the Zone to be used for any other purpose without the prior written consent of the Zone Grantee.

Proprietary Information: Proprietary information contained on CBP forms or in the inventory control and recordkeeping systems of Operators will not be disclosed to unauthorized persons. The CBP Regulations provide for liquidated damages for unauthorized disclosure of proprietary information.

Residence within Zone: No person will be allowed to reside within a Zone except Federal, State, or Municipal officers or agents whose resident presence is deemed necessary by the Foreign-Trade Zones Board.

Insurance: Insurance is carried by the Zone Operator on its own property and merchandise at the expense of the Operator. Merchandise stored, manipulated, or transferred within the Zone is not insured by the Grantee, and the Zone tariff rates do not include insurance on merchandise.

Liability of Grantee: The City of Fort Lauderdale (Grantee) will not be liable and cannot assume any responsibility for any loss or damage to freight, cargo, or merchandise or other property within the Zone or for any loss or damage arising from acts of commission or omission of Operators.

Record Retention: The Operator is required to retain records for five (5) years after merchandise is removed from the Zone. Records must be readily available for CBP review at the Zone site(s).

CBP Inspection of Zone Merchandise: The Operator will make merchandise subject to CBP inspection immediately available to CBP at the Zone site or a location designated by CBP and will have the sole responsibility of opening crates and packages, handling the merchandise and securing the crates and packages following the inspection.

VII. Applications to the Foreign-Trade Zones Board

New Zone Sites

If a company is interested in taking advantage of the benefits of Foreign-Trade Zone No. 241 at a location other than the currently approved Sites as listed in Section IV, the company may request that an Application be filed by the City of Fort Lauderdale as Grantee for another location.

Manufacturing Permits (Production Authority)

Any activity involving foreign merchandise which causes the merchandise to undergo a substantial transformation or a change in tariff rates or other activity which the FTZ Board considers "production" which leads to a change in CBP tariff classification while in the Zone must be approved in advance by the Foreign-Trade Zones Board. If a company is interested in conducting manufacturing, processing or assembly operations in the Zone, the company may request that an Application be filed by City of Fort Lauderdale to the Foreign-Trade Zones Board for approval of the contemplated operation.

The Grantee will work with the company interested in conducting the activity to determine if the activity is consistent with the criteria established by the Board for approval.

Types of Applications to the Foreign-Trade Zones Board under the ASF Format:

There are several types of Applications for new Zone Sites:

- Magnet Site
- Subzone
- Minor Boundary Modification (Usage-Driven Site)
- Production Authority (Manufacturing)

Requests to the Board for manufacturing authority (Production Authority) can generally be made as part of an Application for a new Zone Site or they can be filed separately with the Board for a manufacturing permit at an existing Zone Site. Manufacturing requests to the Board are available for fast-track consideration.

Procedures for Filing Applications to the Foreign-Trade Zones Board

The Grantee will determine which type (or types) of Application(s) is appropriate to accommodate an interested Zone User.

VIII. Activation, Deactivation and Alteration of Zone Sites with CBP

Activation

The Grantee will provide a checklist of items necessary to assist the Operator toward Activation of the Zone site with CBP for commencement of Zone operation. The Grantee/Administrator recommends that an Operator retain a qualified consultant to assist in the management of the Activation process or bring such expertise in-house to properly plan for and implement the Activation and operation of the FTZ Site or Subzone. Here are the elements of the Activation request to CBP.

- 1) Procedures Manual establishing how the Zone site will be operated, in conformance with the Federal Regulations found at 19 CFR Part 146.
- 2) Statement of personal history in order to permit CBP to perform a background check. This form must be completed on principal officers and key employees who will be involved in the operation.
- 3) Request and obtain a letter of concurrence from the Zone Grantee.
- 4) If activity is for manufacturing, a description of the proposed manufacturing activity and a copy of the Foreign-Trade Zones Board approval of this activity.
- 5) Operator Agreement duly executed between the Operator and the Grantee, covering the Zone site for which Activation is sought.
- 6) A security inspection of the Zone site to ensure security systems are in place as listed in the Procedures Manual will be conducted by CBP.
- 7) FTZ Operator's Bond to CBP as specified by CBP prior to Activation.

Deactivation

An Operator may deactivate all or a portion of a Zone site by notifying the Grantee pursuant to the terms of the Operator Agreement between the Operator and the Grantee.

Alteration

An Operator may increase or decrease the amount of activated space within an authorized Zone site or Subzone by giving five working days advance written notice to the Grantee and to CBP and by applying for Alteration which includes a new layout diagram and a letter request for Alteration.

IX. Activity Permitted in Zone

Storage of merchandise: Merchandise may be stored for an unlimited period of time in the Zone. Merchandise controlled under a Zone lot system must be physically segregated and marked by lot and lot number. Merchandise controlled under a UIN system does not need to be segregated or marked.

Quota Controlled Merchandise: Foreign merchandise subject to U.S. Government import quota controls may be placed in the Zone pending approval for transfer to CBP territory or may be re-exported to a foreign destination.

Manipulation of Merchandise: Before foreign merchandise may be manipulated within the Zone, the Operator will make application on CF 216 to CBP for approval. On approval, the contemplated manipulation may occur. A yearly, blanket CF 216 may be allowed by CBP.

Manufacturing in the Zone: Manufacturing in the Zone will have been approved in writing by the FTZ Board prior to the commencement of any manufacturing activity. A CF 216 will also be required to be filed with CBP, after FTZ Board approval and prior to the manufacturing. A yearly, blanket CF 216 may be allowed by CBP.

Exhibition of Merchandise: Any merchandise admitted to the Zone may be exhibited. The Operator must obtain permission from CBP to exhibit merchandise through submission of CF 216.

Change in Zone Status: The Zone status of merchandise may be changed in the Zone. Merchandise in NPF status may be changed to PF status if done prior to manipulation or manufacture effecting a change in tariff classification of the merchandise. PF status may not be changed to NPF status. Merchandise in D or NPF status may be changed to Zone-restricted status. The Operator will submit a CF 214 to CBP for approval of a Zone status change.

Destruction of Merchandise: Whenever Zone status merchandise is discovered damaged or merchandise is considered waste or scrap, it will be physically segregated, marked, and otherwise secured to preserve its identity. Such merchandise may be held for return to the vendor, for destruction or CBP entry. All merchandise destroyed will be recorded in the Operator's inventory control and recordkeeping systems.

Temporary Removal from Zone: Merchandise may be removed temporarily from the Zone for repair, restoration or incidental operations on application by the Operator to CBP, so long as no material value is added and no change in Tariff class has occurred.

X. Fee Schedule

FTZ Grantee fees are authorized under the regulations at 400.42(b)(ii). The structure of FTZ No. 241 fees meet all regulatory requirements, including those pertaining to the operation of Zones as public utilities. As a public utility, the Grantee is entitled to charge fees to Operators and users in order to recoup the direct and indirect costs of operations and amortized costs of Zone start-up expenses including a temporary surplus, if possible. The Grantee structured these fees to achieve this recoupment within five years, instead of immediately, in an effort to minimize the financial burden on initial Zone Operators. By design, the fees charged by the Grantee are expected to stabilize over a 10-year period and, as in the case of other large Zone projects, to actually reduce if the Zone has grown to a point where reducing the fees will still cover costs.

As an extension of The City of Fort Lauderdale, the FTZ has been developed to affect the following objectives:

1. Diversify the economy of the Greater Fort Lauderdale Region.
2. Provide enhanced job opportunities for the citizens of the Region.
3. Provide a relocation incentive for companies involved in international trade, which, if successful, would bring investment, jobs, and commerce to the Region.

In order to accomplish these goals, the Grantee established the following fee structure. The fee structure is intended to encourage FTZ use. **A lack of use or a delay in the utilization of each site is viewed as detrimental to the overall Zone project and is discouraged.** Zone activation is the outward evidence of Zone use.

The fees are divided into two elements: one-time fees and recurring, annual fees. One-time fees are charged usually only once during the life of an FTZ site and recurring fees are those charged either each year or every time a site or Operator makes significant changes in its operations or size. The fees are not based on benefits, number of entries, etc.; they are instead based on the start-up costs and ongoing marketing, administration and other services provided by the Grantee in Zone Administration, which meets the letter and intent of the FTZ Board regulations.

One Time FTZ No.241 Fees

Application Fee

An application fee will be charged to any new site owner for a: Magnet Site, Subzone Site, Minor Boundary Modification Usage-Driven site or Production Notification when an application to the FTZ Board is being requested. The fee will cover Grantee expenses for obtaining the necessary approvals, resolutions, letters and support services. This fee does not cover any costs to prepare the application, which must be borne by the applicant. The fee is based on the following schedule:

- \$5,000 for each Subzone, Production Notification (manufacturing) and/or Magnet Site application.
- \$2,500 for each Usage-Driven, Minor Boundary Modification.

The application fees are payable in advance of the application request.

The Operator will also be responsible for paying any application or filing fees required by the Foreign-Trade Zones Board for such an application.

Activation Fee

An activation fee will be charged to an Operator when seeking to activate a Zone site. The fee will cover Grantee expenses for the preparation and processing of the Operator Agreement, the Grantee concurrence letter to the CBP Service and review of the activation request and related documents. This fee does not cover any costs to prepare the activation application, which must be borne by the applicant.

The activation fee is \$5,000, payable in advance to the Grantee at the time of requesting a Grantee/Operator Agreement. The Operator will also be responsible for paying any activation fees required by CBP for such a request. (not in force at this time)

Deactivation Fee

A deactivation fee of \$3,000 will be charged to an Operator when seeking to deactivate a Zone site but will not include temporary deactivation or alteration of a Zone site or Subzone.

Ongoing, Annual Fees within FTZ No. 241

Annual Fee

The annual fee will cover the administration of the Zone by the Grantee, preparation of the Annual Report to the Foreign-Trade Zones Board and support services from the Grantee staff. Upon activation, an Operator shall be charged an annual fee. Standard annual fees are:

All manufacturing Operators approved for a Production Notification: \$10,000/yr.

General-Purpose or Subzone Operators (price per each Operator):

Operator located in FXE airport, FTZ Hub Site \$4,000/yr.

Operator located in an Enterprise Zone or CRA industrial park \$2,000/yr.

Operator located in a Private Magnet or Usage-Driven site \$8,000/yr.

Any Operator with two or more sites pays the appropriate highest fee applicable, plus one-half of each additional site's applicable fees.

All Grantee fees, as described herein, are payable to The City of Fort Lauderdale and are due upon receipt. Failure to pay timely can and will result in additional fees.

CBP Fees

At the time of issue of this Schedule, no fees are charged by CBP for Zone services. Should any fees or charges be imposed in the future, all such fees and charges shall be payable by the Operator of the affected Zone site. However, CBP does charge for overtime and other special services provided at the request of an Operator. Such fees and charges shall be payable by the Operator of the affected Zone site to CBP. Under no circumstances will the Grantee be liable or responsible for any such CBP fees or charges.

FTZ Board Fees

Any fees or charges imposed by the Foreign-Trade Zones Board shall be payable by the Applicant/Operator of the affected Zone site or as apportioned by the Grantee among the Zone sites. Under no circumstances will the Grantee be liable or responsible for any FTZ Board fees or charges.

Other Government Agency Fees

Charges for services of other government agencies should be arranged for and paid by the Operator who requires the use of such services. Under no circumstances will the Grantee be liable or responsible for any other government agencies' fees or charges.

Enforcement of Charges

Zone fees and charges are due and payable when invoiced. All fees and charges are non-refundable. Any and all amounts required to be paid by Operator to Grantee or which are to be paid "with interest" or which Grantee advances on behalf of Operator, which are not paid when due shall bear interest at the following rate: the legal rate provided by law for judgment in Florida plus three percent (3%). The interest rate shall be per annum from the due date until paid, unless otherwise specifically provided. The rate shall be modified from time to time as the legal rate or prime rate changes. Failure to pay fees and charges in a timely fashion may also result in cancellation of the Operator Agreement, deactivation of the Zone site, eviction or other remedies deemed appropriate by the Grantee.

XI. Public Utility Principles

The Grantee will provide any stakeholder within the Foreign-Trade Zone program (User/Operator or site owner) or an entity potentially wanting to participate in the program, access to the Zone under public utility principles, according to their ability to qualify under 19 CFR Part 400.

The Foreign-Trade Zone Act of 1934 requires that Zone Grantees administer the Zones as a public utility, with fair and equitable rates and charges. As such, the Grantee will operate the Zone under the public utility guidelines provided in 19 U.S.C 81n in the Foreign-Trade Zones Act as listed below:

§ 81n. Operation of Zone as Public Utility

Each Zone shall be operated as a public utility, and all rates and charges for all services or privileges within the Zone shall be fair and reasonable, and the Grantee shall afford to all who may apply for the use of the Zone and its facilities and appurtenances uniform treatment under like conditions, subject to such treaties or commercial conventions as are now in force or may hereafter be made from time to time by the United States with foreign governments and the cost of maintaining the additional CBP service required under this chapter shall be paid by the Operator of the Zone.

For each type of entity that seeks Zone services; be it Zone Users, Operators, or new sites, the Grantee has a public review process and will allow said applicant the freedom to choose consultants, service providers and/or software providers. No restrictions apply.

Approved 2005	Approved 2010	Approved 2014	Approved 2014		Pending Approval 2014		Annual Fee
			Corropack	Corropack	Marina Mile (ASF)	Marina Mile (ASF)	
Wartsila North Amer.	Prologis Fair & Swanson						
2900 SW 42 St. Fort Lauderdale	701 NW 33 St. Pompano Beach	500 Shotgun Road Sunrise	500 Shotgun Road Sunrise	2835 W Corporate Lakes Blvd Weston	2200 Marina Bay Drive Fort Lauderdale	2200 Marina Bay Drive Fort Lauderdale	1201 NW 65 PL Fort Lauderdale
Annual Fee	Annual Fee	Application Fee 1 time fee	Activation Fee 1 time fee	Annual Fee	Application Fee 1 time fee	Annual Fee	Annual Fee
\$ 8,000.00	\$ 8,000.00						
2011-2012							\$ 16,000.00
2012-2013							\$ 16,000.00
2013-2014							\$ 16,000.00
2014-2015		\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 2,500.00	\$ 2,500.00	\$ 8,000.00
2015-2016		\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00
2016-2017		\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00
TOTAL BY COMPANY		\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 24,000.00	\$ 24,000.00	\$ 24,000.00
							\$ 227,000.00

NOTE: From 2000 to 2010 FTZ-241 had two FTZ Operators. FTZ-241 was granted Alternative Site Framework (ASF) designation in April 2013. Under the alternative framework, the designation process was decreased from four months to thirty days. This process was a significant incentive to attract companies to the Foreign Trade Zone.