



CITY COUNCIL STAFF REPORT

DATE: NOVEMBER 7, 2012 CONSENT CALENDAR

SUBJECT: APPROVE AND AUTHORIZE THE SUBMITTAL OF THE ALTERNATIVE SITE FRAMEWORK APPLICATION AND RESOLUTION TO THE UNITED STATES DEPARTMENT OF COMMERCE FOR THE REORGANIZATION OF THE CITY OF PALM SPRINGS FOREIGN TRADE ZONE (FTZ #236)

FROM: David H. Ready, City Manager

BY: Community & Economic Development Department

SUMMARY

This action is to authorize the submittal of the Alternative Site Framework (ASF) Application and a Resolution approving the application to the United States Department of Commerce to reorganize the Palm Springs Foreign Trade Zone's (FTZ) boundaries. The reorganization expands the boundary service area to include communities to the west and east of Palm Springs. The purpose of the boundary expansion is to increase the potential number of businesses that are able to take advantage of the FTZ benefits and improve the utility of the FTZ as a regional economic development tool.

RECOMMENDATION:

1. Approve and authorize the submittal of the Alternative Site Framework Application and Resolution to the United States Department of Commerce.
2. Adopt Resolution No. ___ "A RESOLUTION OF THE CITY OF PALM SPRINGS AUTHORIZING THE SUBMITTAL OF THE ALTERNATIVE SITE FRAMEWORK APPLICATION TO THE UNITED STATES DEPARTMENT OF COMMERCE FOR THE BOUNDARY REORGANIZATION OF ITS EXISTING FOREIGN TRADE ZONE NO. 236."
3. Authorize the City Manager to execute all necessary documents.

STAFF ANALYSIS:

In 1999, the City of Palm Springs received a Grant of Authority establishing Foreign Trade Zone #236 from the United States Department of Commerce, Foreign Trade Zones Board. As Grantee of FTZ #236, the City's responsibility includes operating and

maintaining the zone pursuant to its grant from the Foreign Trade Zones Board. The City has met the activation requirements and is in compliance with the Foreign Trade Zones Board and U.S. Customs and Border Protection regulations.

The FTZ has always been a valley-wide asset available to businesses involved in international trade, including communities located to the east and west of the City's own geographic boundaries. Although the FTZ #236 has always been a regional asset, and has been promoted as such, very little FTZ activity has occurred under the current structure because of the difficulty of processing minor boundary amendments required under the original FTZ rules for users outside the original FTZ boundaries.

Currently, a business located within 60 miles or a 90-minute commute from the zone boundaries can apply for zone status; however, processing a boundary modification can take up to 18 months. Under the ASF structure, processing times are greatly reduced for companies located within the expanded service area, which will allow prompt activation for operation of a general purpose zone offering zone services for multiple users.

Over the past two years the City of Palm Springs and the Riverside County EDA – Office of Foreign Trade have worked on the expansion of the Zone boundaries under the new ASF Program. The goal of the ASF program is to improve the Grantee's (City of Palm Springs) ability to increase its activity by bringing the benefits of the FTZ to a broad range of companies, and to develop a zone-site management structure that is flexible, focused and feasible for everyone's benefit. The City Council approved a contract with ITC Diligence to complete an application to reorganize the zone boundaries under the ASF process through the Foreign Trade Zones Board. ITC Diligence has been the City's operator for most of the Zone's existence.

This reorganization of the FTZ under the ASF program will capture businesses in all of Palm Springs as well as the cities and unincorporated areas to the east and west of the current zone boundaries – almost all of the Coachella Valley and as far west as the Hemet/San Jacinto area. The County has recently completed a similar ASF modification with the FTZ in San Diego, which benefitted businesses in the far Western portion of Riverside County, and our reorganization eliminates the need for the County to try to develop an additional FTZ in the middle of the County to serve the mid-County cities.

The draft application was submitted to the FTZ Board on October 11, 2012 for review and comments. The FTZ Board has 30 days to review the application and within that time will let the City know if the draft copy is sufficient or if additional information is needed. Once the draft application is deemed sufficient, a final version will be submitted to the FTZ Board for formal docketing, which opens a 90-day public comment period. The Board's approval is anticipated shortly after the closing of the public comment period, which is anticipated by March 31, 2013.

A new ASF "plan" involves a public process that will result in a more simplified


procedure for future site designations across a broad geographic area. In short, the ASF program is like a bank account with acreage that can be allotted to “zone operators” in a service area. If a zone operator does not activate in accordance to FTZ Board Policy, the acreage goes back into the account for future zone prospects.

The expansion under the ASF Program is not a competitive application in the sense that ASF applications are reviewed on their own merits and not competitively against one another. There are also not a limited number of ASF approvals, such as the case, for example, of State Enterprise Zone Applications. Since August, 2011 – 43 ASF Applications have been approved in the Country and 16 are pending FTZ Board approval. The program is designed to strengthen and enhance the Grantees’ business attraction efforts in their regions.

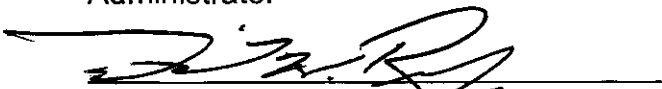
The only action necessary is to approve submitting the ASF application via the attached resolution, which becomes part of the formal ASF application package. No additional contract approvals are necessary.

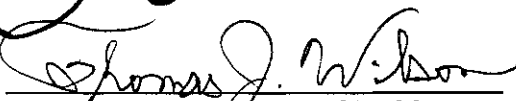
FISCAL IMPACT:

As part of the ITC Diligence contract approved in 2011, the City of Palm Springs approved \$50,000 in total expenditure, with the County of Riverside contributing half of the cost to prepare the ASF Application on behalf of the other cities and unincorporated county area benefiting from the expansion (\$25,000). The contract cost for the application was encumbered in 2011-12 fiscal year and the unexpended balance was rolled into the 2012-13 General Fund budget. (An additional benefit to the City as Grantee is that the Grantee receives an annual administrative fee from each Zone user ranging from \$2,500 to \$5,000 depending on the size and type of zone user. Therefore, additional Zone users developed through the service area boundary expansion would benefit the City through additional fees.)


Cathy Van Horn, Economic Development
Administrator


John Raymond, Director


David H. Ready, City Manager


Tom Wilson, Assistant City Manager

Attachments:

1. Resolution
2. Service Area Boundary Map
3. Draft ASF Application

RESOLUTION NO. _____

A RESOLUTION OF THE CITY OF PALM SPRINGS
AUTHORIZING THE SUBMITTAL OF THE
ALTERNATIVE SITE FRAMEWORK APPLICATION
TO THE UNITED STATES DEPARTMENT OF
COMMERCE FOR THE BOUNDARY
REORGANIZATION OF ITS EXISTING FOREIGN
TRADE ZONE NO. 236

WHEREAS, the Foreign Trade Zone Act of 1934, provides for the establishment, operation and maintenance of Foreign Trade Zones to expedite and encourage foreign commerce in ports of entry of the United States; and

WHEREAS, the City of Palm Springs, California submitted an application to the US Department of Commerce Foreign Trade Zones Board (FTZ Docket 2-98 filed 01/12/98), requesting the establishment of a Foreign-Trade Zone at sites adjacent to the Palm Springs International Airport, a Customs user fee airport; and

WHEREAS, on February 3, 1999, the FTZ Board adopted the findings and recommendations of the examiner's report and approved the City of Palm Springs' application to establish a Foreign Trade Zone, designated on the record as Board Order #1013, Foreign Trade Zone No. 236; and

WHEREAS, in December 2008, the Board adopted the Alternative Site Framework (ASF) procedures (74 FR 1170), providing greater flexibility and responsiveness for establishing and managing zone sites to serve individual companies' needs; and

WHEREAS, the City of Palm Springs has prepared an Alternative Site Framework Application to broaden the Foreign Trade Zone #236 service area and provide access to the zone benefits to a broader range of companies.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PALM SPRINGS DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The above findings are true and correct and are adopted findings of the City Council of the City of Palm Springs.

SECTION 2. Pursuant to the Foreign Trade Zone Act of 1934 and the adoption of the Alternative Site framework procedures, the City hereby authorizes and submits the ASF Application to reorganize Foreign Trade Zone No. 236.

SECTION 3. The City of Palm Springs strongly supports the Foreign Trade Zones Program as a means to enhance its international business and

employment opportunities, and utilization of the Alternative Site Framework procedure to provide flexible and expedited zone activation processing for companies within the region.

SECTION 4. The City of Palm Springs (Grantee) shall comply with the Foreign Trade Zones Act rules and regulations concerning the reorganization, operation and maintenance of Foreign Trade Zone No. 236.

SECTION 5. The City Manager is hereby authorized to execute all necessary documents relating to the Alternative Site Framework Application.

ADOPTED THIS 7TH DAY OF NOVEMBER, 2012.

David H. Ready, City Manager

ATTEST:

James Thompson, City Clerk

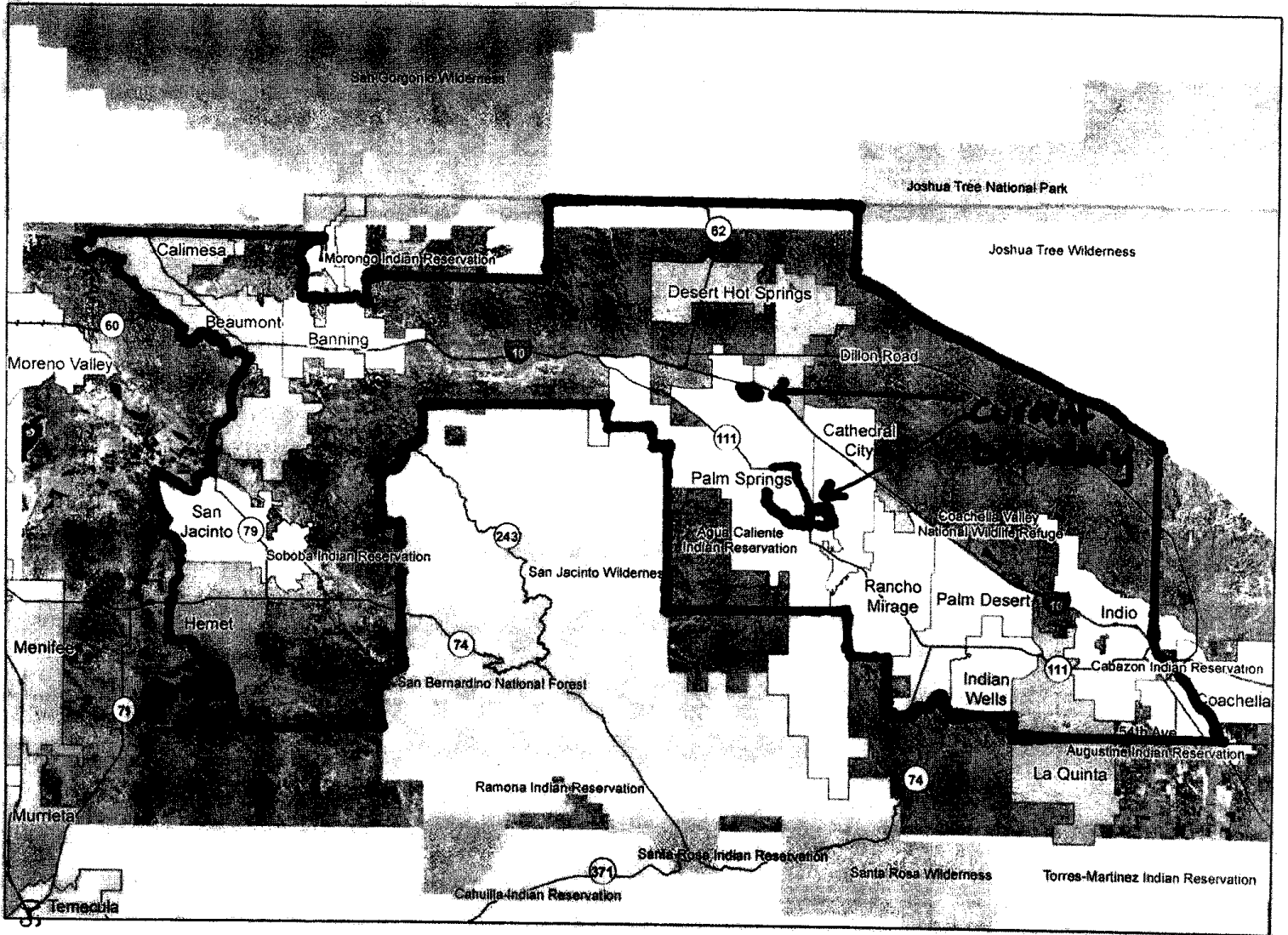
CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF PALM SPRINGS)

I, JAMES THOMPSON, City Clerk of the City of Palm Springs, hereby certify that Resolution No. _____ is a full, true and correct copy, and was duly adopted at a regular meeting of the City Council of the City of Palm Springs on November 7, 2012, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

James Thompson, City Clerk
City of Palm Springs, California



Proposed Foreign Trade Zone Service Area



**ALTERNATIVE SITE FRAMEWORK
APPLICATION FOR
FOREIGN TRADE ZONE # 236**

GRANTEE: THE CITY OF PALM SPRINGS

DRAFT

**OFFICIAL COPY
NOVEMBER, 2012**

SUBMITTED BY: ITC-DILIGENCE, INC.



City of Palm Springs

David H. Ready, Esq., Ph.D.
City Manager

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October 15, 2012

Andrew McGilvray
Executive Secretary
Foreign-Trade Zones Board
U.S. Department of Commerce
1401 Constitution Ave., NW, Room 21013
Washington, DC 20230

Dear Mr. McGilvray:

The City of Palm Springs, as Grantee of Foreign Trade Zone #236 ("FTZ #236"), formally requests a Major Boundary Modification through the Alternative Site Framework (ASF) Reorganization process. The ASF Reorganization application is being submitted by the City of Palm Springs in accordance with Board Order 1013, which authorizes the City's Grant of Authority.

The ASF application is submitted with the intent to increase employment opportunities and investment in the Palm Springs-Coachella Valley and Eastern Riverside County region. As Grantee of FTZ #236, the City of Palm Springs believes that the Reorganization will allow the extension of Foreign Trade Zone benefits to a broad range of companies outside of the current zone footprint. The Reorganization will also encourage economic development and international trade activities within the region. The Reorganization will serve the public utility purpose and become a major asset to companies that are currently engaged in, or seeking entrance into international trade and the global marketplace.

The Foreign Trade Zone program serves as a catalyst for industrial development and supports the creation and retention of vital U.S. jobs. The establishment of a reorganized zone in the Palm Springs-Coachella Valley region complements the implementation of a regional, strategic blueprint to grow businesses and create jobs in specific industry clusters. The Coachella Valley's Enterprise Zone, Innovation Hub, Small Business Development Center, and the Rabobank Regional Business Center are testaments to the successes experienced by public/private partnerships established to improve the region's economic base.

The attached FTZ #236 Reorganization application focuses on implementing the "Alternative Site Framework" (ASF) structure. Under the proposed ASF structure, the service area for the zone is defined, the current zone footprint is expanded, under-utilized designated acreage is eliminated, new and productive acreage is added, and the "Magnet Site" is appropriately justified.

The City of Palm Springs requests that 'Site 1' (Palm Springs International Airport located at 3400 Tahquitz Canyon Way in Palm Springs) be granted "permanent status," with the current 902 acres reduced to 500 acres. The Palm Springs International Airport is located two miles east of the central business district of Palm Springs, and serves as a gateway to the Coachella Valley region. In 2011, the Palm Springs International Airport served an estimated 1.8 million passengers. This is a record high number for passenger traffic. Airport activity is projected to grow and expand in the coming years.

Furthermore, the city of Palm Springs requests "Magnet Site" designation for Dowling Orchard Business Park, located in the city of Beaumont. The location of Dowling Orchard Business Park is within the service area of FTZ #236 and consists of 1,178,260 square feet (26.72 acres) of leasable industrial space. This site was selected because of its location and access to major freeways. The site also has the potential to attract manufacturers and advanced logistical service providers.

The City of Palm Springs hereby commits itself to cause the establishment of an electronic interface with the U.S. Customs & Border Protection (CBP) through its automated commercial system, when the specifications and requirements of that interface have been developed and implemented. It is understood that this commitment is applicable to its agents, the existing Zone Operators, and future activations within the General Purpose Zone and Subzone sites.

The City of Palm Springs designates ITC – Diligence, Inc., a California Corporation, as its consultant of record in connection with the Alternative Site Framework Reorganization of Foreign Trade Zone #236. Any questions or comments regarding the ASF Reorganization application should be addressed to David R. Harlow, LCB. ITC – Diligence, Inc., 15354 Stafford Street, Industry, CA 91744. The telephone number is (626) 333-3822.

Respectfully,

David H. Ready, Esq., Ph.D.
City Manager

Attachment: Alternative Site Framework Application

ALTERNATIVE SITE FRAMEWORK APPLICATION

Part One

Alternative Site Framework

APPLICATION -- PART ONE (STANDARD INFORMATION REQUIRED TO REORGANIZE YOUR ZONE)

APPLICATION LETTER (incorporating Executive Summary)

1. The core of the application is a letter from the grantee that summarizes the application and transmits the full application (this format with attachments) to the FTZ Board. The letter should summarize the authority being requested and how the proposed reorganization would serve trade-related needs. If you are proposing to add new sites, they should be discussed specifically in the letter including explaining how they would meet a demonstrated need for FTZ services. The letter must be currently dated and signed by an authorized officer of the grantee corporation (see Question 10 under "Legal Authority for the Application" below) and should bear the corporate seal.

The Executive Summary is attached as required.

PROPOSED SERVICE AREA

2. To define the Service Area for your FTZ, name the counties/localities in which you propose to be able to request designation of FTZ sites in the future. Explain how the Service Area complies with the "adjacency" requirement of the FTZ Board's regulations (within 60 miles or 90 minutes' driving time from the limits of your CBP Port of Entry), state enabling legislation and the grantee organization's charter. Separately, in an attachment called "Support from Local Jurisdictions," attach documentation of support from each county in your proposed Service Area (using the standard language provided in the relevant "Sample Service Area Concurrence Letter" on the FTZ Board web site). If your focus is less broad than a county-wide level, support may instead be documented from the appropriate sub-county jurisdiction(s). Finally, if your CBP Port of Entry is served by more than one FTZ grantee, contact the FTZ Staff for additional guidance on addressing the issue in your application's documentation.

The City of Palm Springs, Grantee of Foreign Trade Zone # 236, has established and identified its "Service Area" to include portions of eastern Riverside County. The Service Area begins at the westerly boundary of the City of Palm Springs and continues south along the Agua Caliente Indian Reservation and continues southeast bordering the Cities of Rancho Mirage, Palm Desert, Indian Wells and portions of La Quinta. The Service Area boundary continues east to Highway 86 in Coachella and proceeds north along the highway until it reaches Interstate 10 and continues west to Golf Center Parkway in Indio.

From Indio, the Service area boundary continues north bordering the Joshua Tree National Park, and continues northwest to the Riverside County Line and then proceeds west along the southern edge of the Morongo Indian Reservation and then returns to the Riverside County line, proceeding to the western side of the City of Calimesa, continuing south bordering the west edges of the Cities of Beaumont, San Jacinto and Hemet. Continuing east the Service Area boundary reaches the San Bernardino National Forest and then from Hemet continues north and east to complete the Service Area at the City of Palm Springs western boundary.

The City of Palm Springs will actively promote, educate, activate, and maintain compliance for businesses under the Foreign Trade Zone in all regions of the service area. The term "Service Area" complies with all adjacency requirements (60 miles or 90 minutes) identified by the Foreign Trade Zone Program Regulations and Customs Regulations.

The Palm Springs International Airport is located at the Port of Entry (2781) in the City of Palm Springs. It is designated as an International Airport and Logistics Hub that retains One (1) Customs User Fee Officer for support of international flights and the FTZ Program.

Please see attached support letters from local jurisdictions in the County. The State Enabling Legislation and the City Charter are also attached for further consideration.

GENERAL JUSTIFICATION FOR REORGANIZATION

3. Explain the need for the proposed reorganization of your FTZ under the ASF, including current and projected levels of international trade in the community. Describe the local economy's strengths and weaknesses, in general, including established and emerging industries and particular challenges. Indicate how reorganizing your FTZ under the ASF ties to local/state/regional economic development plans. Explain the anticipated economic impact, direct and indirect, of reorganizing your FTZ under the ASF (including the ability to sponsor Usage-Driven sites throughout your proposed Service Area).

The proposed ASF Reorganization is needed to expand and elevate the Foreign Trade Zones Program in the eastern Riverside County region. The ASF emphasizes a streamlined approach for existing Grantees to reorganize their zones, which will better serve the international trade community in the region, through an accelerated and flexible activation process.

Currently, there is minimal zone activity within the existing zone boundary, but the reorganization application complements the region's economic development efforts to spur business development, job growth and utilization of the FTZ program. These efforts include both public and private partnerships engaged in international trade development.

Projected levels of international trade in Riverside County continue to expand largely due to the County's commitment to the development of activities associated with foreign trade. The Riverside County Economic Development Agency established the Office of Foreign Trade in 2009. The Office of Foreign Trade (OFT) has made significant contributions to the business community by assisting firms with the technical aspects of importing and exporting products, goods and services around the globe. The OFT's objective is to create new jobs and investment within the region. The OFT is strategically placed within the County's Economic Development Agency to have direct access to the vast resources, support and assistance from its team of highly dedicated professionals. This office also exists to promote the Foreign Trade Zones Program and supports the City of Palm Springs' Alternative Site Framework Reorganization Application.

The City of Palm Springs is an active member of the Coachella Valley Economic Partnership (CVEP), a regional public/private organization focused on creating a competitive environment for businesses to compete and prosper throughout Coachella Valley. CVEP's mission is to help companies grow jobs, expand the tax base in the region, and develop a trained and educated workforce. The successes experienced in recent years by CVEP's competitiveness initiative is demonstrated by the collaborative and strategic implementation of the Coachella Valley Economic Blueprint, adopted in 2009, and the 2011 opening of the Rabobank Regional Business Center (RRBC) in a building owned by the City of Palm Springs and leased to CVEP.

In addition to the CVEP offices, the RRBC facility houses the Coachella Valley Small Business Development Center (SBDC) and the Coachella Valley Innovation Hub (iHub), as well as office incubator space for emerging companies. The programs initiated by CVEP at the RRBC have experienced great success in just 10 months of operation. For example, 2,400 business clients and visitors have been served at the RRBC, resulting in an economic impact of over \$110 million. A Stage II Incubator facility, to be located at the Palm Springs International Airport is in the planning stages to serve growing incubator clients, and more than 300 manufacturing jobs were saved through the collaborative retention efforts between the City and CVEP. The collaboration under the RRBC roof has also exposed the FTZ Program to a much broader range of companies, resulting in more interest and awareness than ever before.

For the emerging iHub clients involved in international trade and the commercialization of new products, the FTZ Program has the potential to make a difference in their success.

The iHub, SBDC and CVEP work to provide a wide variety of programs, services and incentives to start-up and existing businesses. The FTZ Program, layered with other incentive programs and services, strengthens the region's business attraction, retention and expansion goals. Industry sectors targeted for attraction and expansion includes clean technology, which encompasses solar energy, wind power, geothermal and smart grid technologies; green building materials and techniques; biofuels/biomaterials; and water filtration and conservation technologies. Other targeted industry sectors include healthcare, life sciences, and supply chain management and logistics.

To promote a greater understanding of opportunities in the region, the City (Grantee) and CVEP links the business community with programs that foster growth. The FTZ Program is a critical link and enhances the region's ability to leverage programs to better serve the businesses engaged in international trade activities. The ASF Reorganization offers a streamlined approach to utilize the zone program and provides a value added incentive to attract, retain and expand businesses in the Palm Springs region.

The Minor Boundary Modification process in conjunction with User Driven Sites allows every business, every service provider, and every entity in the Service Area the opportunity to take advantage of the benefits of the program at a minimal cost and within a reasonable time frame. The FTZ Program will become what it was originally envisioned to become, a true benefit for all small, medium, and large businesses to compete in the global marketplace and to create and retain U.S. jobs.

The FTZ Program is imperative to handle the growth of trade in the region. The ports of Los Angeles/Long Beach received an estimated volume of 15.7 million TEUs annually that will exceed 30 million TEUs by the year of 2020. LAX is averaging 2.8 million tons of cargo and is estimated to double in 2020. Due to the increased volume at the existing ports over the last 10 years, the Reorganization becomes more important now than ever. It is important that Riverside County is prepared for this growth and opportunity.

Additional benefits of the FTZ program include foreign and domestic investment, and minimized costs for services. However, the abundance of volume from Asia will create bottlenecks for the flow of goods if there is not continued expansion. In 2010, the estimated population for the Riverside County was 2.19 million with a total personal income of \$64 million.

Riverside County outpaced the population increase of other regions in the state and is one of the fastest growing regions in the nation. If the programs and infrastructure do not match this pace, the opportunities will not be realized. Current employment in the County of Riverside is nearly 1 million jobs, and is expected to reach 2 million by 2020. This will only be possible with the advantages of resources like the FTZ Program.

In return, use of the FTZ program will increase with the growth of the business population. Comprehensive reorganization of the existing zone will better utilize and expand the FTZ Program in the Palm Springs – Eastern Riverside County region.

The City of Palm Springs recently utilized \$57 million of local, state and federal stimulus funding to complete major freeway improvements along Interstate 10 providing timely and efficient movement of people and goods, which is vital to business success. The Southern California region, in general, has identified the importance of maintaining the adequacy of its highway system. Interstate 10, the major east/west transportation corridor connecting Los Angeles with the Southwest and East Coast, dissects the Palm Springs-Coachella Valley region.

The Reorganization will open the program to the businesses engaged in international trade in all facets of its service area through automation, consolidated processing, and expedited movement of goods. The established user fee program will also offset the workload for U.S. Customs and Border Protection. This Reorganization is vital to the recovery and growth of the local economy. Currently, there are approximately 2,400 manufacturers in Riverside County.

Expanding industries that will continue to grow with international trade in Riverside County include electronics technology, apparel, and final stage manufacturing. The evolving and expanding global economy is dependent upon automation to better control inventory, communication, and distribution. The technology industry and its products have grown dramatically in the region. With the elimination of quota, the expected growth of this industry will expand greatly. Final stage manufacturing has created a new niche industry for products that can be turned into finished products with U.S labor. It has also created financial and logistical benefits under the auspices of the FTZ Program. The County of Riverside is strategically located for these industries to succeed and the infrastructure has been procured to bring these facets together for an economic development reality with the benefit of the FTZ Program.

INFORMATION ON EXISTING ZONE SITES

4. For all of your existing FTZ sites, please fill in the table immediately below (adding additional rows, as needed). Here is a description of the information to fill in about each site:

Site Number -- This is the number assigned by the FTZ Board and should be reflected in the FTZ Board's documents to you. You can confirm this information by contacting the FTZ Staff.

Site Name and Address -- This is the name (for example, the Acme Industrial Park) and the street address (or similar indicator) that is the primary indication of the site's physical location.

Acreage within Current Site Boundaries -- Indicate the number of acres within the current boundaries of the site. This figure should match the FTZ Board's records regarding the site's acreage.

| Site Number | Site Name and Address | Acreage w/in Current Site Boundaries |
|-------------|---|--------------------------------------|
| # 1 | <i>Palm Springs International Airport, 3400 E. Tahquitz Canyon Way, Palm Springs, CA 92262</i> | 902 acres |
| # 2 | <i>Industrial Development Area, 63950 Palm Springs Station Road, Palm Springs, CA 92262</i> | 14 acres |

INFORMATION ON NEW OR MODIFIED ZONE SITES (IF APPLICABLE)

5. You only need to fill in the table below if there are 1) new sites that you are proposing for your FTZ or 2) existing sites that you propose to modify in any way. All new or modified sites should be included in this table (whether they are proposed for Magnet or Usage-Driven designation). Add additional rows to the table, as needed. Here is a description of the information to fill in about each site:

Site Number -- For a modification to an existing site, this will be the number already assigned to the site by the FTZ Board (as reflected in the FTZ Board's documents to you). For any new site, the proposed number will follow the instructions in the "How to Prepare Your Application" document.

Change to Site -- Fill in this field as follows:

- If the site being proposed will be entirely new, indicate "New."
- If the site already exists in your zone and you are proposing to remove it, indicate "Remove."
- If the site already exists in your zone and you propose to retain the site but with modified site boundaries, indicate "Modify."
- If the site already exists in your zone and you are simply proposing to renumber it, indicate "Renumber" followed by the new number for the site (for example, "Renumber to Site 5").

Site Name and Address -- This is the name (for example, the Acme Industrial Park) and the street address (or similar indicator) that is the primary indication of the site's physical location. For an existing site that you are modifying or removing, if the name and address remain the same as listed in the table in Question 4 above, simply indicate "Same as Existing."

Acreage within Proposed Site Boundaries -- Indicate the number of acres within the proposed (rather than existing) boundaries of the site.

| Site Number | Change to Site | Site Name and Address | Acreage w/in Proposed Site Boundaries |
|-------------|----------------|---|---------------------------------------|
| #1 | MODIFY | <i>Palm Springs International Airport, 3400 E. Tahquitz Canyon Way, Palm Springs, Ca 92262</i> | 500 acres |
| #2 | REMOVE | <i>Industrial Development Area, 63950 Palm Springs Station Road, Palm Springs, CA 92262</i> | 0 |
| #3 | NEW | <i>Dowling Orchard Business Park</i> | 26.72 acres |

SUMMARY OF PROPOSED ZONE STRUCTURE

6. In the table below, list all general-purpose sites (both Magnet and Usage-Driven) that you are proposing for inclusion as part of your FTZ at this time. Add additional rows to the table, as needed. Here is a description of the basic information you will need to provide about each site:

Site Number -- This number associated with a site should match the information you provided in the tables for Questions 4 and 5 above.

Site Category – For sites you are retaining or proposing, indicate “Magnet” or “Usage-Driven” designation, as appropriate.

Acreage within Site Boundaries -- Indicate the number of acres within the boundaries of each site proposed as part of your future zone structure. For existing sites that are not being modified, this figure should match the acreage indicated for the site in the table for Question 4 above. For new or modified sites, this figure should match the acreage indicated for the site in the table for Question 5 above.

Activation Limit -- From the overall 2,000-acre activation limit that will apply to your FTZ under the ASF, indicate the activation limit in acres that you propose to apply to the individual site in question (in other words, the number of acres of the 2,000-acre activation limit that you propose to allot to the site).

Total Allotted Activation Limit -- At the bottom right corner of the table, enter the sum of the activation limits proposed for the individual sites.

| Site Number | Site Category | Acreage within Site Boundaries | Activation Limit (in Acres) |
|-------------|----------------------|----------------------------------|-----------------------------|
| # 1 | <i>Magnet</i> | 902 acres | 500 acres |
| # 3 | <i>Magnet</i> | 26.72 acres | 26.72 acres |
| | | Total Allotted Activation Limit: | 526.72 acres |

7. Please explain the circumstances (including reference to the specific site number(s)) if you are proposing to remove or renumber any existing site(s):

The City of Palm Springs plans to remove 402 acres from Site 1 – Palm Springs International Airport. Site 1 currently consists of 902 acres, and converting to 500 floating acres creates a more efficient approach to organize the land and buildings available for non-aviation uses.

The Industrial Development Area (Site 2) located at the Palm Springs Rail Station is being removed because the land is not available for general purpose development, and will be retained by the City of Palm Springs for future passenger rail expansion.

8. For any current and future sites of your zone, confirm that you commit to working with Customs and Border Protection (CBP), as appropriate, to meet current and future CBP automated-systems requirements (such as ACS or ACE) and to meet any CBP security requirements related to activation?

FTZ #236 is committed to the Customs and Border Protection (CBP) automated-system enhancements and requirements to better use its resources as well as create efficiencies for activated zone users. The Grantee will aggressively encourage and/or demand the use of automated systems of its zone users, through software programs, such as the Automated Commercial System (ACS), and Automated Broker Interface (ABI).

OTHER REQUESTS (OPTIONAL)

The following two questions relate to optional flexibility that is possible for some Magnet sites. You may put "N/A" in response to each of these questions unless you are requesting the specific flexibility they address (in which case you will need to provide detailed response(s)).

9. Provide responses regarding the following optional requests, if applicable:
 - a. There is a default sunset period of five years for each designated Magnet site in a zone reorganized under the ASF. The ASF allows for a grantee to request waiver of the sunset limit for one Magnet site. If you would like to request waiver of the sunset limit for one of your Magnet sites, indicate the site number and describe in detail why this site was chosen for permanent status. Key considerations would be the publicly owned nature of a site and public processes leading to the site's selection.

Site 1, the Palm Springs International Airport, located at 3400 E. Tahquitz Canyon Way, Palm Springs, California requests permanent status with no sunset limit. The Site is owned and operated by the City of Palm Springs. The Airport Commission, appointed by the Palm Springs City Council, consists of 11 members from nine Cities and the County, reviews the operations of the airport and recommends policies, and has recognized that there are certain buildings and acreage at the Site that are better suited for uses other than aviation. At the Commission's March 2012 public meeting a recommendation was approved to set aside certain existing facilities consisting of approximately 50,000 square feet under roof, for lease to non-aviation industry sectors. In addition to aviation expansion, Site 1 has more than 100 acres available for industrial development including manufacturing and distribution. Site 1 also has "privately" owned industrial buildings, consisting of approximately 45,000 square feet available for FTZ use and activation.

The Site currently has an activated office/warehouse with limited zone activity. The activated facility is located at 425 North Civic Drive, Palm Springs, a city-owned building. The Reorganization and permanent status of Site 1 will complement the work underway to expand international business and investment in the region. Currently, the international and domestic air service, the established activated zone site, the development of a Stage II Incubator facility, and proximity to major freeway access, creates a logistics hub that serves the area.

Site 1 will continue to evolve based on the continued commitment and investment by the local jurisdictions and the growth and demand for more services and resources, which is why it is imperative that permanent status remain at this location. The FTZ Program has been viewed as a long term investment and asset to the region and it is important to the future growth of international trade in the Palm Springs-Coachella Valley-Riverside County region.

- b. If you believe that a sunset period of longer than five years is justified for one or more specific Magnet sites, provide separately for each such site a detailed description of the specific circumstances that you believe justify a sunset period of longer than five years for the site in question.

Not Applicable

LEGAL AUTHORITY FOR THE APPLICATION

10. In an attachment called "Legal Authority for Application," submit:

- a. A certified copy of the state enabling legislation regarding FTZs. (Consult the separate application-instructions document for an explanation of options to meet the regulatory requirement for a "certified" copy.) ***Attached***

AND

- b. The sections of the grantee's charter (or organization papers) that are pertinent to FTZs. (For non-public grantees, consult the separate application-instructions document regarding the additional requirement specific to non-public grantees regarding demonstration of current legal standing.) ***Attached***

AND

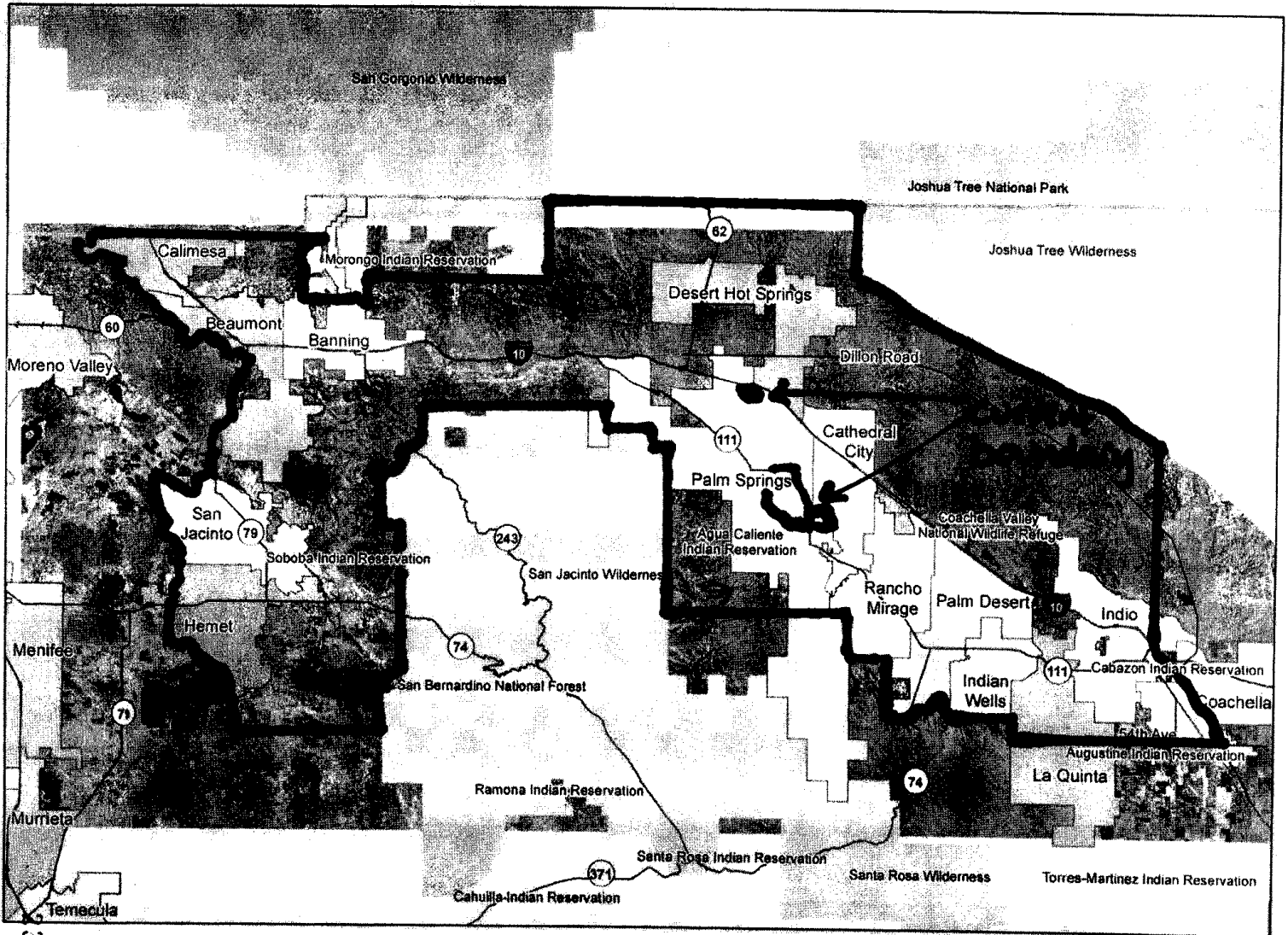
- c. A certified copy of a resolution authorizing the grantee official to sign the application letter. The resolution should indicate the nature of the application. ***Attached***

[The "Legal Authority for Application" attachment will follow your answers to Part One of the application.]

ALTERNATIVE SITE FRAMEWORK APPLICATION

Part One

Map of Proposed Foreign Trade Zone Service Area



Proposed Foreign Trade Zone Service Area

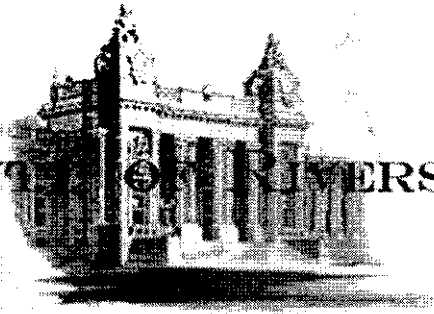


ALTERNATIVE SITE FRAMEWORK APPLICATION

Part One

Support from Local Jurisdictions

COUNTY OF RIVERSIDE



July 5, 2012

City of Palm Springs
Grantee for FTZ #236
3200 Tahquitz Canyon Way
Palm Springs, CA 92262

Re: Alternative Site Framework Service Area Concurrence

The purpose of this letter is to document the support of this county for inclusion within the Service Area of Foreign-Trade Zone (FTZ) #236. We understand that this means that the grantee, the City of Palm Springs, 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,

Thomas L. Freeman, Commissioner
County of Riverside-EDA, CA., USA

Board of Supervisors

| | |
|-----------------------------|---|
| District 1 | Bob Buster 951-955-1010 |
| District 2 Chairman | John F. Tavaglione 951-955-1020 |
| District 3 | Jeff Stone 951-955-1030 |
| District 4 Vice Chairman | John Benoit 951-955-1040 |
| District 5 | Marlon Ashley 951-955-1050 |

ALTERNATIVE SITE FRAMEWORK APPLICATION

Part One

Legal Authority for Application

Certified copy of the State Enabling Legislation regarding FTZ's



State
of
California
SECRETARY OF STATE

I, *BILL JONES*, Secretary of State of the State of California,
hereby certify:

That the annexed transcript was prepared by and in
this office from the record on file, of which it purports to
be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute
this certificate and affix the Great
Seal of the State of California this

JUN 5 1997



Bill Jones

Secretary of State

505

— 1 —

Assembly Bill No. 660.

Passed the Assembly May 13, 1935

Arthur W. ...
Chief Clerk of the Assembly

Passed the Senate May 23, 1935 ✓

Jas Beck
Secretary of the Senate

This bill was received by the Governor, this 15th

day of June A. D. 1935, at 3- o'clock P. M.

Walter ...
Private Secretary of the Governor

CHAPTER 505

An act authorizing public and private corporations of and in the State of California to make applications for the right to establish, operate and maintain, and to establish, operate and maintain foreign-trade zones in or adjacent to ports of entry in this State.

The people of the State of California do enact as follows:

SECTION 1. Any public corporation of the State of California, as that term is hereinafter defined, is hereby authorized to make application for the privilege of establishing, operating and maintaining a foreign-trade zone in accordance with an act of Congress approved June 18, 1934, entitled "An act to provide for the establishment, operation, and maintenance of foreign-trade zones in ports of entry of the United States. to expedite and encourage foreign commerce, and for other purposes." (48 U. S. Stats. at L. ch. 590.)

SEC. 2. The term "public corporation", for the purposes of this act, means the State of California or any political subdivision thereof or any incorporated municipality therein or any public agency of this State or of any political subdivision thereof or of any municipality therein, or any corporate municipal instrumentality of this State or of this State and one or more other States.

SEC. 3. Any private corporation hereafter organized under the laws of this State for the purpose of establishing, operating and maintaining a foreign-trade zone in accordance with the act of Congress referred to in section 1 hereof is likewise hereby authorized to make application for the privilege of establishing, operating and maintaining a foreign-trade zone in accordance with the said act of Congress.

SEC. 4. Any public or private corporation authorized by this act to make application for the privilege of establishing, operating and maintaining such foreign-trade zone, whose application is granted pursuant to the terms of the aforementioned act of Congress, is hereby authorized to establish such foreign-trade zone and to operate and maintain the same, subject to the conditions and restrictions of said act of Congress, and any amendments thereto, and under such rules and regulations and for the period of time that may be prescribed by the board established by said act of Congress to carry out the provisions of said act.

SEC. 5. If any section, subsection, sentence, clause, phrase or word of this act is for any reason held to be unconstitutional, such division shall not affect the validity of the remaining portions of this act. The Legislature hereby declares that

it would have passed each section, subsection, sentence, clause and word of this act irrespective of the fact that one or more other sections, subsections, sentences, clauses, phrases or words ~~of~~ declared unconstitutional.

in the office of the Secretary of State
OF THE STATE OF CALIFORNIA

JUL 15 1935
FRANK C. JORDAN

SECRETARY OF STATE
Frank C. Jordan
DEPUTY
9 o'clock P.M.

Edward L. Davis
Speaker of the Assembly

[Signature]
President of the Senate

Approved *July 15* A. D. 1935

Frank P. Merriam
Governor

ALTERNATIVE SITE FRAMEWORK APPLICATION

Part One

Legal Authority for Application

Grantee's Charter



City of Palm Springs

Office of the City Clerk

3200 E. Tahquitz Canyon Way • Palm Springs, CA 92262


Tel: (760) 323-8204 • Fax: (760) 322-8332 • TDD: (760) 864-9527 • Web: www.palmspringsca.gov

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF PALM SPRINGS)

I, JAMES THOMPSON, City Clerk of the City of Palm Springs, California, do hereby certify that the attached is a true, full and complete copy of the Charter of the City of Palm Springs, California, as adopted and amended by the people of the City of Palm Springs, as filed with the California Secretary of State, and is in full force and effect as of the date of this certification.

I declare under penalty of perjury pursuant to the laws of the State of California that the foregoing is true and correct.

Dated: September 25, 2012


JAMES THOMPSON, City Clerk
City of Palm Springs, California

CHARTER OF THE CITY OF PALM SPRINGS

We, the People of the City of Palm Springs, State of California, do ordain and establish this Charter as the organic law of the City under the Constitution of the State of California.

ARTICLE I. INCORPORATION AND SUCCESSION

SECTION 100. Name and Boundaries.

The City of Palm Springs, hereinafter termed the City, shall continue to be a municipal corporation under its present name of "City of Palm Springs." The boundaries of the City shall be the boundaries as established at the time this Charter takes effect, and as such boundaries may be changed thereafter from time to time in the manner authorized by law.

SECTION 101. Succession, Rights and Liabilities.

The City of Palm Springs, shall continue to own, possess and control all rights and property of every kind and nature owned, possessed or controlled by it at the time this Charter takes effect and shall continue to be subject to all its debts, obligations, liabilities and contracts.

SECTION 102. Ordinances.

All lawful ordinances, resolutions, rules and regulations, and portions thereof, in force at the time this Charter takes effect, and not in conflict or inconsistent herewith, are hereby continued in force until they are repealed, amended, changed or superseded by proper authority.

SECTION 103. Continuance of Present Officers and Employees.

The present officers and employees of the City shall continue to perform the duties of their respective offices and employments without interruption and for the same compensations and under the same conditions until the appointment or election and qualification of their successors, but subject to removal, amendment, change, or control provided by the provisions of this Charter. Nothing contained in this Charter, unless specifically otherwise provided herein, shall affect or impair the civil service, personnel, pension, or retirement rights or privileges of officers or employees of the City, or of any office, department, or agency thereof, existing at the time this Charter takes effect.

SECTION 104. Continuance of Contracts.

Except with respect to the term of certain franchisees as provided in Section 1002, all contracts entered into by the City or for its benefit prior to the effective date of this Charter and then in effect, shall continue in full force and effect according to their terms.

ARTICLE II. POWERS OF CITY

SECTION 200. Powers.

The City shall have the power to make and enforce all laws and regulations in respect to municipal affairs, subject only to such restrictions and limitations as may be provided in this Charter and in the Constitution of the State of California. The City shall also have the power to exercise, or act pursuant to any and all rights, powers, privileges or procedures, heretofore, or hereafter established, granted or prescribed by any law of the State, by this Charter, or by other lawful authority, or which a municipal corporation might or could exercise, or act pursuant to, under the Constitution of the State of California. The enumeration in this Charter of any particular power shall not be held to be exclusive of, or any limitation upon, the generality of the foregoing provisions. This Charter shall be liberally construed to vest the City with all legal authority and powers necessary to protect the health, safety, and general welfare of all of the citizens of the City.

SECTION 201. Procedures.

The City shall have the power to and may act pursuant to any procedure established by any law of the State, unless a different procedure is required by this Charter.

SECTION 202. Form of Government.

The municipal government established by this charter shall be known as the "Council-Manager" form of government.

SECTION 203. Intergovernmental Relations.

The City may exercise any of its authority and may perform any of its powers jointly, or in cooperation with, one or more other cities, counties, states, the United States, or any political subdivisions, civil divisions, or agencies thereof, or other governmental entity.

SECTION 204. Establishment of Specialized Agencies or Authorities.

The City shall have the power to establish a redevelopment agency, housing authority, economic development authority, special district, or other agency or authority of specialized expertise or application to the full extent as may be permitted by state or federal law, in order to carry out the business of the City or otherwise advance the health, safety, or general welfare of its citizens. All specialized agencies created by the City and in existence on the effective date of this Charter shall continue to perform their duties and operate pursuant to their existing legal authority, unless and until City Council may otherwise provide by ordinance or resolution.

SECTION 205. Sewer Services and Waste Water Treatment Facilities.

(a) Notwithstanding section 1000 of this Chapter or any other provision of law, the City shall not sell, lease or otherwise transfer ownership or any other possessory interest in the City's sewage works, including waste collection, treatment and disposal facilities, to any entity other than an existing governmental agency that is itself governed by a body in which the majority of electors are voters of Palm Springs.

ARTICLE III. CITY COUNCIL

SECTION 300. Powers Vested in the City Council.

All powers of the City shall be vested in the city council except as otherwise provided in this Charter.

SECTION 301. Elective Officers.

The elective officers of the City shall consist of a city council of five members, one of whom shall be the mayor. The members of the city council shall be elected from the city at large at the time and in the manner provided in this Charter. All members of city council shall serve for a term of four years and until their respective successors qualify.

The five members of the city council in office at the time this Charter takes effect shall continue in office until the termination of their current terms.

Those candidates for city council offices for terms which expire on the fourth Tuesday following June 7, 1994, and who are elected in the same general municipal election at which this Charter is passed, shall serve a term lasting until no later than the fourth Tuesday following the November 4, 1997 general municipal election. Those city councilmembers who are serving existing terms as of the effective date of this Charter shall serve terms until no later than the fourth Tuesday following the November 7, 1995 election. All city council offices filled by general municipal election occurring after the effective date of this Charter shall be for a term of four years, and shall be elected at the general municipal election each fourth year thereafter.

The term of each member of the city council shall commence on the fifth day following the certification of his or her election. Ties in voting among candidates for office shall be settled by drawing by lot or by special election as the city council shall determine by ordinance or resolution to be conducted pursuant to procedures which may be established by ordinance. City council may, by ordinance or resolution passed no later than thirty (30) days prior to election, determine whether ties in voting among candidates shall be settled by drawing by lot, by special election, or by other means. (Approved by voters 11/06/01)

SECTION 302. The Mayor; Mayor Pro Tempore.

The office of mayor shall be filled by direct at large election of the voters of the City. The mayor shall serve for a term of four years and until his or her successor qualifies. The mayor shall be the head of the City for all ceremonial purposes. The mayor may make and second motions and shall have a voice and vote in all city council proceedings. The mayor shall serve as the primary, but not exclusive, spokesperson of the City. The mayor shall perform such other duties consistent with his or her office as may be prescribed by this Charter, or as may be imposed by the city council.

At the first regular city council meeting following a general municipal election, in which newly elected councilmembers are sworn and seated, and at the first regular city council meeting following the anniversary of that date for any year in which no general municipal

ALTERNATIVE SITE FRAMEWORK APPLICATION

Part One

Legal Authority for Application

Certified Resolution authorizing the Grantee official to sign the Application Letter

RESOLUTION NO. _____

A RESOLUTION OF THE CITY OF PALM SPRINGS
AUTHORIZING THE SUBMITTAL OF THE
ALTERNATIVE SITE FRAMEWORK APPLICATION
TO THE UNITED STATES DEPARTMENT OF
COMMERCE FOR THE BOUNDARY
REORGANIZATION OF ITS EXISTING FOREIGN
TRADE ZONE NO. 236

WHEREAS, The Foreign Trade Zone Act of 1934, provides for the establishment, operation and maintenance of Foreign Trade Zones to expedite and encourage foreign commerce in ports of entry of the United States; and

WHEREAS, The City of Palm Springs, California has made application to the Board (FTZ Docket 2-98 filed 01/12/98), requesting the establishment of a foreign-trade zone at sites adjacent to the Palm Springs International Airport, a Customs user fee airport; and

WHEREAS, On February 3, 1999, the Board adopted the findings and recommendations of the examiner's report and approved the City of Palm Springs application to establish a foreign trade zone, designated on the record as Board Order #1013, Foreign Trade Zone No. 236; and

WHEREAS, In December 2008 the Board adopted the Alternative Site Framework (ASF) procedures (74 FR 1170), providing greater flexibility and responsiveness for establishing and managing zone sites to serve individual companies' needs; and

WHEREAS, The City of Palm Springs has prepared the Alternative Site Framework Application to broaden the Palm Springs zones service area and provide access to the zone benefits to a broader range of companies.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PALM SPRINGS DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The above findings are true and correct and are adopted findings of the City Council of the City of Palm Springs.

SECTION 2. Pursuant to the Foreign Trade Zone Act of 1934 and the adoption of the Alternative Site framework procedures, the City hereby authorizes and submits the ASF Application to reorganize Foreign Trade Zone No. 236.

SECTION 3. The City of Palm Springs strongly supports the Foreign Trade Zones Program as a means to enhance its international business and employment opportunities, and utilization of the Alternative Site Framework

procedure to provide flexible and expedited zone activation processing for companies within the region.

SECTION 4. The City of Palm Spring (Grantee) shall comply with the Foreign Trade Zones Act rules and regulations concerning the reorganization, operation and maintenance of Foreign Trade Zone No. 236.

SECTION 5. The City Manager is hereby authorized to execute all necessary documents relating to the Alternative Site Framework Application.

ADOPTED THIS 7TH DAY OF NOVEMBER, 2012.

David H. Ready, City Manager

ATTEST:

James Thompson, City Clerk

CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF PALM SPRINGS)

I, JAMES THOMPSON, City Clerk of the City of Palm Springs, hereby certify that Resolution No. _____ is a full, true and correct copy, and was duly adopted at a regular meeting of the City Council of the City of Palm Springs on November 7, 2012, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

James Thompson, City Clerk
City of Palm Springs, California

ALTERNATIVE SITE FRAMEWORK APPLICATION

Part Two

Alternative Site Framework

APPLICATION -- PART TWO (INFORMATION ON NEW OR MODIFIED "MAGNET" SITES, IF APPLICABLE)

IMPORTANT: You will only need to complete this section if you are proposing Magnet designation for 1) a new site or 2) an existing site for which you are proposing to modify the site's boundaries.

Different portions of Part Two will need to be completed depending on the situation:

New Site: For a new site (that is, a site that has not already been designated for your zone by the FTZ Board), you will need to answer all questions in Part Two.

Reduce Existing Site Boundary(ies): For an existing site that you are proposing to modify in a way that simply reduces one or more of the site's existing boundaries, you will only need to answer Questions M1 through M4 plus provide an updated site plan (survey/schematic) as detailed in Question M15 below.

Expand Existing Site Boundary(ies): For an existing site that you are proposing to modify in a way that would expand any of the site's existing boundaries, you will need to answer all questions in Part Two.

GENERAL JUSTIFICATION FOR NEW OR EXPANDED SITES PROPOSED FOR "MAGNET" DESIGNATION

For new sites or any expansion of a boundary of an existing site, you will provide both a general justification below and then site-specific information/documentation for each affected site in separate attachments.

11. Discuss in detail the need for new or expanded sites to provide FTZ services to the community, including specific expressions of interest from proposed zone users. Why is your zone unable to meet businesses' needs for FTZ services even though your zone has existing Magnet FTZ sites and the ASF enables designation of Usage-Driven sites throughout the Service Area?

(If you are proposing new Magnet sites that would result in exceeding the ASF's goal of six or fewer Magnet sites per grantee, also explain why your zone cannot otherwise serve businesses' needs for FTZ services. That explanation should address why six Magnet sites would be inadequate to meet businesses' needs, particularly given the ready availability of Usage-Driven designation for any company ready to use FTZ procedures throughout your Service Area.)

The current zone project, located at the Palm Springs International Airport, has had minimal FTZ activity due to financial and logistical limitations. Like most cities in the United States between 2000 and 2007, residential and retail construction dominated most economic development activities. Since 2008, the City of Palm Springs, the County of Riverside and other Coachella Valley cities have invested in and partnered with the Coachella Valley Economic Partnership (CVEP) to refocus resources on developing an Economic Blueprint strategy that unites and encourages progressive and transformative processes for changing and expanding the region's economy. The inclusion of cities outside the Palm Springs-Coachella Valley region, as part of the ASF Application, expands the vision of the Blueprint to help facilitate business development and job growth efforts throughout Eastern Riverside County. The magnet sites identified in this application are in alignment with specific areas in the region with a higher degree of industry and job growth potential and an opportunity for businesses to utilize the FTZ Program.

With the steady recovery of the national economy, Palm Springs has participated in regionalization efforts through the adoption, implementation and administration of the Coachella Valley Innovation Hub (iHUB), Small Business Development Center (SBDC) and Foreign Trade Zone (FTZ) Programs. These programs create tactical advantages for businesses within the Coachella Valley, and include "no fee" consulting services, office and industrial incubator programs, access to SBA Lenders and Angel Investors, site selection assistance, and employment training programs for new and existing employees.

Although the FTZ Program has been in place for over ten years, there has been very little interest from import/export companies to activate as a zone user. The public/private financial investment in the region to promote the attraction, expansion and retention of international companies has led to regional commitments to enhance existing marketing programs to include the FTZ Program. The Alternative Site Framework (ASF) Reorganization will enhance the regional commitment to grow and expand the participation of marketing the FTZ program. The successful implementation of the ASF meets the regional vision set by the Grantee and CVEP stakeholders, as well as provides the opportunity for all types of international companies to take advantage of the zone benefits. More importantly, it is another tool in the region's incentive toolbox to attract and grow international companies.

FTZ #236 has selected a new magnet site in addition to the existing magnet site at Palm Springs International Airport. The new magnet site was chosen to strategically enhance the FTZ Program while maximizing the image of the Coachella Valley in its endeavor to promote regionalization and expand industry and job growth.

The proposed Magnet Site 3, Dowling Orchard Business Park, is located in the City of Beaumont at the intersection of Interstate 10 and Highway 79. This industrial park is newly developed and has been constructed to meet and exceed the demands of the international trade industry and FTZ security requirements. The logistical accessibility of the industrial park is ideal for high volume container traffic, because of its proximity to Interstate 10. The investment of the landowner to further market the program in partnership with FTZ #236 will enhance opportunities to attract future importers and exporters to the FTZ Program.

Many businesses within Dowling Orchard Business Park have expressed interest and are expected to pursue participation of the FTZ Program upon ASF approval. There is over one million square feet of leasable building space specifically identified to accommodate small, medium, and large businesses. The ASF will greatly reduce the time and expense required for these businesses to achieve zone benefits and increase the certainty that zone benefits will be granted.

12. Describe in detail the grantee's process for selecting each new site (or expansion of an existing site) for which Magnet designation is proposed. Discuss the criteria applied in that process and how those criteria relate to the local economic development plans (Question 3 in Part One of the application format had asked for detail on those plans). Indicate the public entities involved in the site-selection process, and their meetings and documents related to the site-selection process.

The Grantee's process for selecting the sites started with Staff conversations between the City of Palm Springs Community and Economic Development Department and the County of Riverside Office of Foreign Trade. Shortly thereafter, the Palm Springs City Council approved the preparation of the ASF Application, and directed staff to reach out to the cities within the region to determine interest and participation in the Reorganization process.

Workshops and seminars were sponsored by the Grantee and the County of Riverside to spread knowledge and awareness about the FTZ Program to local businesses, city representatives, and land developers. Later, a specific meeting with City Representatives led to the identification of the magnet sites.

There were nearly 20 different proposed sites submitted by land developers and city and county representatives. Each proposed site included detailed maps, lists of businesses on the property, and land use and zoning designations. A physical visit of each property was conducted along with extensive review of all information provided. The Grantee and its consultant used specific criteria and measures to help identify the proposed sites as ideal candidates for inclusion in this application.

Criteria to select specific sites included an analysis of the sites built environment, the zoning and land use compatibility, the proximity to the existing zone site, the availability of leasable space, the interest and commitment of the landowner to market the FTZ program, and the potential for existing and future businesses to utilize the FTZ program.

The Grantee's consultant met separately with each entity for further evaluation and consideration, which allowed for additional input as to the interest and support of the Reorganization plan. Throughout the selection process, the Grantee met with U.S Customs and Border Protection for openness and transparency purposes.

Every site that was proposed in the ASF Application was considered independently. Many sites were dismissed due to the standard of criteria that was not met. In the end, Site 3 was most qualified to be included in the ASF Application by meeting the evaluation criteria in the following areas: it is adjacent to major transportation corridors; and under one owner committed to promote the FTZ as part of their overall marketing strategy.

General Map(s):

13. In a "General Map(s)" attachment, provide one or more maps showing 1) the modified/new sites in a regional context and 2) the modified/new sites in relation to your existing FTZ sites. The original application may contain full-sized maps, all copies must contain legible, letter-sized (8 1/2" X 11") reductions.

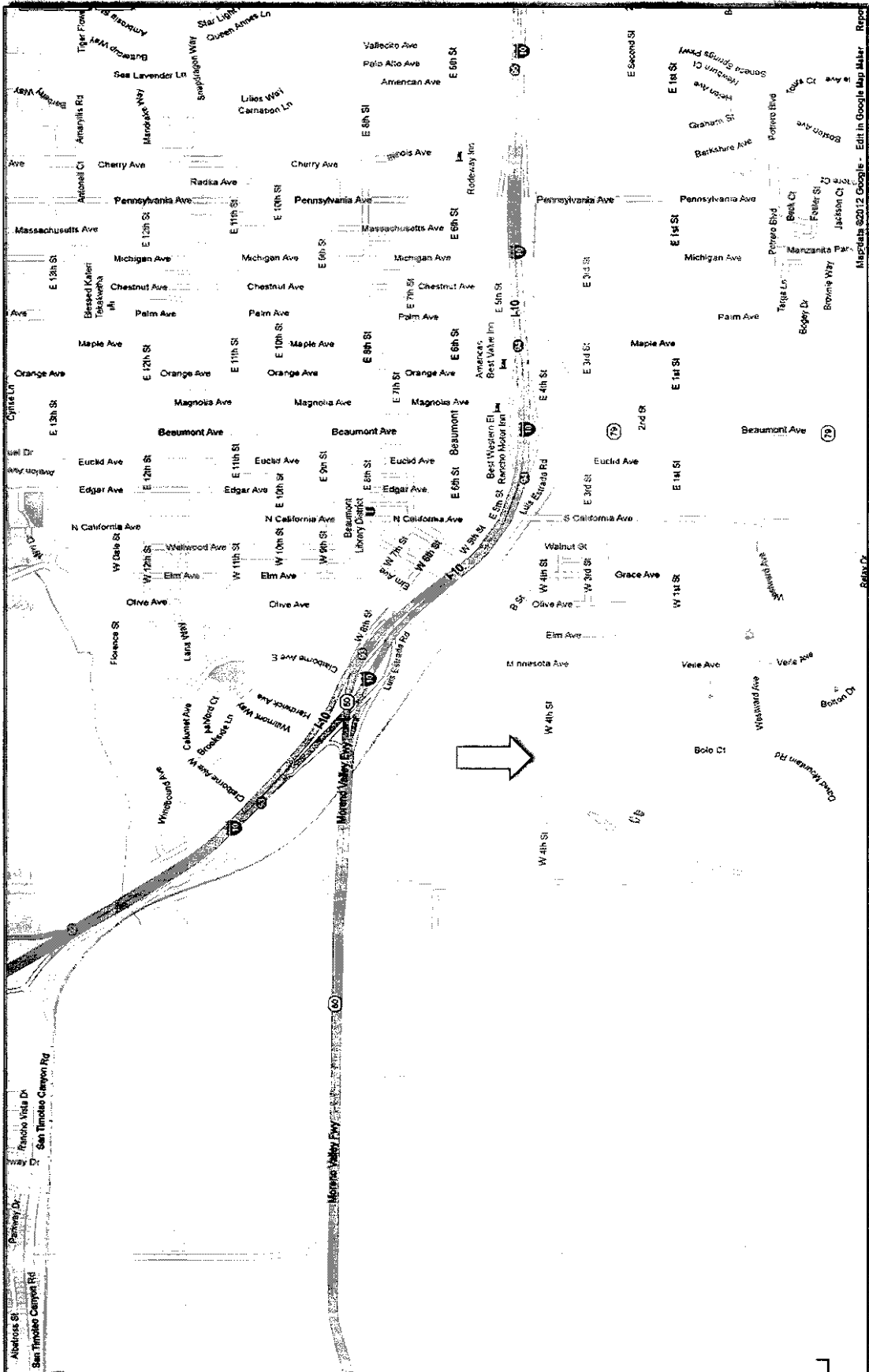
Attached

ALTERNATIVE SITE FRAMEWORK APPLICATION

Part Two

General Maps

Map of modified/new site in a regional context



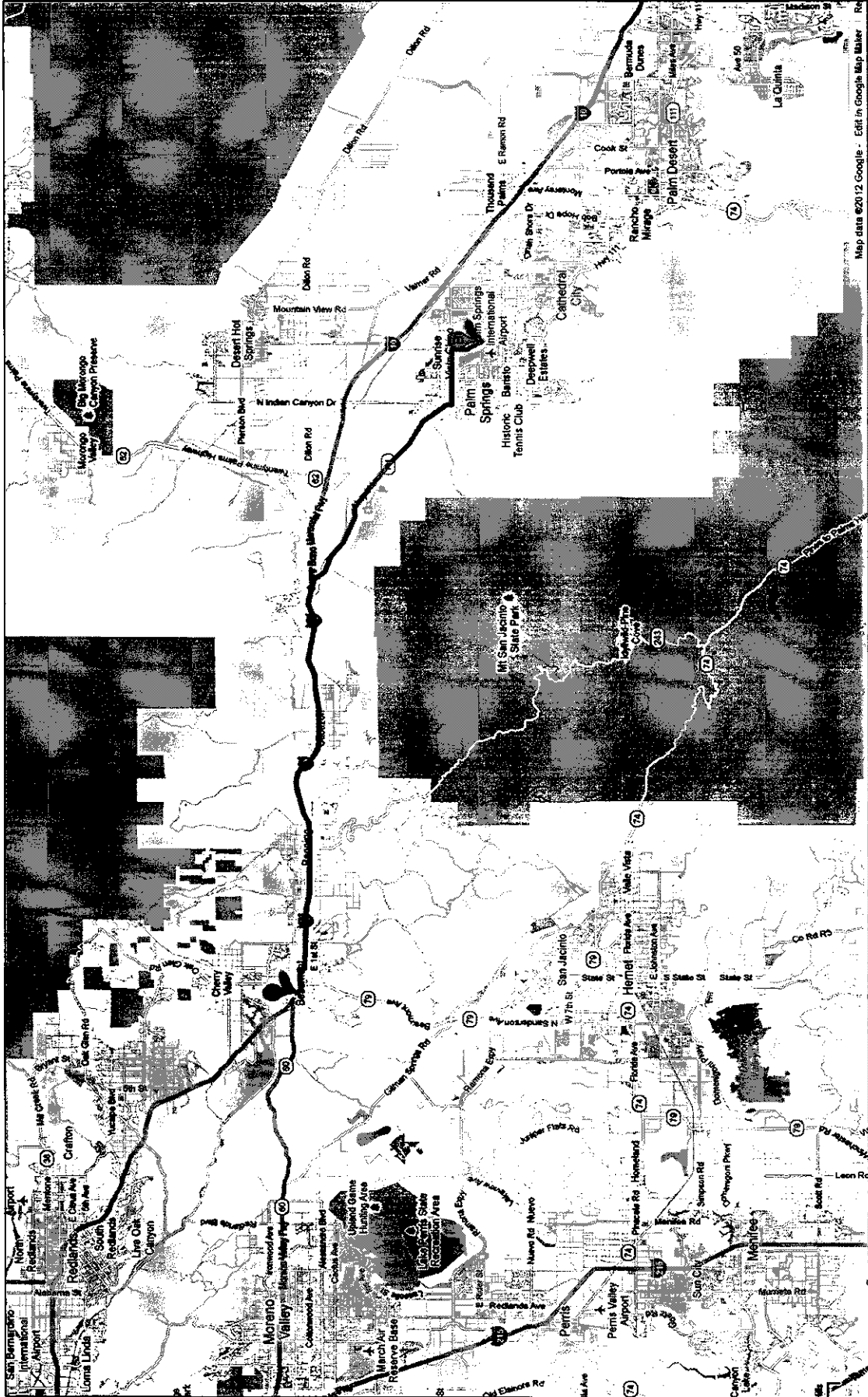
Regional Map

ALTERNATIVE SITE FRAMEWORK APPLICATION

Part Two

General Maps

Map of modified/new sites in relation to existing FTZ site



B: Site #1
Palm Springs International Airport

A: Site #3
Dowling Orchard Business Park

ALTERNATIVE SITE FRAMEWORK APPLICATION

Part Two

Dowling Orchard Business Park

FTZ# 236: Magnet Site #3

SITE-SPECIFIC INFORMATION FOR NEW OR EXPANDED "MAGNET" SITES

This section should be filled out separately for each new site and each site for which you propose expanded boundary(ies). Attach any documents needed for Questions M14 through M16 (and M17, if applicable) directly behind the copy of this section for each site.

M1. Indicate the site's distinct identifying number: **3 (three)** This number should tie to your site tables in Part One of the application. Be sure that the site's identifying number complies with the instructions provided in the separate "How to Prepare Your Application" document.

M2. List the site's address, including the jurisdiction in which the site falls (town, city, county):

Site 3 consists of three (3) parcels, located at:

- 1. 415 Nicholas Road**
- 2. 920 Fourth Street**
- 3. NEC Fourth Street and Nicholas Road**

The aforementioned parcels are located at the intersection of Interstate 10 and Highway 79 in the city of Beaumont, County of Riverside, State of California.

M3. List the total acreage within the proposed site's boundaries: **26.72 acres**.

M4. If applicable, describe how the site relates to any existing site (permanent or temporary) and explain the circumstances.

Not Applicable

M5. Briefly describe how this site (or expanded portion) met the grantee's site selection criteria (which you described in your answer to Question # 12 in Part Two of the application format).

Site 3 - Dowling Orchard Business Park has been identified by the Grantee as a site with a high degree of FTZ potential. The Site meets the criteria evaluation with its existing built environment, accessibility to major modes of transportation, appropriate zoning, and landowner's commitment to the Reorganization plan.

Site 3 is a newly developed industrial park that has been positioned to meet and exceed the demands of the international trade industry and the FTZ security requirements.

There is over one million square feet of building space available to accommodate small, medium, and large businesses. Many companies within this site have expressed positive interest in the FTZ Program. The Grantee will work with the businesses within this site to further educate and encourage involvement in the FTZ Program upon ASF approval.

The industrial park is strategically positioned along Interstate 10, the primary transportation corridor between Los Angeles and Phoenix, dissecting the Palm Springs-Coachella Valley region. The location of Site 3 can best facilitate manufacturing and distribution. There are additional properties available in this area for growth and expansion when it becomes necessary.

The assembly and development of this industrial park was intended to create easy access for the flow of goods in and out of the region. The investment to ensure its success was significant by the land developer, and collaboratively supported by the City of Beaumont. The City of Beaumont supported the development of this site and offered city-supported incentives such as the "Economic Stimulus Plan" to streamline construction efforts. The property owner is committed to promote the FTZ Program as part of their marketing strategy to attract tenants. The Dowling Orchard Business Park (Site 3) can easily be identified as the first of many industrial business parks that are viewed as the Gateway to the Coachella Valleys' regional effort to grow industrial based businesses and jobs.

M6. Explain in detail why this site (or expanded portion) is needed to provide FTZ services to your community:

The addition of Site 3 is an important part of the regional vision to attract new business and create new jobs in the region. The necessity of "Pro-Business Incentive Programs" provides the continuity of long-term success that is greatly needed in this region. Programs such as the FTZ and its Magnet Site designation offer an expedited advantage to businesses involved in international trade. Job growth is imperative for the recovery of the economy. The FTZ Program offers an opportunity for companies to utilize the benefits and minimize potential cash constraints, and create inventory and organizational efficiency controls which help to create new jobs and faster economic recovery.

The FTZ Program and the ASF Reorganization is a critical ingredient to regionalization. Through strategic planning and financial commitment by its membership, CVEP has set the pace to attract new industry and jobs, as well as help develop an educated workforce in the region.

The availability of the FTZ Program, with the expedited activation capabilities, gives the Magnet Site Owner leverage to compete for new businesses considering a location in the Southern California region.

M7. Indicate the type of site (port, industrial park, warehouse complex) and its current zoning.

Dowling Orchard Business Park is currently built out as an industrial park with 1,178,260 square feet under roof on 26.72 acres. It is zoned for manufacturing and/ or industrial use.

M8. For the proposed site (or expanded portion), describe the existing and planned buildings (including functions and square footage), existing and planned activities, whether the site is master planned, stage of development/timetable for completion of plans, and status of any applications for construction approvals:

The buildings within the proposed site are constructed for industrial and manufacturing purposes. The Zoning also permits retail sales of products manufactured or stored on site. There is currently a manufacturer of sporting and fitness equipment located in the park, which sells some product in a retail showroom.

M9. List the companies that currently occupy the site (or expanded portion):

| Company Name | Square Feet | Acres | Activities |
|-------------------------------|--------------------|--------------|--|
| Udike Corporation | 127,688 | 2.93 | Multi-Tenant Manufacturing Distribution |
| World Pack Fulfillment | 444,455 | 10.20 | Multi-Tenant Manufacturing Distribution |
| BLDG C | 606,117 | 13.91 | Multi-Tenant Manufacturing Distribution |

M10. Will space at the site (or expanded portion) be available to multiple businesses at the site under public utility principles (under uniform rates and conditions)? Explain.

Site 3 is comprised of multi-tenant and multi-use buildings for accommodation of small, medium and large businesses. The management and leasing structure of the Dowling Orchard Business Park is based on standard real estate practices. Public utility principles that include uniform rates and conditions apply to the site or portions thereof relating to FTZ practices and activation. The public utility principles include warehousing storage, handling, and manipulation/manufacturing rates.

The landowner and potential FTZ operators are expected to adhere to the conditions as set forth in the Grantee's zone schedule.

M11. Briefly describe the transportation infrastructure serving the site, including its ties to the broader regional/national transportation system:

Site 3 is located within the heart of Riverside County and provides distribution points thru Riverside and San Bernardino County. The main east-west highway in Southern California and thru the Coachella Valley is Interstate 10, which Site 3 is closely located. This site is less than 100 miles from the Port of Los Angeles. It is regionally accessible to the Palm Springs International Airport and rail systems for national distribution.

On a broader scale, Site 3 is strategically located in one of the fastest growing regions in the United States with accessibility to three major types of infrastructure for national distribution - rail, airfreight, and trucking.

M12. Confirm that FTZ designation or the use of FTZ procedures is not a requirement or a precondition for future activity or construction at the site.

The FTZ designation or the use of FTZ procedures is not a requirement or a precondition for construction or future activity at the site.

M13. Who owns the site (or expanded portion)? (If the grantee or proposed operator does not own it, provide a "Site Ownership" attachment pursuant to the guidance in the separate application-instructions document.)

The site owner of Dowling Orchard Business Park is CT Realty Investors. The "Site Ownership" Authorization Letter is attached for further consideration.

Attach each of the documents listed below (items M14 through M16, plus M17 where applicable).

M14. A clear copy of the appropriate legal description for the site (or expanded portion) with label tying the description to the site number. Also, state if the legal description covers a larger area than the proposed site.

The attached legal description does not cover a larger area than the proposed site.

M15. A clear and detailed site plan (survey/schematic) showing existing and planned structures. The site boundaries must be outlined clearly in red. Note that if streets or similar landmarks are not legible on the site plan, you will also need to provide a detailed street map with the proposed site's boundaries in red. Any map should be no larger than letter-sized (8 1/2" x 11") and clearly labeled, with legends provided for any markings.

Attached

M16. Signed letters of interest on letterhead from firms considered prime prospects for use of this particular site (or expanded portion).

Attached

M17. If your state (such as TX, KY, AZ) has one or more taxes for which collections will be affected by the proposed FTZ designation of the new site:

- attach an explanation of the specific local taxes that will be affected

AND

- attach correspondence from the affected parties (such as a local school board) indicating their concurrence (or non-objection) regarding the proposed FTZ designation.

Not Applicable

ALTERNATIVE SITE FRAMEWORK APPLICATION

Part Two

Dowling Orchard Business Park

Site Ownership: CT Realty Investors



65 Enterprise
Aliso Viejo, CA 92656
949-330-5770
CTRInvestors.com

April 9, 2012

Mr. Andrew McGilvray
Executive Secretary
United States Department of Commerce
Foreign-Trade Zones Board
1401 Constitution Ave., NW Room 2814B
Washington, DC 20230

Re: FTZ #236 – Magnet Site Landowner Authorization

Dear Mr. McGilvray:

This letter is an expression of interest and support of the City of Palm Springs, (Grantee of Foreign Trade Zone #236) Alternative Site Framework Application. It is my belief that the reorganization of the current zone is a benefit to the city of Palm Springs, the Coachella Valley Region, and the County of Riverside.

My company is supportive of the opportunity to designate its property as part of the zone reorganization and the opportunity to offer the benefits of the FTZ program to existing and future tenants. As the legal landowner of property located at Beaumont Logistics Center consisting of three (3) parcels, located at 1) 415 Nicholas Road, 2) 920 Fourth Street, and 3) NEQ Fourth Street, and Nicholas Road, Beaumont, California, I hereby authorize the Zone Grantee to include the aforementioned property as a Magnet Site within the Foreign Trade Zone #236 Alternative Site Framework Application. Enclosed is the legal description and site plan for the property to be included in the reorganization application.

Again, thank you for the opportunity to be part of the Foreign Trade Zones Program. If additional information is needed, please do not hesitate to contact me 949-330-5766.

Sincerely,

Mark Zehner
Vice President of Asset and Property Management

CC: Cathy Van Horn, City of Palm Springs, Grantee FTZ #236
David Harlow, ITC Diligence, Inc., Consultant

ALTERNATIVE SITE FRAMEWORK APPLICATION

Part Two

Dowling Orchard Business Park

Legal Description

LEGAL DESCRIPTION

The Real Property in the City of Beaumont, County of Riverside, and State of California as described as follows:

PARCEL ONE:

PARCEL B OF LOT LINE ADJUSTMENT NO. 06-LLA-09 RECORDED AUGUST 02, 2007 AS INSTRUMENT NO. 2007-501539 OF OFFICIAL RECORD, MORE PARTICULARLY DESCRIBES AS:

THAT PORTION OF THE NORTH HALF OF THE NORTHWEST QUARTER OF SECTION 9, AND PORTION OF THE SOUTH HALF OF THE NORTHWEST QUARTER OF SECTION 9, TOWNSHIP 3 SOUTH, RANGE 1 WEST, SAN BERNARDINO MERIDIAN IN THE CITY OF BEAUMONT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA WHICH LIES WITHIN THE FOLLOWING BOUNDARIES:

BEGINNING AT THE INTERSECTION OF THE NORTHERLY LINE OF PARCEL MAP NO. 25090 AS PER MAP FILED IN BOOK 165 PAGES 69, 70 AND 71, OF PARCEL MAPS, RECORDS OF SAID COUNTY WITH A LINE PARALLEL WITH AND 1130.00 FEET WESTERLY, MEASURED AT RIGHT ANGLES, FROM THE WESTERLY LINE OF THAT CERTAIN PARCEL OF LAND DESCRIBED IN DEED RECORDED MAY 13, 2003 AS INSTRUMENT NO. 2003-435769, OF OFFICIAL RECORDS, RECORDS OF SAID COUNTY;

THENCE ALONG SAID PARALLEL LINE, NORTH 00°23'03" EAST 1112.24 FEET TO A POINT IN THE NORTHERLY BOUNDARY OF THAT CERTAIN PARCEL OF LAND DESCRIBED AS PARCEL "B" IN DEED RECORDED JUNE 18, 2003 IN INSTRUMENT NO. 2003-444207, OF OFFICIAL RECORDS, RECORDS OF SAID COUNTY;

THENCE ALONG SAID LAST MENTIONED NORTHERLY BOUNDARY, SOUTH 80°27'35" EAST 328.11 FEET TO THE SOUTHWESTERLY BOUNDARY OF THE SOUTHERN PACIFIC RAILROAD AS DESCRIBED IN DEED RECORDED IN BOOK 255 PAGE 379, OF OFFICIAL RECORDS, RECORDS OF SAID COUNTY;

THENCE ALONG SAID SOUTHWESTERLY LINE, SOUTH 57°47'08" EAST 948.75 FEET TO SAID WESTERLY LINE OF ABOVE MENTIONED CERTAIN PARCEL OF LAND;

THENCE ALONG SAID WESTERLY LINE, SOUTH 00°23'03" WEST 929.96 FEET TO THE SOUTHERLY LINE OF THE NORTHERLY 330.00 FEET OF THE SOUTH HALF OF THE NORTHWEST QUARTER OF SAID SECTION 9;

THENCE ALONG SAID LAST MENTIONED SOUTHERLY LINE, NORTH 87°34'43" WEST 1030.66 FEET TO A LINE PARALLEL WITH AND 33.00 FEET EASTERLY, MEASURED AT RIGHT ANGLES, FROM THE EASTERLY LINE OF PARCEL 3 OF SAID PARCEL MAP NO. 25090;

THENCE ALONG SAID LAST MENTIONED PARALLEL LINE, NORTH 00°23'03" EAST 330.21 FEET TO THE NORTHERLY LINE OF SAID PARCEL MAP NO. 25090;

THENCE ALONG SAID LAST MENTIONED NORTHERLY LINE, NORTH 87°34'43" WEST 100.06 FEET TO THE "POINT OF BEGINNING".

PARCEL TWO:

PARCELS 1 AND 2 OF PARCEL MAP NO. 35023, IN THE CITY OF BEAUMONT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN ON MAP FILED IN BOOK 229, PAGES 65 THROUGH 67, INCLUSIVE OF PARCEL MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

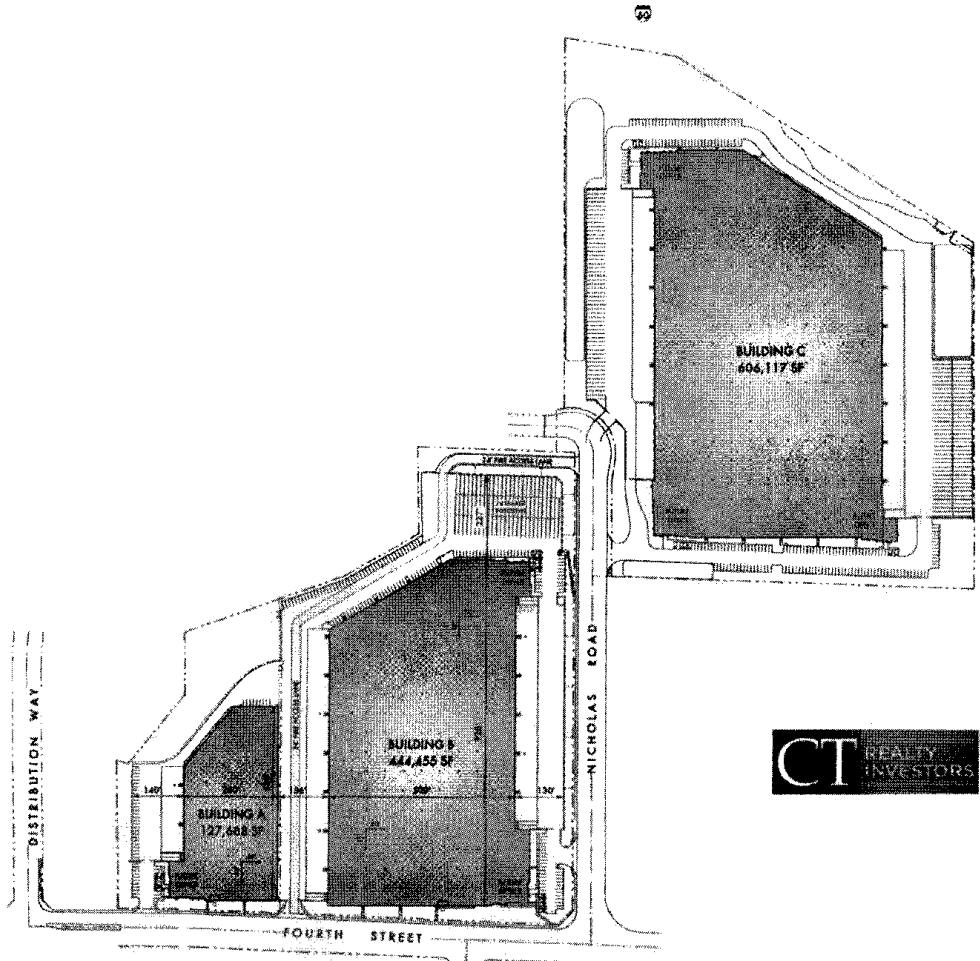
APN: 417-020-074-5 and 417-020-075-6 and 417-020-072-3

ALTERNATIVE SITE FRAMEWORK APPLICATION

Part Two

Dowling Orchard Business Park

Site Plan

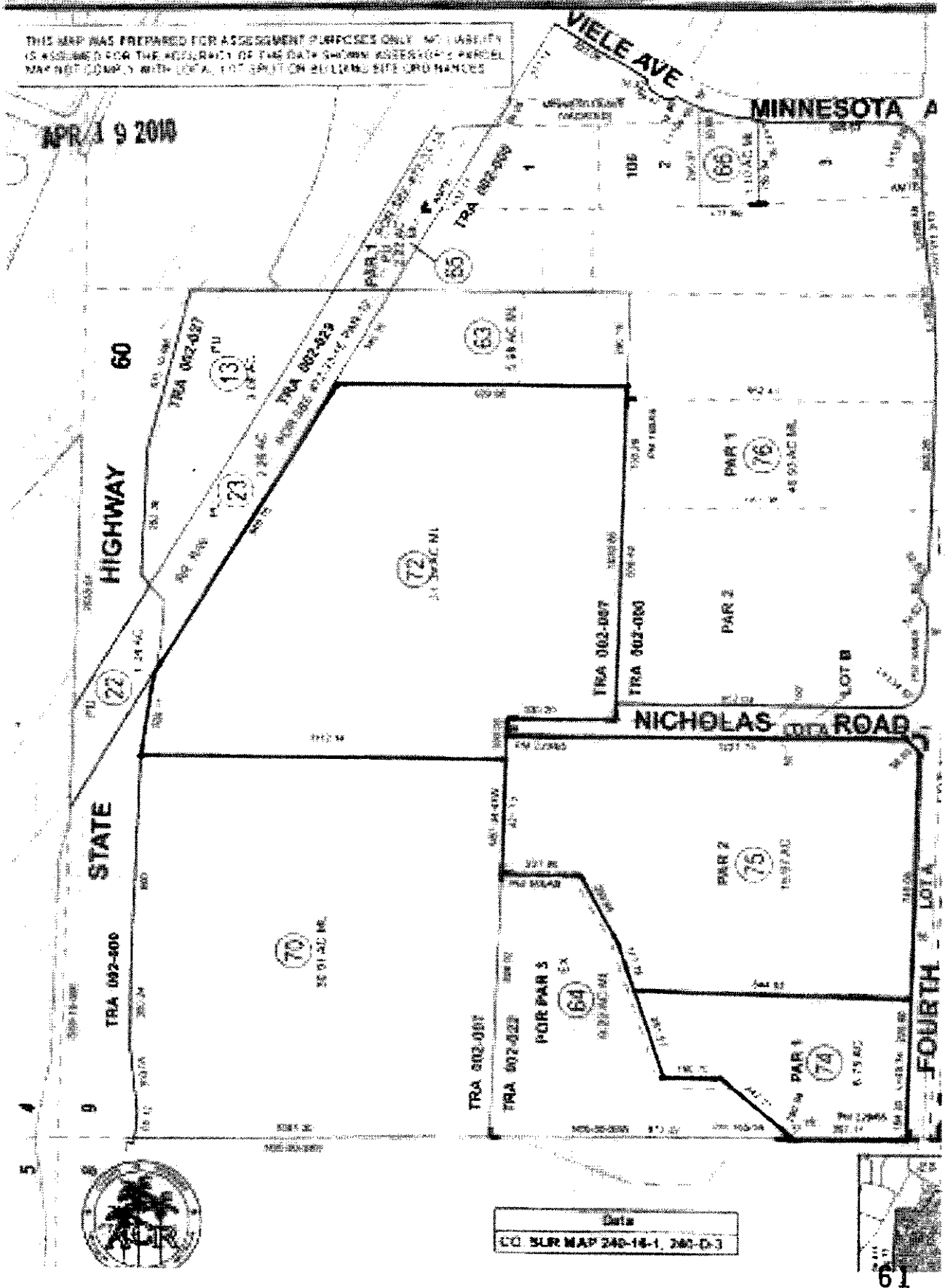


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DOWLING ORCHARD BUSINESS PARK

City of Beaumont, CA





ALTERNATIVE SITE FRAMEWORK APPLICATION

Part Two

Dowling Orchard Business Park

Letter of Interest

World Pack Fulfillment, Warehouse and Distribution

World Pack

FULFILLMENT, WAREHOUSE AND DISTRIBUTION

August 2, 2012

Mr. Andrew McGilvray – Executive Secretary
Foreign-Trade Zones Board
U.S. Department of Commerce,
1401 Constitution Ave., NW
Room 1115
Washington, DC 20230

Re: FTZ #236 – Letter of Support

Dear Mr. McGilvray:


This is an expression of support for the City of Palm Springs (Grantee of Foreign Trade Zone #236) Alternative Site Framework Application. It is my belief that the reorganization of the existing zone will enhance and encourage international trade in our region and the United States.

The Foreign Trade Zones program is an important economic development tool for existing and new business development in Palm Springs and the surrounding county region. The Foreign Trade Zones program will help our local and regional economy by:

- Facilitating and expediting international trade;
- Leveling the playing field with foreign companies;
- Encouraging and facilitating exports;
- Attracting offshore activity and encouraging retention of domestic activity;
- Assisting Palm Springs' economic development efforts; and
- Creating employment opportunities for Palm Springs and Coachella Valley residents.

Thank you for the opportunity to submit this letter of support. Should you have any questions, please feel free to contact me at (310-200-1856).

Sincerely,



Kenny McCoid
General Manager