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The next West thing

WESTMARC president and CEO brings local experience with her statewide connections



PHOTOS BY ANITA RICHEY, AZ BIG MEDIA

LEADING THE WAY:: Sintra Hoffman, WESTMARC's president and CEO, came to WESTMARC from ADOT, where she had been a policy advisor to the director and leadership team and an assistant director on public affairs and local government outreach.

By MICHAEL GOSSIE

When WESTMARC's board of directors was looking for a new president and CEO to lead the economic development organization, Chairman Bill Sheldon said they were looking for a West Valley brand. In Sintra Hoffman, Sheldon said WESTMARC got a West Valley brand with statewide connections.

Before taking the leadership role at WESTMARC earlier this year, Hoffman served as assistant division director for the Arizona

Department of Transportation (ADOT). Hoffman led ADOT's Office of Public Affairs, which focused on building and sustaining relationships with leaders in Arizona's cities, towns, counties and business community. Prior to her time at ADOT, Hoffman spent 10 years with the City of Surprise, serving as the director of intergovernmental relations and deputy city manager.

Az Business sat down with Hoffman to talk about all things West Valley.

Az Business: What attracted you to the position at WESTMARC?

Sintra Hoffman: I've been a member of WESTMARC for years. When this opportunity came up, they actually called to bounce different names off me and as the conversation went on, (WESTMARC Chairman) Bill Sheldon said, "You really need to apply for this job." The more we talked about it, the more excited I got because it was an opportunity to really rebuild WESTMARC and recreate it. That's what really makes me tick: making things my own and working with other people to get things done.

AB: What has been your biggest initial challenge?

SH: The biggest challenge is that industries coming here today want the workforce in place right now. We need to find out what we actually do have and message that to them, so we are working on a study to create our Workforce Development Implementation Strategy. The purpose of the study is to identify the workforce we have in the West Valley and show the talent that we have. We know we have the talent to get companies to move here and get them fully staffed, but the perception is that we don't. This data is going to be huge in getting that message out there.

Then, we need to grow beyond logistics and distribution. It's kind of a double-edge sword because we have the infrastructure — I-10, soon-to-be I-11, the Loops 303 and 101 — that are very important to logistics, but at the same time, we want to take it to the next level and make sure we are focused on advanced manufacturing, advanced technology and healthcare.

AB: What are WESTMARC's strengths?

SH: It's the strength of the membership. The Economic Development Committee is so engaged. They are really vested

job selling Goodyear. What I get to do is market the West Valley as a region and sell the region's assets on a more global scale.

AB: What kind of impact will the Loop 303 have on economic development in the West Valley?

SH: In my time at ADOT, we always described transportation as the lifeblood and spine of economic development. Some of the things we need to be cautious about is how we plan and develop that corridor because we have multiple jurisdictions that are aligned with Loop 303. We need to make sure we plan diligently and take advantage of the opportunities that will follow.

AB: How has the image of the West Valley changed?

SH: We really don't have the negative image we had years ago. What we have is an image and perception that we are so far out there. When I worked at ADOT, my co-workers would ask, "Do you live in California?" People know now that the West Valley has great housing — Verrado and Vistancia are gems — but the perception is that there is still a lot of drive time. The reality is that the majority of the West Valley is within 20 minutes of downtown Phoenix.

AB: What sectors do you see as having the greatest potential for economic growth in the West Valley?

SH: I absolutely see the greatest growth coming in healthcare. We have a very strong base in healthcare. Grand Canyon University has a great nursing program and Midwestern University has amazing healthcare programs that are producing the workforce needed to fuel the growth that we are already seeing in the West Valley's healthcare corridor.

AB: How has the West Valley capitalized on hosting the Super Bowl, the College Football Playoff National Championship and other mega events?



in this. WESTMARC is more relevant than ever because the competition extends beyond the region. It's not East Valley vs. West Valley. It's Phoenix vs. Denver. It's Phoenix vs. Sacramento. We are really banding together more as a region and I see that as one of WESTMARC's strengths: the ability to get communities to work together to sell the region and work together effectively and celebrate each other. The crash of the economy taught us all that we are not stand-alone. We need each other.

AB: What are WESTMARC's priorities or goals for the next year?

SH: No. 1 is getting that Workforce Development Implementation Strategy moving forward and getting the buy-in from all of the West Valley cities. The other piece is marketing that. Peoria does a great job selling Peoria. Goodyear does an amazing

SH: It's another opportunity to put us on the map nationally and get national exposure. When I first interviewed, I described our two major industries as healthcare and sports. We have the majority of the spring training complexes here, we have the Coyotes, we have the Cardinals and this is a sports town. And we need to market it that way.

AB: What are your goals for WESTMARC?

SH: No. 1 is bringing stability to the organization and getting the word out to the world and using the assets we have to position the West Valley for economic development. What that means to me is that our messaging has to be coordinated. We have a lot of new housing out here and we have a lot of new development, but there is still a lot of dirt out there, so we still have a lot of untapped potential. **AB**



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World view

Greater Maricopa Foreign
Trade Zone brings investment
and jobs to the West Valley

By MICHAEL GOSSIE

Foreign Trade Zone

What is a Foreign Trade Zone (FTZ)?

An FTZ is an area that, for U.S. Customs purposes, is considered to be international commerce. Any foreign or domestic material can be moved into an FTZ without being subject to U.S. Customs duties. An FTZ is operated as a public venture sponsored by a municipality or other authority.

Why do communities develop FTZs?

Local communities benefit from the increased economic development and business development/retention that result from the FTZ. Foreign Trade Zones provide an attractive business climate and encourage foreign or domestic companies to expand and retain operations in the U.S. that might otherwise be relocated overseas. The result is more jobs for the region.

Why do companies use FTZs?

Companies utilize Foreign Trade Zones in order to reduce operating costs associated with a U.S. location that can be avoided when operating from a foreign site. In Arizona, real and personal property taxes may be reduced by 72 percent. These benefits allow firms to be cost competitive at their U.S.-based operations.

What is Foreign Trade Zone No. 277?

On Dec. 22, 2010, the Foreign Trade Zones Board issued a Grant of Authority under Board Order No. 1733 to establish Foreign Trade Zone No. 277 to serve Western Maricopa County and designated Greater Maricopa Foreign Trade Zone (GMFTZ) as the grantee of the zone. Since that time, the zone has spurred investment in infrastructure, speculative industrial buildings and attracted more than 1,400 new jobs and \$448 million in capital investment.

Source: WESTMARC



Doug Ducey



Sintra Hoffman



Ron Jones



Scott Whyte



Earl Wiggins

Arizona has definitely gone global. “We want to extend our hand so that Arizona is an inviting place for foreign direct investment and for companies that are looking to relocate,” says Arizona Gov. Doug Ducey.

But Arizona hasn’t always been as attractive to global companies.

“At one time, we had some issues in the West Valley where we were getting glossed over for economic development opportunities,” says Art Othon, chairman of Greater Maricopa Foreign Trade Zone. “We were on the short list to become a new site for target.com for its merchandising warehousing and Internet distribution.”

Target chose another location and Othon says only one thing prevented the West Valley from landing that economic development prize.

“We did not get it because we did not have foreign trade zone status,” Othon recalls. “At that point, a couple economic developers said, ‘enough is enough.’”

Impact on West Valley

Since WESTMARC helped spearhead the organization and approval of Foreign Trade Zone (FTZ) No. 277 in 2010, the zone has become a catalyst for attracting new economic development and businesses to the West Valley and creating jobs. Since its inception, the Greater Maricopa FTZ (GMFTZ) has attracted an estimated \$448 million of capital investment and created more than 1,400 West Valley jobs within WESTMARC’s cities. Based on an economic impact study completed by Elliott D. Pollack & Company in March, it is estimated that an additional 1,500 jobs will be added over the next six years as a direct result of FTZ No. 277. These figures are exclusive of the jobs that are created as a result of new construction, as well as the jobs that are created from the additional ripple effects throughout the economy.

“As the first site activated in Zone 277 in 2011, Sub-Zero experienced significant savings from the real and personal property tax reductions,” according to Ron Jones, plant manager for Sub-Zero, Inc. “Our facility has grown consistently in the past five years and reached capacity, which has led to a facility expansion scheduled for completion in October (of this year).”

By definition, an FTZ is a government-designated site where foreign and domestic materials remain in a kind of international commerce limbo. While the goods remain in the zone, the materials may be stored, manipulated, mixed with domestic and/or foreign materials, used in assembly or manufacturing processes, or exhibited for sale without triggering the payment

of U.S. Customs and Border Protection (CBP) duties and excise taxes. Imports may flow directly into the zone and be held there indefinitely duty free. Duty is only assessed when those goods are shipped out of the zone and into the United States marketplace.

Catalyst for growth

FTZ designation is a powerful tool for economic developers as this federal program provides importers, third-party logistics providers, manufacturers and exporters with a number of cost-saving benefits, including reduced duties, consolidated weekly entries and local tax reclassification. Having this designation within a community provides a value-added benefit that can be utilized when competing against other locations for a corporate relocation, expansion or investment. This designation is given through the U.S. Department of Commerce and each of the approved sites are monitored by U.S. Customs & Border Protection.

“We are creating a cluster of advanced manufacturing and innovation that provides the foundation to drive sustainable growth in employment and productivity,” said Scott Whyte, Peoria’s economic development services director. “This FTZ designation fosters an environment that facilitates business attraction and expansion, as well as encourage international trade in the region.”

Othon says the GMFTZ features seven magnet sites and seven usage-driven sites. Four companies are active in operations — Sub-Zero, Cookson Company, Maxwell Technologies and Dick’s Sporting Goods — and three more companies are being activated this year.

While most FTZs are applied for and approved for a single city, the GMFTZ is one of only a few in the United States that was supported by a consortium of cities for an entire region. And that move has paid off. Companies that have taken advantage of FTZ status include Sub-Zero, Dick’s Sporting Goods and Cookson in Goodyear; Maxwell Technologies in Peoria; and IRIS USA in Surprise.

“The FTZ was one of the benefits we saw when we were deciding where to move,” says Earl Wiggins, senior director of Maxwell Technologies. “I’ll be the first to admit that I dragged my feet because I didn’t understand the benefits.”

5 reasons to use an FTZ

1. Improve cash flow

- Import duties are deferred until goods leave the zone
- Re-exported goods which never enter U.S. commerce are not subject to duties
- No duty is paid on scrap, waste or damaged goods
- Company can use the duty dollars during the times the goods are in the FTZ.
- The final duty rate paid is that of the component, part or finished article, whichever is lowest.
- Products transferred from zone to zone are duty free.
- Weekly entry process reduces merchandise processing fees.

2. Reduce paperwork and expense

For distribution and manufacturing, companies may consolidate multiple customs entries into one per week.

This process reduces customs brokerage costs and merchandise costs.

3. Reduces Arizona real and personal property taxes by 72 percent

Activated companies meeting federal and local eligibility requirements can benefit from a 5 percent assessment rate (reduced from 18 percent) on new investment in personal and real property.

4. Security

The top priority of U.S. Customs and Border Protection (USCBP) is security. As an activated FTZ, operators enjoy the highest level of security as an importer.

Discounted cargo insurance rates — up to 40 percent less — have been negotiated.

5. Reduce supply chain time

FTZs can eliminate delays related to U.S. Customs clearances. Special direct delivery procedures can be requested to expedite the receipt of merchandise in company facilities, reducing the inventory cycle time.

Source: WESTMARC

Benefits of FTZ

Those benefits are numerous:

- Big savings in processing fees. The 2000 Trade and Development Act contained a provision that provided for “weekly entry” procedures in all FTZs. Companies located outside FTZs pay a 0.3464 percent (value of merchandise) fee for every shipment processed by CBP. The minimum fee is \$25, and maximum (which applies to any shipment valued at \$140,000 or above) is \$485, regardless of the amount of duty paid. Say a company located in an FTZ received 10 shipments, each with a value of only \$150,000, every week. At \$485 each, the processing fees outside the zone would be \$4,850 weekly and \$252,200 annually. Within the Zone, these same 10 receipts would be processed as a

single shipment for a total fee of \$485 per week, which translates into savings of \$226,980 per year.

- Direct delivery is a CBP procedure only allowed in an FTZ. This benefit gives the users the ability to sign for CBP upon receipt of goods that normally have to go to another location for a signature before the goods can be delivered. Importers can cut out up to two days of inbound time on their receipt of goods.
- Specifically in Arizona — and within no other state — there is a tax benefit tied to the real estate and property taxes that all real property, machinery and equipment pays in Arizona. The FTZ re-classification under Arizona law allows for any property in a FTZ that is approved and activated to be re-classified down from 20 percent



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valuation to 5 percent valuation.

Therefore, FTZ users, tenants, owners and operators receive a discount on their taxes of 75 percent annually.

- Eliminating duty drawback. Goods that are imported and stored in an FTZ may be re-exported without ever incurring duties. This eliminates the need to file for duty drawback refunds, a lengthy

procedure that ties up funds.

“Having the GMFTZ definitely gives economic developers another tool to attract new businesses,” says Sintra Hoffman, president and CEO of WESTMARC, which provides marketing and administrative services to GMFTZ. “The GMFTZ also gives the West Valley an amazing opportunity for growth.” **AB**

Greater Maricopa Foreign Trade Zone

FTZ No. 277 is organized under the Alternative Site Framework. Under this framework, there are two types of site: Magnet Sites and User-Driven Sites. Magnet Sites are sites that are pre-approved for future zone users. Future Magnet Sites may be added inside the FTZ No. 277 service area if approved by the U.S. Foreign Trade Zones Board. User-Driven Sites are sites that can be designated at any location within the western part of Maricopa County with a qualified user using the fast-track process that takes 30 days for federal approval.

GMFTZ sites

Sub-Zero, Inc.

4295 S. Cotton Ln. Goodyear

Size: 37.74 acres

Type: User-Driven Site

Schoeller Allibert, Inc.

4320 S. Cotton Ln. Goodyear

Size: 3.53 acres

Type: User-Driven Site

IRIS USA, Inc.

13423 W. Cactus Rd., Surprise

Size: 30.1 acres

Type: User-Driven Site

Buckeye Industrial Park

Turner Road and Baseline Road, Buckeye

Size: 185 acres

Type: Magnet Site

Maxwell Technologies, Inc.

8644 W. Ludlow Dr., Peoria

Size: 2.62 acres

Type: User-Driven Site

Conn's, Inc.

100 N. 127th Ave., Avondale

600,000 square feet

Type: Spec./User-Driven Site

Airport Gateway at Goodyear

Van Buren and Bullard Avenues, Goodyear
(includes Michael Lewis Co. on 30 acres)

Size: 230.25 acres

Type: Magnet Site

PV303 Industrial Park

Indian School Road and Loop 303

Size: 616,818 square feet

Type: Spec./Magnet Site

PV303 Industrial Park

Loop 303, Goodyear
(includes Dick's Sporting Goods on 53.75 acres)

Size: 196.78 acres

Type: Magnet Site

The CornellCookson Company

1901 S. Litchfield Rd., Goodyear

Size: 14.5 acres

Type: User-Driven Site

Surprise Pointe

Waddell and Litchfield Roads, Surprise

Size: 133.01 acres

Type: Magnet Site

REI (Recreational Equipment, Inc.)

Loop 303 and Camelback Road, Goodyear

Size: 34 acres

Type: User-Driven Site

Goodyear Crossing industrial Park

16885 W. Commerce Dr., Goodyear

Size: 198 acres

Type: Magnet Site

10 West Arizona Logistics Hub

339th Avenue and 1-10, Buckeye

Size: 319.84 acres

Type: Magnet Site

Source: WESTMARC

How can a company qualify?

How does a company become part of the Greater Maricopa Foreign Trade Zone and reap the benefits associated with the GMFTZ? Here are the steps that must be taken to qualify:

1. A prospective site or company must be located (or looking to locate) within the GMFTZ service area.
2. The prospective Company should contact the city's or town's economic development office to determine if there are sites available and what the city's/town's tax policy is comprised of.
3. The prospective landowner and/or user will need to contact the grantee/WESTMARC regarding their desire to be part of the GMFTZ project.
4. The major taxing entities must all submit letters for inclusion within the application, reflecting their support of the proposed FTZ site. This may take time and require meetings and formal agreements, while in other cases it may simply require a pre-approved letter.
5. An application must be submitted to the FTZ board for review and approval, along with the proper corresponding fee, depending on application type.

More information: gmftz.org



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Marley Park Surprise