



Work Session Item 1:

Proposed Chapter 380 Development Agreement

PROD Design & Analysis, Inc.

1255 Peter Cooper Dr.

Economic & International Development
September 25, 2023

Goal 1: Create an Environment Conducive to Strong, Sustainable Economic Development
1.1 Stabilize and expand El Paso's tax base

EP TX CITY OF EL PASO **Project Summary:** PROD Design & Analysis, Inc.

Applicant:

PROD Design & Analysis, Inc.

Property Address:

1255 Peter Cooper Dr.

Real Improvement Costs:

\$4,400,000

District: District 6

Proposal: Business Expansion

PROD builds manufacturing machinery used to produce items in the medical sector. This expansion will provide an area that allows for growth into the **aerospace & defense sectors.**



: 1255 Peter Cooper Dr : CITY OF EL PASO ECONOMIC & INTERNATIONAL DEVELOPMENT

CONFIDENTIAL ATTORNEY-CLIENT COMMUNICATION AND/OR CONFIDENTIAL ATTORNEY WORK PRODUCT : TOMA Exception 551.087

Site Location & Design: 1255 Peter Cooper Dr.



Project Highlights

- **Expand existing building** by 30,000 SF
- **Retain 110** and **create 48 FTEs**
- Median wage of **\$27.83 per hour***
- Applicant is a **Certified Minority Business Enterprise (MBE)** and a **Historically Underutilized Business (HUB)**

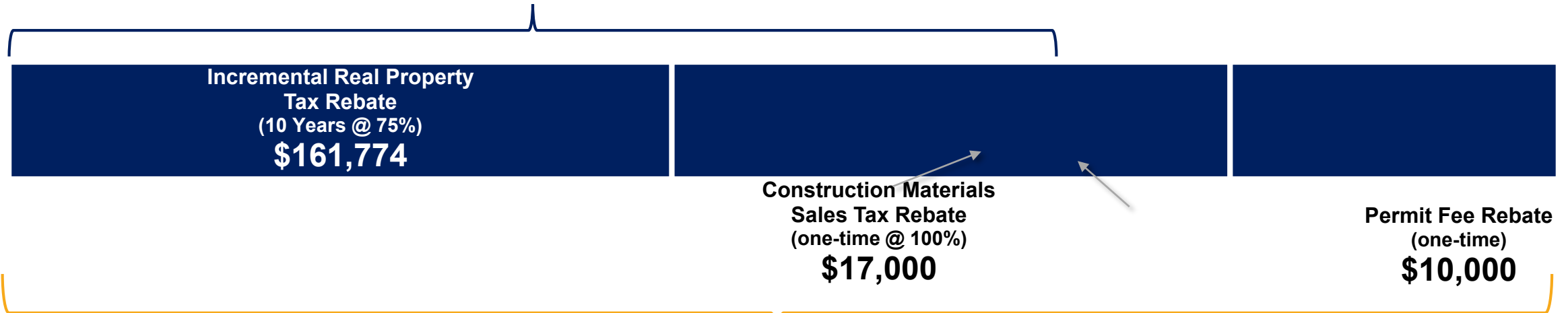
*Median Hourly Wage in El Paso MSA is \$16.43



Proposed Incentive: PROD Design & Analysis, Inc.

Total City Incentive = \$188,774

(72% of total local incentive proposal)



Total Local Incentive = \$188,774
(4.3% of total investment)





Economic Impact: PROD Design & Analysis, Inc.

	Current Operations	Expanded Operations	Total Operations
Jobs*			
Direct	110	48	158
Indirect	160	70	230
Jobs Total	270	118	388
Salaries (\$M over 10-Year incentive term)			
Direct	\$54.7	\$21.7	\$76.4
Indirect	\$41.4	\$16.4	\$57.8
Salaries Total	\$96.1	\$38.1	\$134.2

- Project operations directly support 158 jobs and average annual salaries of nearly \$7.6 million.
- Through spending, an additional 230 jobs are supported.
- In total, 388 jobs are supported by the project, representing \$13.4 million in average annual salaries.



*Jobs is reflective of Job-Years



Community Tax Benefit: PROD Design & Analysis, Inc.

10-Year Total Tax Benefit after Incentives as a Result of Expansion*



Total Tax Benefit after Incentives Over 10-Year Term = \$572,193



*Estimated tax benefit includes all sources of government revenue from the expansion and the households the expansion supports; costs associated with government services are not included needed to support the expansion and households are not included.

Next Steps & Recommendation:

PROD Design & Analysis, Inc.

- Incentive proposal aligns with the City's 380 Incentive Policy given the project location, investment, quality job creation/retention + target industry (advanced manufacturing).
- After incentive value and the cost of government services, the project's expansion provides a net benefit to the City.
- **Recommendation:** Move forward with approval of a Chapter 380 Agreement by City Council during a regular session.



MISSION



Deliver exceptional services to support a high quality of life and place for our community

VISION



Develop a vibrant regional economy, safe and beautiful neighborhoods and exceptional recreational, cultural and educational opportunities powered by a high performing government



VALUES

Integrity, **R**espect, **E**xcellence,
Accountability, **P**eople