

January 19, 2021



Item 38

# Texas Economic Development Program Policy and Guidelines

Goal 1: Create an Environment Conducive to Strong  
Sustainable Economic Development



# Overview

- Resolution Overview
- Background + Timeline
- Program Purpose + Alignment
- Project Eligibility
- Types + Amount of Assistance
- Application + Award Process
- Next Steps





# Resolution Overview

- Adopting the **Texas Economic Development Program – Policy and Guidelines**
- Policy governs use of the **Texas Economic Development Fund (TED Fund)**;
  - An **\$80 million** fund established early last year;
  - To **promote economic development** in El Paso Electric's Texas service territory;
  - Funded by Sun Jupiter and **administered by the City**;
  - Commitment made during El Paso Electric (EPE) – Sun Jupiter merger and acquisition negotiations.

# Background + Timeline

Jan. 28,  
2020

- State approves acquisition of EPE by Sun Jupiter
- Contingent on establishment of Economic Development Fund

Feb. 4,  
2020

- Council approves franchise assignment
- Texas Economic Development (TED) Fund established

Jul. 29,  
2020

- EPE is acquired by Sun Jupiter

Dec. 15,  
2020

- First annual contribution to the TED Fund is due
- Sun Jupiter will contribute \$5.3 million annually for 15 years

Jan. 25,  
2021

- Date by which TED Fund policy **must be approved** by Sun Jupiter

# Texas Economic Development Program

**\$80M FOR 15 YEARS**

(\$5.3M PER YEAR)

In addition to:

- **\$230M** to promote economic development between 2020 and 2060
- **\$7.5M** for General Fund between 2020 and 2029

- RECRUIT MORE COMPANIES
- INCREASE COMMERCIAL TAX BASE
- STRONG CITY ECONOMY
- MORE JOBS FOR COMMUNITY
- HIGHER WAGES
- BENEFITS TO SCHOOLS, EPCC, COUNTY & HOSPITALS

**STRONG CITY ECONOMY = STRONG UTILITY DEMAND**



# Texas Economic Development Program

- To **promote economic development** in EPE's Texas service territory
- To provide assistance to companies committed to positively impacting our region through the **creation of net-new jobs** and **new capital investment**
- A tool to improve our **regional competitiveness**

# Strategic Plan Alignment

## Strategic Plan – **Vibrant Regional Economy**

**Goal 1:**  
Cultivate an  
Environment  
Conducive to  
Strong,  
Sustainable  
Economic  
Development

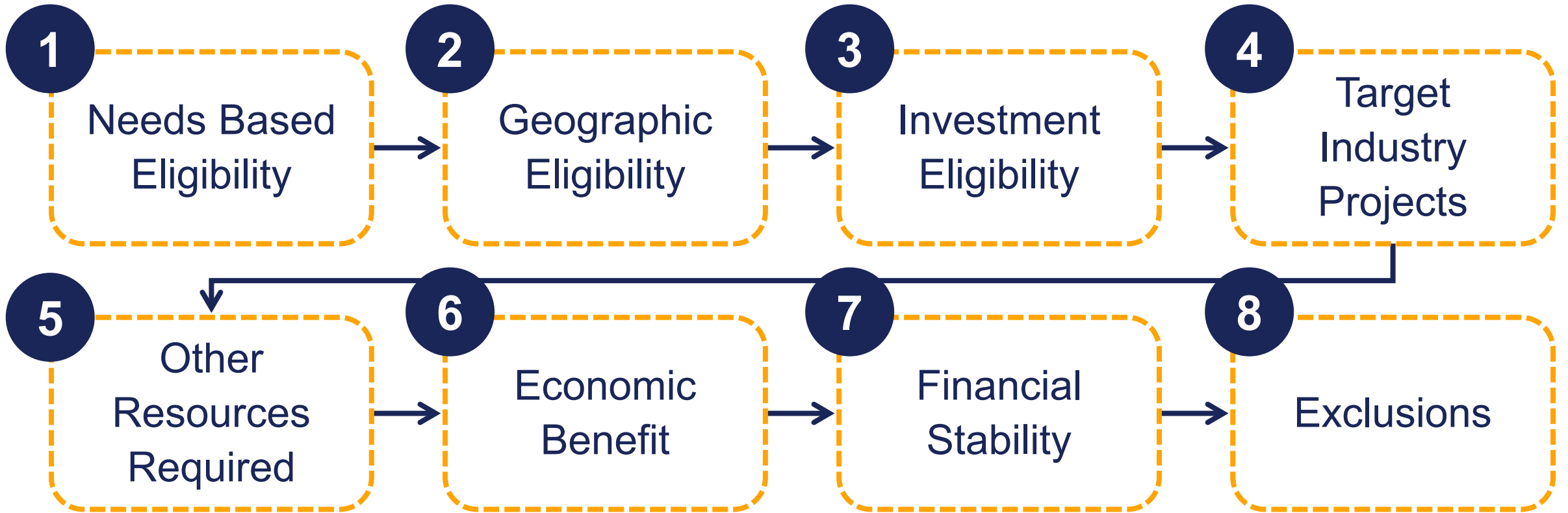
### **25 by 2025 Visionary Initiatives**

Activate  
targeted (re)  
development

### **Tools to Succeed**

Chapter 380 Incentive Policy, Impact Fund, Tax  
Increment Reinvestment Zones, **TED Fund**

# Project Eligibility







## EPE Texas Service Area

# Project Eligibility <sup>9</sup>

1

## Needs Based Eligibility

- Financial gaps
- Competitive situation
- Project would not occur or be substantially altered “**but for**” program participation

2

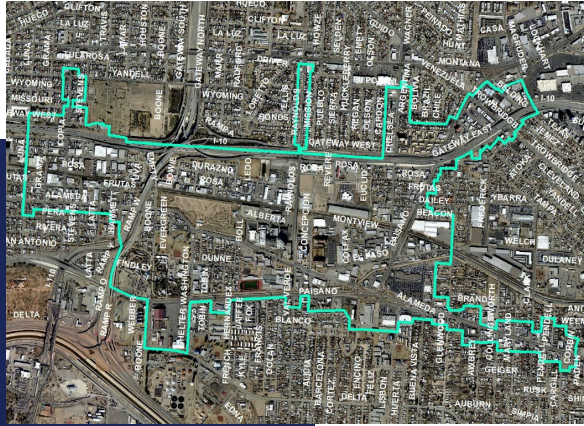
## Geographic Eligibility

- Located within EPE’s Texas Service Area
- Target Areas **aligning with 25 by 2025** will be given special consideration

# Target Areas

Airport Development

Medical Center of the Americas



Downtown

Cohen Redevelopment

# Project Eligibility<sup>10</sup>

3

## Investment Eligibility

### 1. Target Area Projects

50 net-new jobs + \$5 million investment

### 2. Non-Target Area Projects

100 net-new jobs + \$10 million investment

### 3. Non-Conforming Projects

Projects not meeting above criteria but **significantly advance** the public purpose of economic development within EPE's Texas Service Area

# Project Eligibility

4

## Target Industry Projects

- Projects supporting the advancement of these **7 industry sectors** are given special consideration
- Includes those projects that develop the **local supply chain** associated with these industry sectors
- **Aligns** with Chapter 380 policy and Regional Economic Development Strategy

Life +  
Biomedical  
Sciences

Tourism +  
Hospitality

Business  
Support  
Services

Defense +  
Aerospace

Advanced  
Manufacturing

Advanced  
Logistics

Data  
Processing,  
Hosting +  
Related



# Project Eligibility

5

## Other Resources Required

- Projects must leverage proceeds from TED Fund with other **non-City resources**

6

## Economic Benefit

- Projects must demonstrate **net positive impact** to EPE's Texas Service Area
- Demonstrated through an economic impact analysis

7

## Financial Stability

- Applicant must demonstrate **financial stability + capacity** to complete the project

8

## Exclusions

- No incidental benefit
- No anti-corruption/bribery convictions
- Compliance with all local, state and federal laws



# Assistance Categories

1

## Infrastructure Development

- Assistance associated with **public infrastructure projects** benefitting company(ies) committed to creating net-new jobs and/or new capital investment in the Texas Service Area.
- **Examples** of such projects include: rail, public roadway, port, airport, water, sewer, gas + telecom improvements.\*

2

## Quality Jobs + Investment

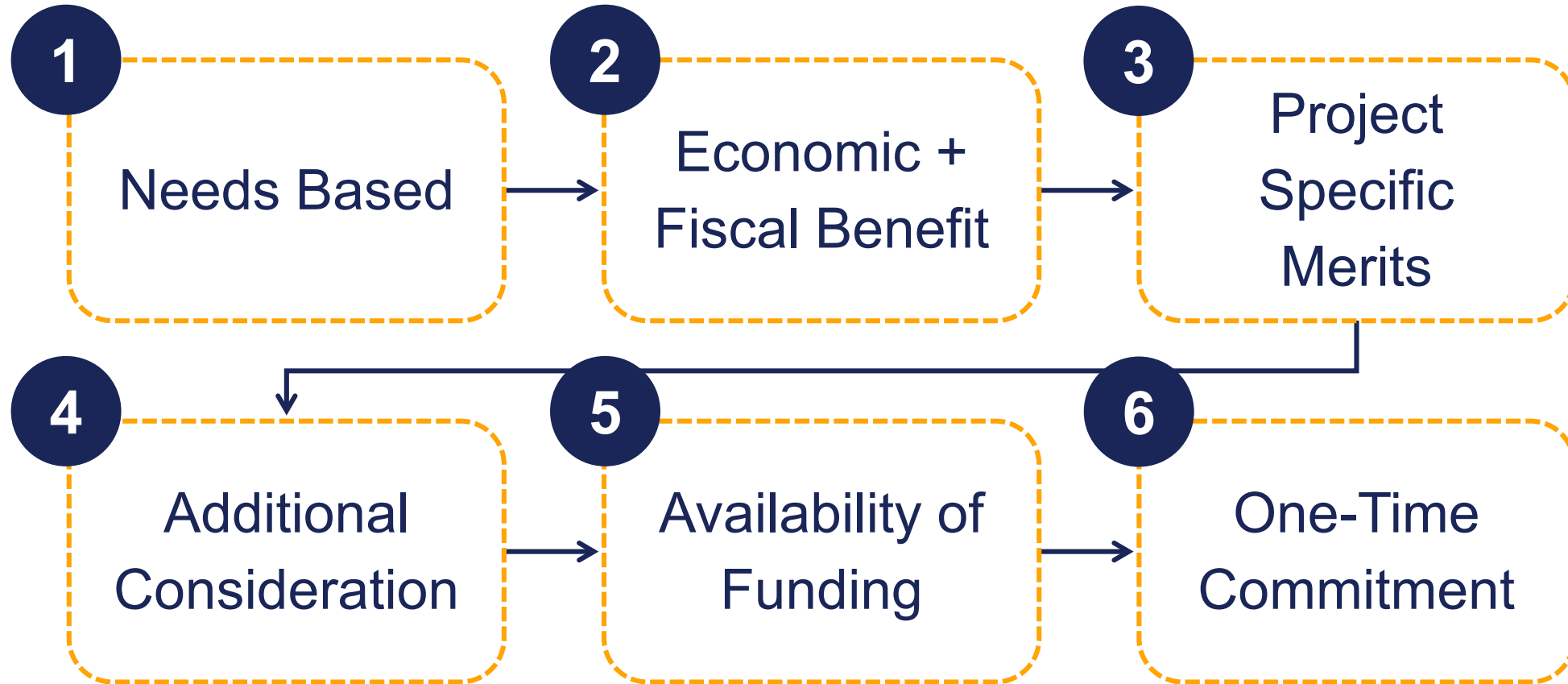
- Assistance to **offset the costs companies incur when expanding or locating** in the Texas Service Area.
- **Examples** of such costs include: job training assistance, building retrofitting, real property acquisition, relocation of equipment.\*

\* May not include infrastructure projects or expansion/location costs related to electric service generation or provision.

# Assistance Categories

	Infrastructure Development Assistance	Quality Job + Investment Assistance
Form	<ul style="list-style-type: none"> <li>Grant or loan to the local governing body or other political subdivision of the state in which the project is located</li> </ul>	<ul style="list-style-type: none"> <li>If within the City limits, grant or loan directly to the business</li> <li>If outside of the City limits, grant or loan may be made to the local governing body or other political subdivision of the state in which the project is located</li> </ul>
Additional Criteria	<ul style="list-style-type: none"> <li>Must demonstrate infrastructure improvements are necessary for the location or expansion of company(ies) that meet program eligibility criteria</li> </ul>	<ul style="list-style-type: none"> <li>Company location or expansion must meet program eligibility criteria</li> </ul>
	<ul style="list-style-type: none"> <li>If outside of City limits, 1:1 local matching funds shall be required from political subdivision(s) where project is located</li> </ul>	<ul style="list-style-type: none"> <li>If outside of City limits, 1:1 local matching funds shall be required from political subdivision(s) where project is located</li> </ul>
	<ul style="list-style-type: none"> <li>May not be applied to private land or land expected to become privately owned</li> </ul>	

# Amount of Assistance



# Type of Assistance

1

## Grant Funding

- Disbursed based on negotiated terms
- **Performance-based**
- Payments released following successful achievement of negotiated investment and/or job creation milestones

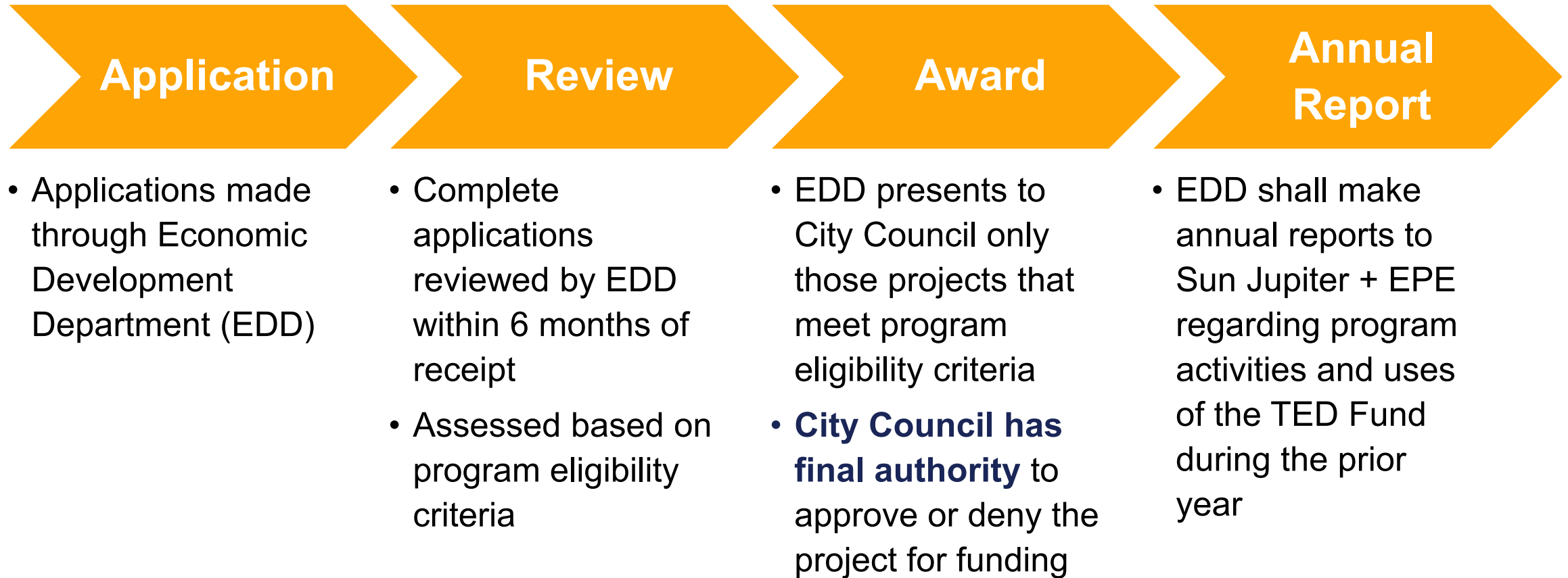
2

## Loan Funding

- Interest rate based on City's average rate of return or separately negotiated rate
- **Performance-based**
- Payments released following successful achievement of negotiated investment and/or job creation milestones
- All repayments and interest will be deposited back into the TED Fund



# Application + Award Process



# Next Steps

- Consider a resolution adopting the **Texas Economic Development Program – Policy and Guidelines**
- If policy is adopted by City Council, City may begin using TED Fund to promote economic development within the Texas Service Area in accordance with the policy



## 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, Respect, Excellence, Accountability, People