



EL PASO
INTERNATIONAL AIRPORT

ELP Development Policy

El Paso - Strategy for Adv. Manufacturing, Aerospace and DOD Industries

Create the “CAREER” jobs for today and tomorrow

Location of CHOICE for Aerospace & Defense / Advanced Manufacturing

LEVERAGE UTEP and El Paso Makes Coalition members relationships and associated grant opportunities

Mayor & City Council APPROVAL to ensure we successfully develop ELP and policy



Trends / Context

Rebuilding of US Defense Manufacturing is national security imperative

Supply chain resilience is a major post-COVID issue that is increasing cost for companies and consumers

Near shoring is how many global companies are seeking to reduce supply chain costs and resilience concerns – El Paso and northern Mexico are prime locations and the growth is happening

Full Employment & Workforce Development are challenges to keeping our talent and growing our own businesses and attracting new enterprises



- UTEP
- County of El Paso
- Work Force Solutions Border Plex
- Rio Grande Council of Governments
- National Center for Defense Manufacturing and Machining
- El Paso Chamber



El Paso Makes Coalition Partners

UTEP

Core relationship in how we address the trends

- Making El Paso an Advanced manufacturing hub
- Workforce development ready for the future

UTEP brings technical understanding

City brings economic development/ business expertise





Aerospace Center alumni working at Blue Origin.

Aerospace Center

Cutting edge research in aerospace and defense systems

- Propulsion
- Small Satellite Design
- Lunar In-Situ Resource Utilization
- In-Space Manufacturing
- Hypersonic Systems
- Uncrewed Aerial Systems
- Missile Systems
- Combustion/Clean Energy

W.M. Keck Center for 3D Innovation

- Advanced Additive Manufacturing Technologies
- Metals/Polymers/Ceramics Processing
- Materials Characterization
- Process Development and Optimizations
- Design and Engineering for Additive
- Large-Scale Additive Manufacturing
- 3D Printed Electronics



Workforce Development

E-TEC (El Paso – Training & Events Center) - GRANT SUBMITTED

- 1,000-person state of the art center that anchors a wider ELP training campus which includes partners like Ft Bliss, Trade Schools and UTEP
- Submitted federal grant to support development

Finalist in National Science Foundation (NSF) grant request where we are seeking infrastructure and facility support for the City's Advanced Manufacturing Campus – Named as FINALIST on August 2, 2023



How we capture the manufacturing growth opportunity

3 Step Business Growth Strategy

1. Strategy to **grow jobs** and ensure El Paso becomes an **advanced manufacturing hub**
2. To grow jobs and become a manufacturing hub, we need to **attract, retain and grow businesses**
3. Update our **incentive policies** to ensure it works for **entrepreneurs**, both
 - **Sites ready to develop**
 - **Benefits that maintain positive city ROI while offering appropriate flexibility for business**



Accomplishments to-date

1. Build Back Better win of \$40 million with \$25 million for ELP
2. ELP Innovation Factory is OPEN
3. Defense Advanced Manufacturing leader, Hiller Measurements, joining Innovation Factory
4. New SAIC lease signed
5. New Raytheon (RTX) lease signed
6. New NASA lease – Negotiating a new extension
7. Awarded \$3 million Connect grant
8. Submitted \$30 million E-TEC grant application
9. Submitted \$6 million Innovation Factory Phase 2 grant application
10. Finalist for \$160 million National Science Foundation grant



Purpose

City mission to promote a high QUALITY OF LIFE and place for citizens

Economic GROWTH for the city

Businesses ACCELERATE transformation, through jobs, by getting them to stay, expand and move to El Paso

Projects only recommended that are economically POSITIVE for El Paso

Establish ELP as a City Lab for how to innovate growth strategy and policy

Model Venture Capital approach, until market catches up

Investment in ELP is an investment in the City – Airport is a City asset



3-step strategy works & it is already putting El Paso on the national manufacturing map

Innovation Factory – An indication of more GREAT things to come

- 6 entrepreneurs in areas like; robotics, additive manufacturing, recycled rare earth magnets
- Four local companies and two new El Paso Investors
- Expansion in development given robust waiting list

Advanced Manufacturing Campus already attracting new tenant interest

- STATUS: Design Build procurement to begin Fall 2023



NEED: Update ELP Policy to make achievements count and remain sustainable

How to scale and replicate

- Cannot stop because we run out of investment funding
- Continue expansion of market for more El Paso jobs

An opportunity to innovate our approach

- City support that works for early-stage companies, like workforce development and rental startup assistance
- Better drive City objectives - ensure value add for City – cash positive always and whenever possible, we pay ourselves back



Updated Airport (ELP) Development Policy has two key parts

ELP Policy update puts more tools in our toolbox today

- Focused on workforce, rent and operational support
- Calculates return on investment (ROI) for City

Creates Local Government Corp (LGC) to sustainably manage revenue for tomorrow

- \$25M grant requires all revenue to remain within the operation and growth of the facilities
- Allows for funding source for expansion of AMD



Policy Structure Chart

City of El Paso

- Owns all New Assets *
- Lease & Operating Agreement to the ELP GC
- ELP Training & Event Center (E-TEC)
- Traditional Funding – Impact, TED FTZ Fees, Sales Tax, Other

*

Builds 2 X 100,000 sq. ft building
Builds 1 X 50,000 sq. ft building
Future assets (E-Tech and New Buildings)

ELPGC

- Manage Revenue from Assets.
- Provide Lease Land Payments to Airport
- Management Fees to Airport
- Maintains Buildings & Infrastructure
- Provides funding for future agreements (TI and other incentives to be approved by the board)

FAA Regulations

ELP

- Operating Agreement
- Continue investment in infrastructure
- Innovation Factory



Policy “table of contents”

1. Purpose
2. Funding
 - Traditional Approach
 - ELP Development Corporation (ELPDC)
3. Benefits
4. Eligibility
5. Application

The following charts are a deeper dive into the most important elements of the proposed update



Funding / Governance

Traditional funding sources like impact fund and grants, continue to be approved and deployed with City Council

ELP Development Corporation (ELPDC)

- Manages city owned buildings (built with Grants or ELPDC) on airport property
- Rental revenues go to ELPDC fund
- ELPDC fund used to sustain ELPDC growth packages and asset expansion and maintenance
- ELPDC Board membership (City Council)
- Airport Manages ELPDC, works with Economic Development on Projects
- ELPDC Board approves funding based on alignment with this policy and fund availability



Incentives – (flexible framework for business growth)

Site readiness

- ✓ Land
- ✓ Buildings
- ✓ Utilities
- ✓ Sustainable/Green

Flexible growth package

- ✓ Access to capital
- ✓ Rental Assistance
- ✓ Workforce Assistance
- ✓ Operational Assistance



Eligibility

To qualify for incentives, businesses must prove positive economic impact for ELP and the community

Magnitude of incentives corresponds to the relevance of our focus areas as well as the project's economic impact

Focus on **advanced manufacturing, aerospace and defense ventures**

Focus on **HQs and design centers**

Economic impact / ROI calculation elements



Application

Why your company – does it make sense as a business

Why now – is your business ready for the customer

Who is your customer – we want to be sure funding is well spent on El Paso's transformation, economic growth

Return on Investment (ROI) and NPV calculations maybe required on specific projects



Basis of Recommendation

Policy aligns with the recommendations from Aspen Institute

Feedback from Business (access to capital for startup), workforce development

Term Sheet approved for Hiller Instruments (July) followed this proposed policy

Positive value to city (ROI)



Request

- ❑ Direct the City Manager to Finalize the ELP Development Policy
 1. Updated policy that ensures ROI for City while also better meeting business growth needs
 2. Set up ELP Development Corporation (ELPDC) to ensure growth is financially sustainable

Both items will return for formal approval to City Council



MISIÓN



Brindar servicios excepcionales para respaldar una vida y un lugar de alta calidad para nuestra comunidad

VISIÓN



Desarrollar una economía regional vibrante, vecindarios seguros y hermosos y oportunidades recreativas, culturales y educativas excepcionales impulsadas por un gobierno de alto desempeño



VALORES

Integridad, Respeto, Excelencia,
Responsabilidad, Personas