

**CITY OF EL PASO, TEXAS  
AGENDA SUMMARY FORM**



**DEPARTMENT / COUNCIL OFFICE:**

**AGENDA DATE:**

**PUBLIC HEARING DATE:**

**CONTACT PERSON NAME:**

**PHONE NUMBER:**

**2nd CONTACT PERSON NAME:**

**PHONE NUMBER:**

**DISTRICT(S) AFFECTED:**

**AGENDA ITEM:**

**ISSUE STATEMENT:**

**BACKGROUND:**

**COUNCIL OPTIONS:**

**COMMITTEE REVIEW AND/OR RECOMMENDATION:**

**COMMUNITY AND STAKEHOLDER OUTREACH (if applicable, as an attachment) – please include:**

**RELATED CITY POLICIES:**

**PRIOR COUNCIL ACTION:**

**LEGAL REVIEW:**

*Legal counsel reviewed as a part of Council packet*

*Legal counsel reviewed in advance of packet as an individual item*

**AMOUNT AND SOURCE OF FUNDING:**

**REPORTING OF CONTRIBUTION OR DONATION TO CITY COUNCIL:**

NAME	AMOUNT (\$)

**ATTACHMENTS:**

**FOR MORE INFORMATION:**

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\*\*\*\*\*REQUIRED AUTHORIZATION\*\*\*\*\*

**SIGNATURE:**



(If Agenda Summary Form is initiated by Purchasing, client department should sign also)

**RESOLUTION**

**WHEREAS**, on February 7, 2023 the City set the framework for the leasing, operation, and maintenance of the Advanced Manufacturing Campus and Innovation Factory in accordance to the requirements of the United States Department of Commerce’s Economic Development Administration grant and the Coronavirus State and Local Recovery Fund; and

**WHEREAS**, the City Council approved the El Paso Makes Innovation Factory Incentive and Lease Policy (“IF Policy”); and

**WHEREAS**, the City desires to repeal IF Policy except as to those agreements funded with ARPA or other federal funds that remain in effect; and

**WHEREAS**, the City desires to implement the Advanced Manufacturing Incentive Policy (“AMD Policy”) under the authority of Chapter 380 of the Texas Local Government Code to provide a clear, flexible framework for the creation and administration of economic development programs that advance public value and serve a municipal purpose of the City; and

**WHEREAS**, the AMD Policy will govern three coordinated program areas: (1) the Innovation Factory, which supports early-stage and emerging manufacturers through flexible production space and incubation services; (2) the Advanced Manufacturing District (AMD), a development-ready industrial area intended to attract and retain high-impact manufacturing operations; and (3) the Innovation Network for Manufacturers; and

**WHEREAS**, the AMD Policy directly supports the City’s Strategic Plan, implementation of the Build Back Better Regional Challenge, and coordinated economic development activities at El Paso International Airport.

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:**

1. That the City Council hereby approves and adopts the *Advanced Manufacturing Incentive Policy* (“AMD Policy”), pursuant to the City’s authority under Chapter 380 of the Texas Local Government Code, and which shall supersede and replace *El Paso Makes Innovation Factory Incentive and Lease Policy* (“IF Policy”), except as to those agreements funded with ARPA or other federal funds that remain in effect.
2. That the Economic and International Development Department is designated as the administering department for all incentive programs implemented pursuant to the AMD Incentive Policy.
3. That administrative approval authority for DIBBs Readiness Incentives is assigned to the City Manager, or designee.

4. That no Innovation Factory or Advanced Manufacturing District lease incentive, lease agreement, or other binding commitment may be executed without prior formal approval by the City Council.
5. That the City Manager, or designee, is authorized to approve and execute non-material amendments, renewals, or extensions to agreements approved pursuant to Section 4, provided that such actions do not materially alter the purpose, consideration, term or financial obligations of the agreement and remain consistent with the intent of the original City Council approval.
6. That any administrative action taken pursuant to Section 5 shall be reported to the City council as part of periodic reporting on the implementation of the AMD Policy.
7. That all agreements executed pursuant to the AMD Policy shall be coordinated with the El Paso International Airport to ensure compliance with applicable Federal Aviation Administration rules, airport leasing procedures, and operational requirements.
8. That the City Manager, or designee, is authorized to perform any budget transfers and to execute related administrative documents necessary to carry out and consistent with this Resolution.

*(Signatures Begin on Following Page)*

APPROVED this \_\_\_\_ day of \_\_\_\_\_, 2026

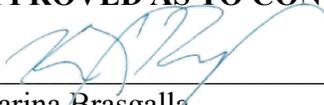
**THE CITY OF EL PASO:**

\_\_\_\_\_  
Renard U. Johnson  
Mayor

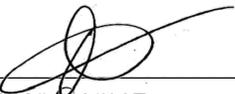
**ATTEST:**

\_\_\_\_\_  
Laura D. Prine  
City Clerk

**APPROVED AS TO CONTENT:**

  
\_\_\_\_\_  
Karina Brasgalla  
Director of Economic & International  
Development Department

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
Oscar Gomez  
Assistant City Attorney

**APPROVED AS TO CONTENT:**

  
\_\_\_\_\_  
J. Antonio Nevarez  
Director of Aviation

**REVISED**

*4:32 pm, Feb 10, 2026*

# Advanced Manufacturing Incentive Policy

GOVERNING THE INNOVATION FACTORY, ADVANCED  
MANUFACTURING DISTRICT, AND THE INNOVATION  
NETWORK FOR MANUFACTURERS

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# **Advanced Manufacturing Incentive Policy**

## **Governing the Innovation Factory, Advanced Manufacturing District, and the Innovation Network for Manufacturers**

### **I. PURPOSE**

The City of El Paso establishes this Advanced Manufacturing Incentive Policy under the authority of Chapter 380 of the Texas Local Government Code to provide a clear, flexible framework for the creation and administration of economic development programs that advance public value. This policy is intended to guide the City's use of incentives and partnerships to strengthen economic resilience, support quality job creation, and enhance competitiveness in advanced manufacturing, aerospace, and defense industries.

Consistent with best practices reflected in peer-city Chapter 380 policies, this policy serves as the "how" by which the City implements its economic development objectives, establishing the principles, eligibility standards, performance measures, and accountability mechanisms needed to ensure that public investments produce measurable community benefit and serve a municipal purpose. Incentives authorized under this policy are performance-based and designed to address market gaps, accelerate innovation, and support business growth across the full company lifecycle, from early-stage product development to scaled industrial operations.

This policy governs three coordinated program areas: (1) the Innovation Factory, which supports early-stage and emerging manufacturers through flexible production space and incubation services; (2) the Advanced Manufacturing District (AMD), a development-ready industrial area intended to attract and retain high-impact manufacturing operations; and (3) the Innovation Network for Manufacturers (Innovation Network), which strengthens supplier readiness through workforce development, certifications, and integration into national aerospace and defense supply chains. Together, these programs function as a unified development pathway that encourages innovation, expansion, and long-term regional competitiveness.

The Advanced Manufacturing Incentive Policy directly supports the City's Strategic Plan, implementation of the Build Back Better Regional Challenge, and coordinated economic development activities at El Paso International Airport. Because both the Innovation Factory and the Advanced Manufacturing District are located on airport-owned property, all leases and incentive structures must comply with applicable Federal Aviation Administration (FAA) Fair Market Value (FMV) requirements. This policy ensures that economic development objectives are advanced in a manner that is transparent, accountable, and compliant with federal, state, and local obligations.

## **II. SCOPE**

### **A. Innovation Factory**

The Innovation Factory is a facility owned by the City of El Paso and managed by El Paso International Airport. It supports early-stage manufacturing businesses through subsidized leases, shared equipment access, and technical services. Lease subsidies are designed to reduce the early operational costs for small-batch, prototype, and early-stage manufacturers who require specialized workspace and technical support to enter the market. Companies applying for this incentive must demonstrate engagement in activities such as prototyping, engineering design, machining, additive manufacturing, or materials development. They must also participate in the Innovation Network's supplier readiness curriculum, ensuring their business growth aligns with the regional strategy for advanced manufacturing and defense supply-chain development.

### **B. Advanced Manufacturing District**

The Advanced Manufacturing District (AMD) is a designated industrial area located on airport property and leased in alignment with FAA requirements and intended for manufacturers that demonstrate significant potential to contribute to El Paso's industrial growth through job creation, capital investment, and participation in key target industries such as aerospace, defense, and advanced manufacturing. Because the AMD is located entirely on airport property, all leases must be executed at the FAA Fair Market Value, ensuring compliance with federal requirements. All companies expanding or locating within the AMD are required to fund their own tenant improvements (TIs). This includes, but is not limited to, interior build-outs, installation of machinery or specialized equipment, utility extensions or modifications, safety systems, and any additional improvements necessary to support the company's operations. The City will not construct, finance, or subsidize tenant-specific improvements except where such improvements are incorporated into airport-owned structures and fully recovered through FMV-compliant lease rates. All TI work must be reviewed and approved by El Paso International Airport to ensure alignment with infrastructure needs, airport regulations, and federal law.

### **C. Innovation Network for Manufacturers**

The Innovation Network for Manufacturers (Innovation Network) is a countywide initiative established through a cooperative partnership between the City of El Paso, the University of Texas at El Paso's Aerospace Center and W.M. Keck Center for 3D Innovation, and regional industry partners. The purpose of the Innovation Network is to strengthen the competitiveness of El Paso's existing small and medium-sized manufacturers and connect them to national aerospace and defense value chains. The Innovation Network leverages UTEP's national research leadership, advanced manufacturing capabilities, and applied engineering expertise, combined with the City's economic development tools and the business support infrastructure of regional partners, to enhance the innovation, technological capacity, and business readiness of local manufacturers.

### **III. FINANCIAL INCENTIVES**

#### **A. Lease Incentives**

Eligible tenants of the Innovation Factory and the Advanced Manufacturing District may qualify for lease incentives structured as performance-based reimbursements. All leases on airport property must be executed at the FAA Fair Market Value; however, the City may reduce effective rental costs through reimbursements tied to job creation, wage performance, participation in the Innovation Network for Manufacturers, capital investment, and alignment with regional industry priorities. Lease incentives for the Innovation Factory and Advanced Manufacturing District tenants require City Council approval.

#### **B. Tax Rebates and Grants**

Capital Improvement costs incurred by applicants may qualify them for tax rebates and other grants, provided all documentation and eligibility requirements are met. These include

1. Property Tax Rebate – A rebate of a percentage of the City’s portion of incremental ad valorem personal property tax revenue generated above the Base Year Value during the Grant Period.
2. Construction Materials Sales Tax Rebate – A one-time 100% rebate of the City’s 1% Sales and Use Tax on eligible construction materials and labor.
3. Development and Building Fee Rebate – A one-time rebate of qualifying City development fees, not to exceed \$10,000.

These incentives are intended to support capital investment, site activation, and workforce development within the City’s advanced manufacturing ecosystem.

#### **C. Workforce Development**

The Skills Training Grant provides reimbursement for eligible workforce development expenses incurred by the Applicant to support Full-Time Employment positions within the City’s advanced manufacturing, aerospace, and defense ecosystem. Eligible expenses may include training materials, training equipment, recurring training classes, and professional certifications that directly improve the knowledge, proficiency, or technical readiness of the company’s workforce.

For purposes of this program, Full-Time Employment means a job created and/or retained by the Applicant in El Paso that requires a minimum of 1,820 prorated hours of work per year, including allowances for vacation, holidays, and sick leave, and that offers full company benefits, including company-paid health insurance, provided that employees are not required to pay more than fifty percent (50%) of the health insurance premium.

Eligible costs must be directly related to strengthening workforce skills and capabilities associated with Full-Time Employment positions, and all reimbursements are performance-based and subject to documentation and verification requirements established by the City. The Skills Training Grant may be awarded independently of Tenant Improvements or other construction-related incentives.

#### **D. DIBBs Readiness Incentive**

Companies participating in the Innovation Network for Manufacturers may qualify for the Defense Industrial Base Business Readiness (DIBBs) Incentive, which provides financial support upon achieving key milestones for defense contracting readiness. Eligible milestones include SAM.gov registration, obtaining a CAGE code, achieving ISO 9001 or AS9100 certification, and submission of at least one verified defense-related bid. This incentive strengthens the region's supply-chain competitiveness and helps companies meet the rigorous requirements of the aerospace and defense sectors. The DIBBS Readiness Incentive will be administratively approved by the City Manager, or designee, for eligible companies with complete applications, upon verification, pending funding availability.

Companies achieving these milestones between October 1, 2022, and March 31, 2027, remain eligible for a \$10,000 grant, with an additional \$2,500 bonus for those that achieve certification by December 31, 2026. The City conducts a thorough verification of submitted materials and reserves the right to enforce repayment in cases of noncompliance or misrepresentation.

#### **IV. BUSINESS SUPPORT SERVICES**

In addition to the financial incentives and lease-based programs established under this policy, the City of El Paso will provide comprehensive business support services that strengthen the regional innovation ecosystem and ensure the success of companies participating in the Innovation Factory, the Advanced Manufacturing District, and the Innovation Network for Manufacturers. These services are divided into Incubation and Acceleration tracks, each tailored to the needs of companies at different stages of growth within the aerospace, defense, and advanced manufacturing sectors.

##### **A. Incubation Track Services (for startups and early-stage companies)**

The City will continue offering an incubation track designed to support startups developing new products, technologies, and business models. As part of this track, the City will work with the University of Texas at El Paso (UTEP) and Innovation Network partners to assist companies in maturing technologies, developing prototypes, and preparing products and services for commercial markets. Support will include technical development assistance, mentoring, and access to specialized facilities and equipment.

The City will negotiate agreements, lease terms, and incentives with future tenants of the Innovation Factory and the Advanced Manufacturing District and will coordinate with tenants regarding interior build-out needs, operational planning, and access to design, manufacturing, and testing resources during the development of the Advanced Manufacturing District.

The City will continue offering talent acquisition and development support through matchmaking programs that connect technology and business founders, assist with the identification and recruitment of management teams, and provide access to subject-matter mentors. Business

fundamentals training will also be made available, offering early-stage companies structured guidance on essential business practices.

To promote business growth, the City will provide services such as pitch deck development, market research, connections to partner networks, customer discovery and validation opportunities, networking events, fundraising toolkits, and introductions to angel and seed capital networks. The City will further support companies seeking federal research and commercialization funding through resources such as the SBIR and STTR programs.

#### **B. Acceleration Track Services (for advanced and scaling companies)**

The City will expand its acceleration track to support companies that have demonstrated commercial potential and require more advanced technical, operational, and supply chain capabilities. Through coordination with UTEP, including the Aerospace Center and the Keck Center, the City will connect companies with applied research and development support, product and process improvement expertise, and consultation regarding advanced manufacturing technologies and methods.

As part of supporting scale-up manufacturers, the City will negotiate leases in the Advanced Manufacturing District that include access to cybersecurity and digital infrastructure suitable for aerospace and defense requirements. The City will also provide technical assistance to companies pursuing facility and process upgrades necessary for International Traffic in Arms Regulations (ITAR) registration and other regulatory readiness milestones.

The City will continue supporting business fundamentals for acceleration-stage companies through defense contracting assistance, supplier development, and advanced regulatory compliance programming. Assistance will include support for achieving certifications such as ISO 9001 (Quality Management), ITAR compliance, and the Cybersecurity Maturity Model Certification (CMMC).

To further promote regional manufacturing visibility and supply chain integration, the City will expand marketing of West Texas manufacturers through tools such as CONNEX El Paso, a supply chain database designed to connect buyers and suppliers across the manufacturing ecosystem. The City will also provide support for annual industry events, including a West Texas Supplier Summit and a regional Technology Forum, to promote collaboration, business development, and industry engagement.

### **V. LEGAL AND COMPLIANCE PROVISIONS**

The policy requires strict adherence to all applicable laws, regulations, and ordinances, including FAA leasing regulations and Texas Local Government Code provisions. The City may audit company records for up to three years after incentive disbursement to verify compliance, and any material misrepresentation constitutes an event of default. In such cases, the City retains full

authority to recapture disbursed funds with interest. All agreements under this policy are subject to disclosure under the Texas Public Information Act unless exempted by law.

## **VI. GENERAL TERMS**

Companies participating in any incentive program established under this policy must remain in good standing with the City of El Paso and comply with all applicable City ordinances, resolutions, policies, and contractual obligations, including, but not limited to, being current on all taxes, fees, and lease payments owed to the City. Incentives are never automatic; each application undergoes evaluation to ensure alignment with City priorities and compliance with program requirements. Reporting obligations are mandatory and are used to determine continued eligibility and economic impact.

## **VII. AUTHORITY AND ADMINISTRATION**

The Economic and International Development Department is responsible for administering all incentive programs under this policy, with administrative approval authority for DIBBs Readiness Incentives vested in the City Manager, or designee. Innovation Factory and Advanced Manufacturing District Lease Incentives require formal approval by City Council; provided, however, that the City Manager, or designee, is authorized to approve and execute non-material amendments, renewals, or extensions to agreements previously approved by City Council, so long as such actions do not materially alter the purpose, consideration, term, or financial obligations of the agreement and remain consistent with the intent of the original City Council approval. Any administrative action taken pursuant to this authority shall be documented and included as part of periodic reporting to the City Council regarding implementation of this policy. All agreements require coordination with the El Paso International Airport to ensure compliance with FAA rules, leasing procedures, and operational requirements.

## **VIII. POLICY REVIEW**

This policy must be reviewed every two years to ensure continued relevance, competitiveness, and compliance with changing federal and state regulations, as well as evolving market conditions and regional economic development priorities. Recommendations for amendment will be submitted by the Economic and International Development Department for City Council consideration.

## Appendix A – Definitions

- A. Acceleration Track** - A support pathway for established or scaling manufacturers providing advanced R&D assistance, regulatory readiness, supply-chain integration, and help achieving certifications such as ISO, ITAR, and CMMC.
- B. Aerospace and Defense Sectors** - Priority industries targeted for growth due to their high technological demands, supply-chain requirements, and regional significance.
- C. Build Back Better Regional Challenge (BBBRC)** - A federal initiative supporting regional innovation, advanced manufacturing, and defense supply-chain development, implemented locally through the Innovation Factory, AMD, and the Innovation Network.
- D. Capital Investment** - expenditures by a company for equipment, machinery, or tenant improvements that may qualify for certain tax rebates and incentives.
- E. Chapter 380 Agreement** - A legal mechanism allowing Texas cities to provide incentives such as grants, reimbursements, or tax rebates to advance economic development goals.
- F. City Council Approval** - Formal approval requirement for all Advanced Manufacturing District Lease Incentives; other incentives may be approved administratively.
- G. CMMC (Cybersecurity Maturity Model Certification)** - A DoD-required cybersecurity compliance framework that mandates specific cybersecurity practices for contractors and subcontractors handling Controlled Unclassified Information (CUI). CMMC includes tiered certification levels and is required for participation in defense-related contracts and supply chains.
- H. Construction Materials Sales Tax Rebate** - A one-time 100% rebate of the City's 1% sales and use tax on eligible construction materials and labor.
- I. Defense Industrial Base Business Readiness (DIBBs) Incentive** - A financial incentive awarded to companies achieving defense-readiness milestones such as SAM.gov registration, CAGE code, or ISO/AS9100 certification.
- J. Eligibility Requirements** - Standards a company must meet—including industry alignment, job creation, wage performance, and reporting—to qualify for incentives.
- K. Event of Default** - A violation such as misrepresentation or non-performance that allows the City to recapture funds with interest and terminate an agreement.
- L. Fair Market Value (FMV)** - The required rental rate for airport property as determined under FAA rules; all leases in the Innovation Factory and AMD must be executed at FMV.
- M. Financial Incentives** - Performance-based tools such as lease reimbursements, tax rebates, grants, and workforce training reimbursements.
- N. Incubation Track** - A support pathway for early-stage startups involving subsidized lease terms, prototyping assistance, mentorship, and access to research resources.
- O. Innovation Factory** - A City-owned, Airport-managed facility providing flexible space, subsidized leases, and technical support for early-stage manufacturers.
- P. Innovation Network for Manufacturers** - A countywide partnership led by the City, UTEP Aerospace Center, Keck Center, and industry partners to strengthen supplier readiness and connect manufacturers to aerospace and defense value chains.
- Q. ISO 9001 / AS9100 Certification** - Quality management certifications required to participate in aerospace and defense supply chains and eligible for DIBBs incentives.
- R. ITAR (International Traffic in Arms Regulations)** - Federal regulations governing the control of defense-related technical data; AMD tenants may require ITAR-ready facilities or processes.

- S. Job Creation Requirements** - Expected workforce commitments, including the number of jobs and wage levels, that companies must meet to receive financial incentives.
- T. Lease Incentives (Performance-Based Reimbursements)** - Reimbursements that reduce effective rental costs after a company achieves performance milestones such as job creation or capital investment.
- U. Personal Property Tax Rebate** - A rebate returning a percentage of the City's portion of incremental personal property tax revenue generated above the base year value.
- V. Policy Review Cycle** - A mandatory two-year review of the policy to ensure competitiveness, regulatory compliance, and alignment with regional priorities.
- W. Skills Training Grant** - A reimbursement for eligible workforce development expenses such as training materials, certifications, and job-related training equipment.
- X. Supplier Readiness** - A company's ability to meet industry-required quality, cybersecurity, and certification standards to enter aerospace and defense supply chains.
- Y. Tenant Improvements (TIs)** - Interior build-outs and facility upgrades required for a tenant's operations. In the AMD, companies must fund their own TIs unless improvements become airport-owned assets.