



Strategic 380 Incentive Policy Amendment

Economic & International Development

January 19, 2021

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



380 Policy Amendment Recommendation



Goal A: Adjust Wage Requirements

Category 1 : Shift the wage considerations to require all proposed positions to exceed the local wages associated with each proposed position, as per the BLS

Goal B: Allow for Supply Chain-Directed Incentives

Category 3 : Facilitate Partnership incentives with Supply Chain (Gap) Companies

Goal C: Increase Local Workforce Skills

Section IV : Targeted Incentives for Skills Training

Goal D: Update Target Areas

Exhibit C. Update Target Areas



OUR 380 POLICY STRUCTURE AND RESULTS

Strategic 380: Overview

Effective Date: 11/3/2015

City Vision

El Paso will have safe and beautiful neighborhoods, a **vibrant regional economy**, and exceptional recreational, cultural, and educational opportunities

Policy Goal

Create **strategic partnerships** with selected private businesses that will make a measurable difference in achieving economic growth and development, expanding and diversifying the tax base and creating new quality jobs within the City of El Paso. To **drive growth** in key areas in the City to meet City and Council priorities.

Key Criteria

- Quality Jobs
- Business Type
- Capital Intensive
- Targeted Incentive Categories

(Veteran Hiring, STEM, Headquarters)



Chapter 380 Incentive Policy

City Strategic Plan

- Veteran Employment
- Wage Growth
- Partnerships with higher education

Target Industry Sectors

- Defense and Aerospace
- Life Sciences
- Tourism
- Advanced Manufacturing
- Advanced Logistics
- Business Support Services
- Destination Retail

Targeted Incentives for:

- Locating in downtown or the MCA
- Establishing a headquarters
- Veteran hiring programs/initiatives
- Higher wages
- Partnerships with educational entities
- Research and Development
- Workforce Training
- Mentorship and Internship Opportunities



**EACH INCENTIVE AGREEMENT IS PERFORMANCE BASED + PROJECT SPECIFIC*

Economic Development Agreements Benefit to Taxing Entities

Creates and Retains Jobs

- Higher paying jobs
- Career opportunities
- Keeps and grows local talent in the Greater El Paso area

Expands Tax Base

- Increase number of commercial businesses paying taxes
- Offers relief to the residential tax-payer
- Provides additional funding for future projects
- Induces opportunities for local businesses to support incoming industry

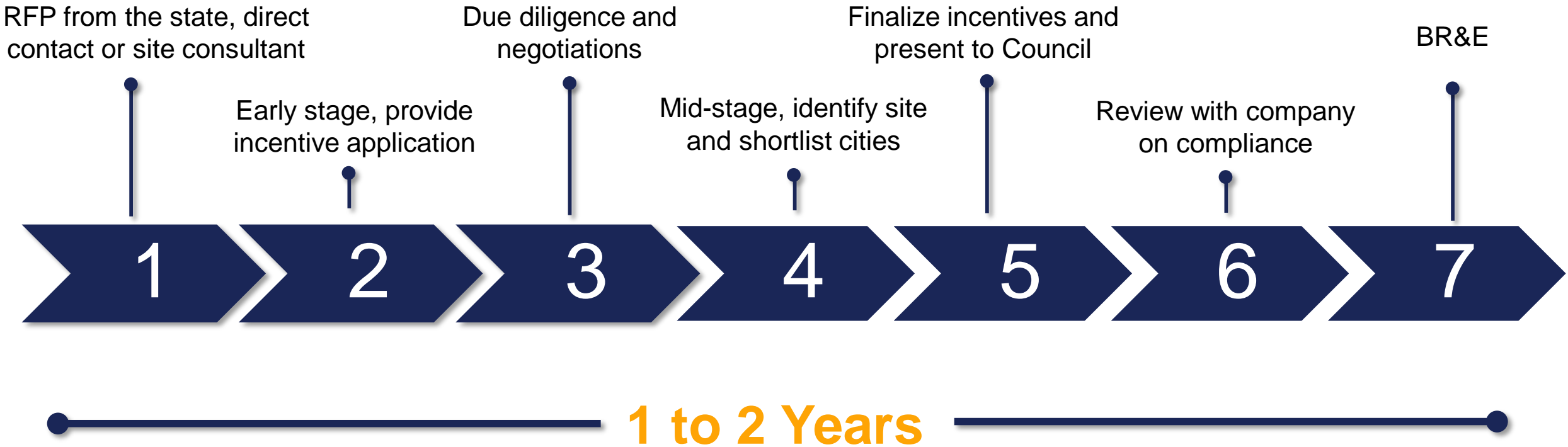
Keeps El Paso Competitive

- Regional approach
- Higher wages, large talent pool
- Affordable city

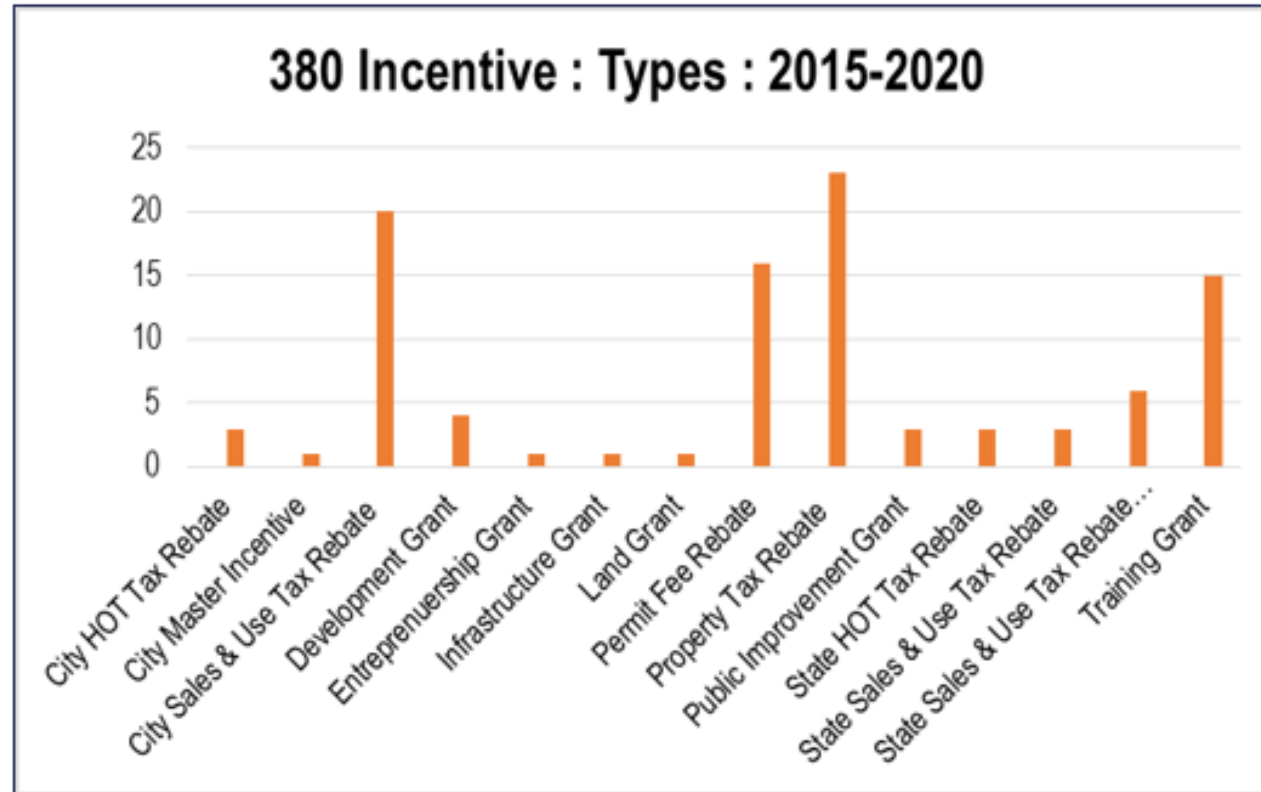
Revitalize the community

- Utilize Infill and Transit-Oriented Development economic development incentives to encourage growth throughout El Paso

Incentive Agreement Timeline

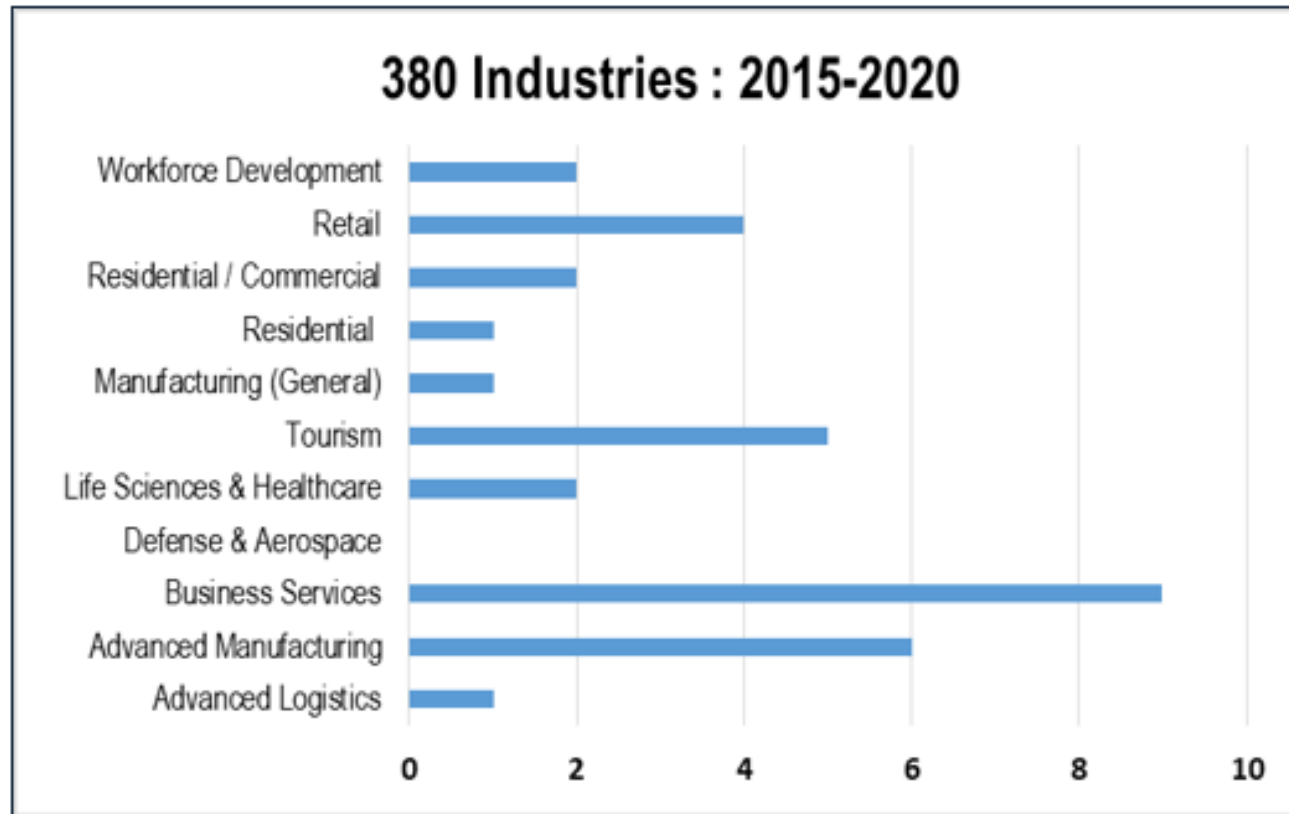


380 Portfolio Characteristics : Tools



**Note : Redevelopment Infill & TOD 380s utilize property tax rebates, permit fee rebates and construction material sales tax rebates predominantly*

380 Portfolio Characteristics : Targets



Combining Forces : ED Toolkit (Snapshot)

Local Programs

- **Chapter 380/381**
- Chapter 312
- Ad Valorem Property Tax Rebate
- State Sales and Use Tax Rebate
- Permit Assistance
- One-Stop-Shop
- Workforce Solutions Borderplex

State Programs

- **Texas Enterprise Fund**
- **Texas Workforce Commission**
- **Texas Enterprise Zone Program**
- **Convention Center Hotel Program**
- Chapter 313
- Historic Tax Credits
- Texas Economic Development Act
- Self-Sufficiency Fund
- Franchise Tax Deduction for Business Relocation
- Defense Economic Adjustment Assistance Grant Program (DEAAG)
- Texas Military Value Revolving Loan Fund
- Texas Product Development & Small Business Incubator Fund (PDSBI)
- Research & Development Tax Credit
- Renewable Energy Incentives

Federal Programs

- Opportunity Zone Program
- The Freeport and Goods in Transit Exemptions

Competition is Intense and Increasing...

El Paso has limited economic development fund sources, but we compete against communities with significant economic development resources

Overall Sales Tax Rate: 8.25%

- State (6.25%), City (1%), County (0.5%), Sun Metro (0.5%)

Since 1989, 586 Texas cities have levied an economic development sales tax:

- 101 Cities Type A (.5 cent for Developing Industries)
- 367 Cities Type B (.5 cent for Developing Industries & Cultivating Communities)
- 118 Cities Type A and B

Example: Frisco, TX (Pop: 205,465) – 14th Largest City Texas

- From 2015-2019 Frisco's EDC received a combined \$202 million in sales tax revenue. (*Over \$40 million annual average or \$983 per person*)
- Total revenue over the same period allowed them to spend a combined average of over \$76 million per year on economic development projects



Creating Smart Partnerships

Outcomes & Results "Win-Win" : 2015-2020

13,800
JOBS

JOBS

Nearly **13,800 jobs** directly supported

- Over 5,200 jobs created
- Nearly 8,600 jobs retained
- A 79% increase over previous 5 years

\$1.17
BILLION

INVESTMENT

Nearly **\$1.17 billion** in actual capital investment

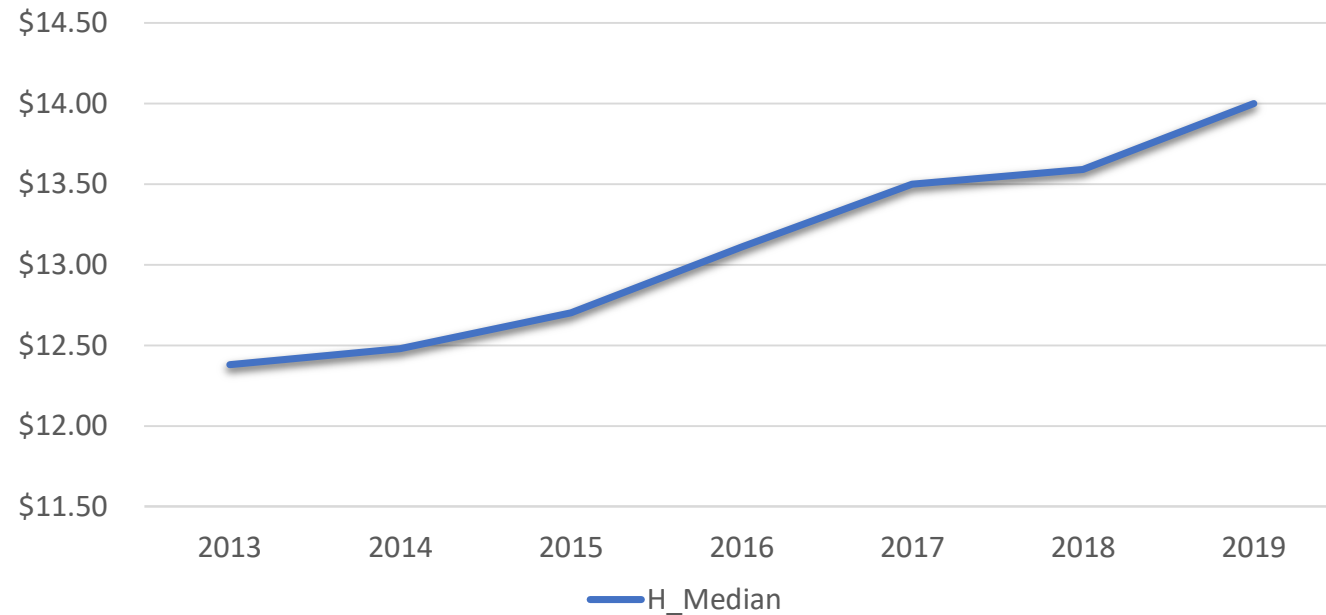
- A 25% increase over agreement obligation
- A 66% increase over previous 5 years



Creating Smart Partnerships Business & Community “Win-Win”



El Paso MSA Hourly Median Wage Growth (2013-2019)



The **EP MSA Median County Wage** has **grown by 13%** in the previous 6 years.

(From \$12.38 in 2013 to \$14.00 in 2019)

Policy Is Working

Source: BLS, OES (2020)

Strategic Chapter 380 Results

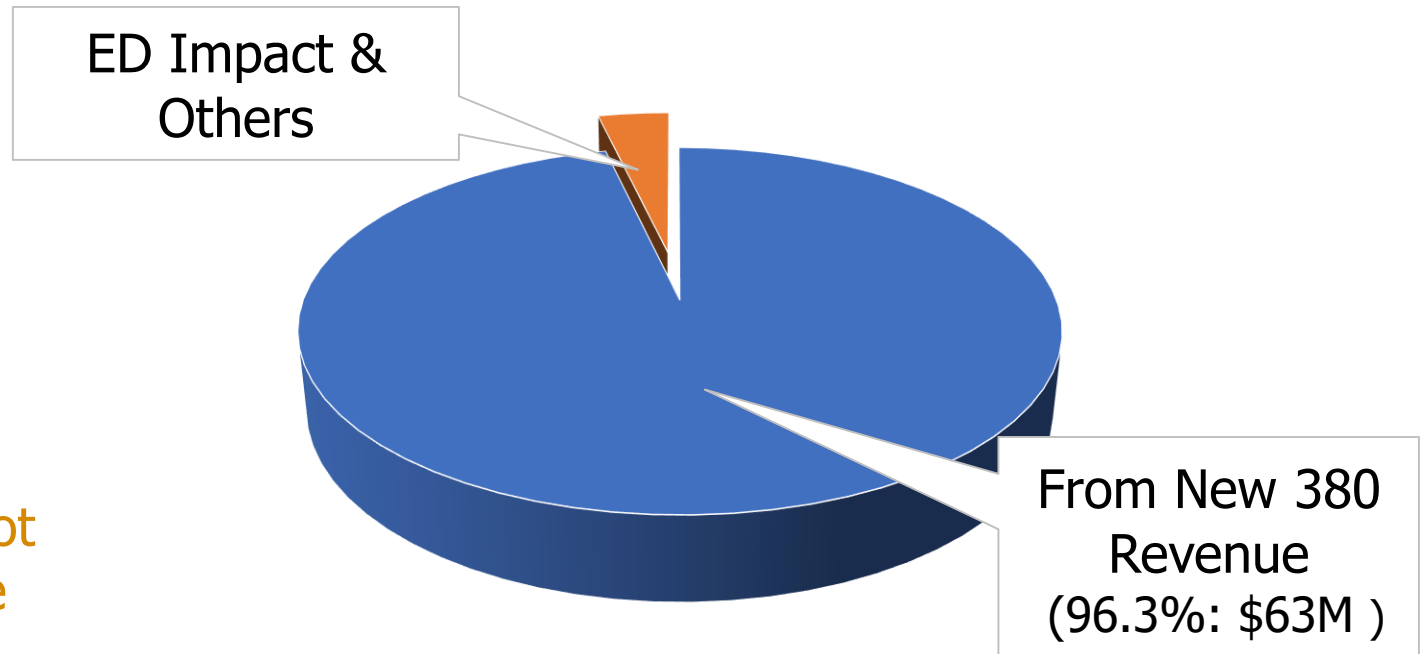
Applying New Revenue to Stimulate Targeted Growth

Where does the Funding for Incentives Come From?

Majority of incentive funds come from the projects themselves


Over 96% of all incentive funds are sourced from the **new revenue** created by the very same 380s.

Without the 380s, we would not have the \$63M in new revenue




* Figures Represent Active, Job Creation 380s

ENHANCING EXISTING BUSINESS




Fred Loya Insurance

- \$11.5 million expansion
- 562 jobs created and retained
- Financial Services



Charter Communications

- \$2.3 million expansion
- 350 jobs created and 578 retained
- Average annual salary of \$56,140



SDI Technologies


- \$15.2 million investment
- 44 jobs created and retained
- Consumer Electronics



Technimark LLC


- \$8.7 million investment
- 104 jobs created
- Advanced Medical Manufacturing

ATTRACTING NEW BUSINESS




Teleperformance USA

- \$6.7 million investment
- 1,124 jobs created
- \$33 million annual payroll impact




Veritas (Skilled Nursing)

- \$21.97 million investment
- 133 jobs created
- Life Sciences & Healthcare



Eaton Corporation

- \$15.7 million investment
- 200 jobs created
- Cross-border manufacturing

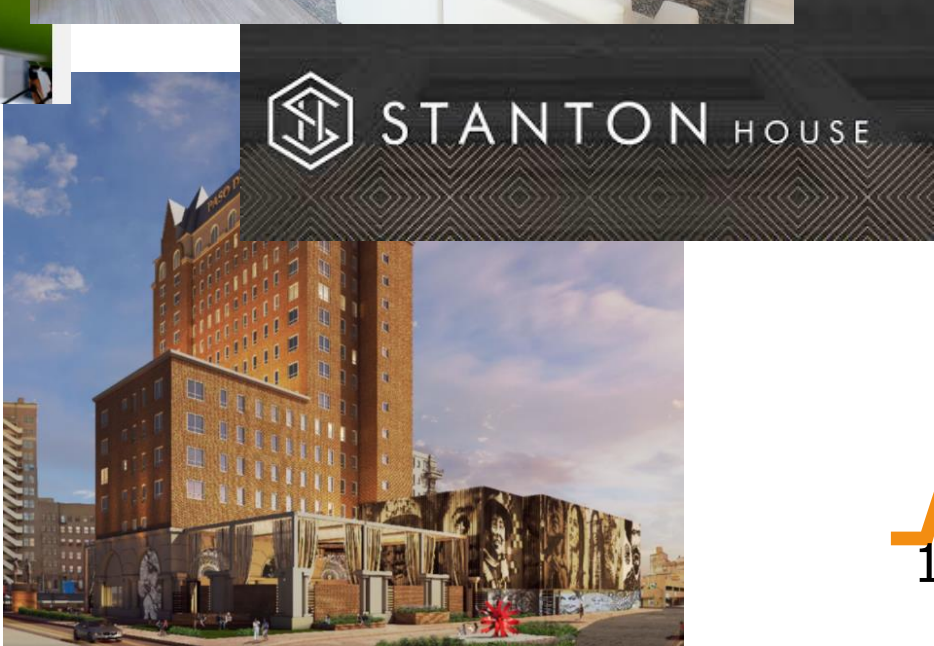


South Shore USA INC

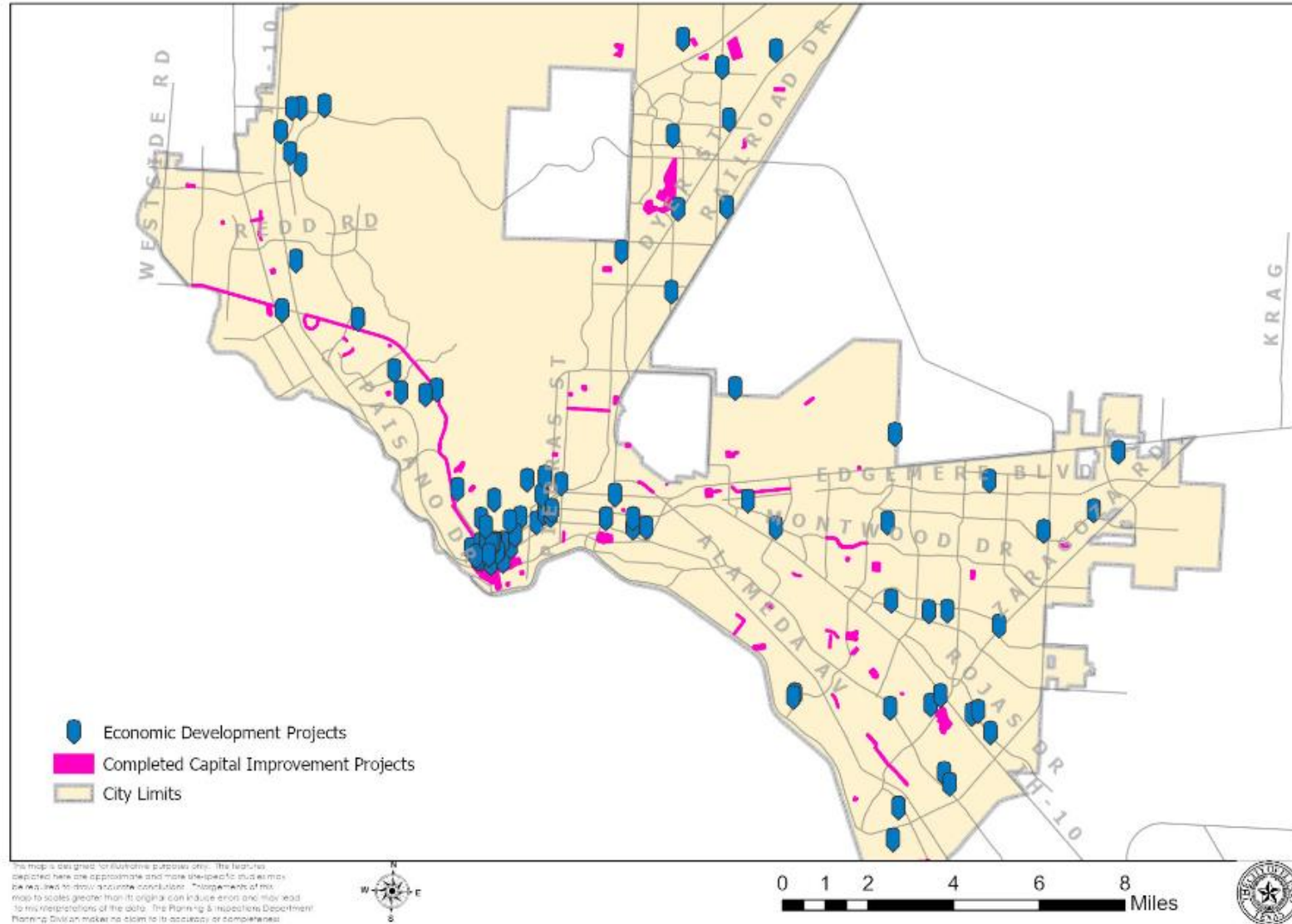
- \$8.5 million investment
- 21 jobs created and retained
- Consumer Manufacturing

Class A Office Space, Start-ups and Entrepreneurship & Innovation, Tech Companies, Hospitality

[How It Works](#) [Case Studies](#) [Resources](#) [Company](#) [Support](#) [Request Demo](#)



City-Wide Impact (2015-2020)



Where Do Your Tax Dollars Go?



SCHOOL DISTRICT

43%

CITY

29%

COUNTY

15%

UMC

8%

EPCC

5%

Strategic Chapter 380 Results

Tax Benefits Created for our Community (2008-2019) (Net After Incentives)

EP County	ISDs	EPCC	UMC	DMD
\$59,354,822	\$157,813,540	\$17,134,956	\$32,499,331	\$1,199,790

TOTAL
\$268,002,439

** Total amount does not include new investment, payroll and indirect sales tax benefits*



Strategic 380 Policy Solutions and Components

380 Policy Amendment Recommendation



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Exhibit C. Update Target Areas

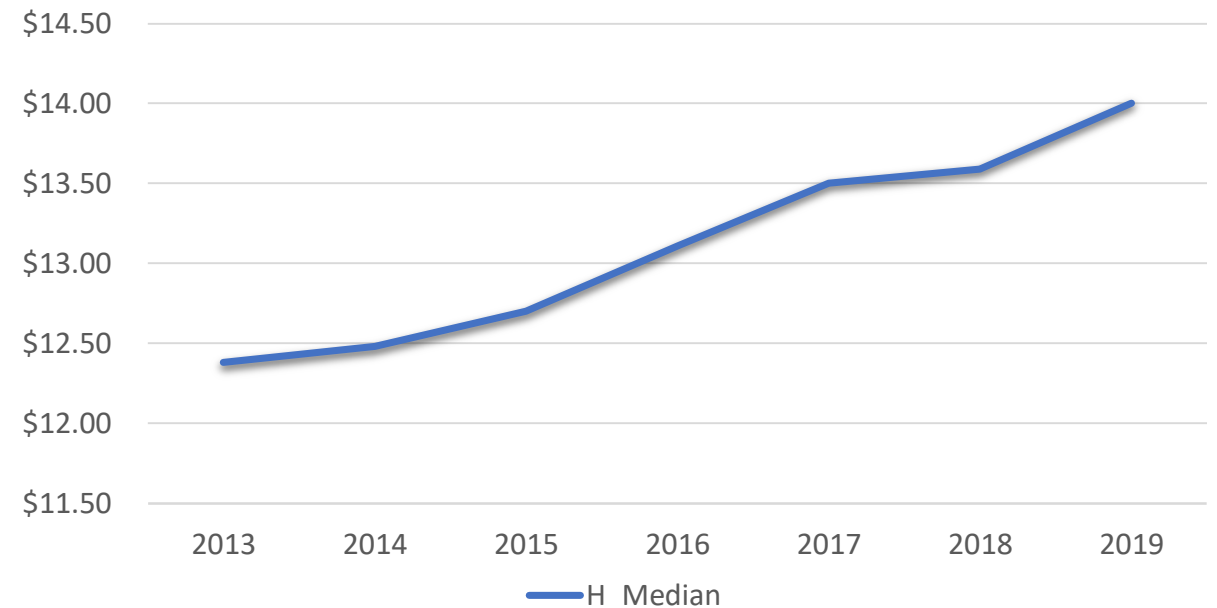
Strategic Wage Growth

Recommendation : Require ALL proposed positions to exceed the local wages associated with each proposed position, as per the Bureau of Labor Statistics

1. Overall **Median County Wage** is \$14.00 (BLS, 2019)
2. Increasing the value of **each skill level increases** the **overall** Median County Wage level
3. Skill-Specific approach shifts **MCW** needle **UP** while allowing for **market competitiveness**

Measure	Hourly Wage	Annual Wage	Percent Superior
Current BLS MCW	\$ 10.17	\$ 21,153.00	0%
380 Position Wage	\$ 12.50	\$ 26,000.00	18%

Current EP MCW	\$ 14.00
Current EP MCW + 18%	\$ 16.52



Updated Qualification Criteria



Issue

Key Supply Chain Companies are not being secured



Solution

Facilitated Supply Chain company entry via adjusted wage consideration



Policy Component

Category 4 : A participating company investing in enhancing the Target Industry Supply Chain in the region is eligible for a 50% grant.

Updated Qualification Criteria



Issue

Need to increase local **Workforce Skills**



Solution

Incentivize company to provide workforce **skills training** in coordination with educational institutions and WSB.



Policy Component

Section VI: All applying companies will receive additional consideration if they commit to hire and train employees through the local workforce board, Workforce Solutions Borderplex and qualified training institutions.





Updated Qualification Criteria



Issue

Need to update Target Areas



Solution

Three new areas have been selected for income need and targeted development



Policy Component

Exhibit C :
Downtown EP (Plan Area)
TIRZ #6 (MCA Area)
Historic Mission Trail
Airport (Footprint)
TIRZ #11 (NE Cohen)

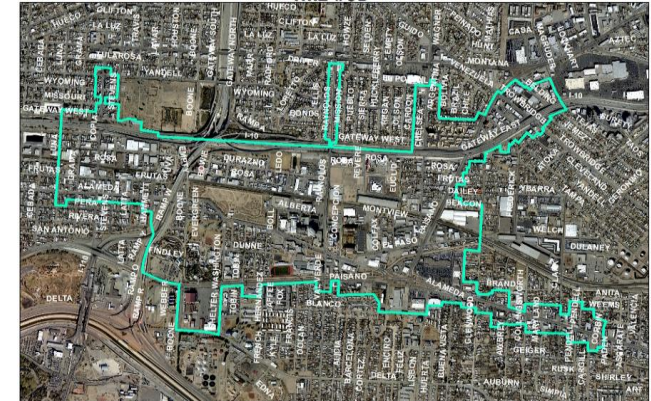
Updated Qualification Criteria: Target Areas



Historic Mission Trail



Downtown Plan Area



TIRZ #6 (MCA Area)



Airport Footprint



TIRZ #11 (NE Cohen)

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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