

**CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**

AGENDA DATE: August 27, 2024

PUBLIC HEARING DATE: N/A

CONTACT PERSON(S) NAME AND PHONE NUMBER: Karina Brasgalla, (915) 212-0094

DISTRICT(S) AFFECTED: 2

STRATEGIC GOAL: Goal 1: Create an Environment Conducive to Strong, Sustainable Economic Development.

SUBGOAL: 1.1 Stabilize and expand El Paso's tax base

SUBJECT:

A Resolution nominating Western Refining Company LLC, as a Texas State Enterprise Zone Project. If designated, Western Refining Company LLC, will invest approximately \$150M on strategic capital projects aimed at upgrading and modernizing the El Paso Refinery located at 212 N. Clark Drive, El Paso, Texas 79905; and retain 500 full-time positions at that location over the term of the project's designation.

BACKGROUND / DISCUSSION:

The Texas Enterprise Zone Program is a State funded economic development tool that allows the City of El Paso to collaborate with the State of Texas to encourage job creation and retention and capital investment in economically distressed areas of the state. Through the program, Texas communities may nominate companies in their jurisdiction to receive Enterprise Zone designation, a designation that allows qualifying projects to collect state sales and use tax refunds or rebates on qualified expenditures made by the company.

The City of El Paso is nominating Western Refining Company LLC as an Enterprise Zone Project to the Office of the Governor Economic Development and Tourism for specific capital projects, including upgrading and migrating all obsolete refinery blending applications, modernizing and upgrading process control systems and safety instrumented systems. \$5M of the projected capital investment has been allocated to replace an out-of-service tank allowing for the segregation of Asphalt. Western Refining has allocated \$12M in order to increase the refinery's Alkylation Unit Capacity and debottleneck the FCC to supply the Alkylation Unit. \$18M has been allocated to update the Cat Gasoline Hydrotreater process. This critical update will re-route the FCC gasoline upstream of the treatment coolers, which send a hotter feed to the CGHT and reduce steam use and cooling tower blowdown. The facility will also revamp its wastewater process to minimize/eliminate NOV's. \$6M has been allocated for the installation of a new storage tank, new pumps, and new piping in order to supply Firewater to the North and South plants. The proposed capital investment also includes allocations for improvements and upgrades for security as well as multiple safety projects to ensure Western Refining's commitment to the highest level of employee safety standards.

PRIOR COUNCIL ACTION:

November 22, 2022 - El Paso Healthcare System, Ltd. (Las Palmas Medical Center)

August 30, 2022 – Phelps Dodge Refining Corp., TEZ Designation

May 24, 2022 – El Paso Healthcare Systems, LTD – Del Sol Medical Center, TEZ Designation

August 30, 2021 – Charter Communications, Inc. TEZ Designation

August 20, 2019 – Western Refining Company, L.P. TEZ Designation

AMOUNT AND SOURCE OF FUNDING:

Texas Enterprise Zone designation enables businesses to receive only state sales and use tax refunds; there is no impact to local tax revenue.

HAVE ALL AFFECTED DEPARTMENTS BEEN NOTIFIED? X YES ___ NO

Revised 04/09/2021

PRIMARY DEPARTMENT: Economic and International Development

SECONDARY DEPARTMENT: N/A

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD:



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

**A RESOLUTION NOMINATING WESTERN REFINING COMPANY LLC,
AS A TEXAS STATE ENTERPRISE ZONE PROJECT**

WHEREAS, the City Council of the City of El Paso (“City”) has previously adopted Ordinance No. 017116 on May 26, 2009, electing to participate in the Texas Enterprise Zone Program; and

WHEREAS, the City adopted Ordinance No. _____ on August 27, 2024 reaffirming its participation in the Texas Enterprise Zone Program and establishing that future program nominations of Texas State Enterprise Projects (“TEZ Project”) may be approved by resolution pursuant to Sec. 2303.4051(f) of the Texas Government Code (“Code”), provided that such projects meet those requirements in accordance with Chapter 2303 of the Code; and

WHEREAS, the local incentives offered under this Resolution are the same on this date as were outlined in Ordinance No. 017116 and Ordinance No. _____; and

WHEREAS, pursuant to Chapter 2303, Subchapter F of the Texas Enterprise Zone Act, Texas Government Code (“Act”), WESTERN REFINING COMPANY LLC, has applied to the City for designation as an enterprise zone project; and

WHEREAS, the Office of the Governor Economic Development and Tourism (“EDC”) through the Economic Development Bank (“Bank”) will consider WESTERN REFINING COMPANY LLC, as a TEZ Project pursuant to a nomination and an application made by the City; and

WHEREAS, the City desires to pursue the creation of the proper economic and social environment in order to induce the investment of private resources in productive business enterprises located in the city and to provide employment to residents of enterprise zones and to other economically disadvantaged individuals; and

WHEREAS, the City finds that WESTERN REFINING COMPANY LLC, meets the criteria for designation as an TEZ Project under Chapter 2303, Subchapter F of the Act on the following grounds:

1. WESTERN REFINING COMPANY LLC, is a “qualified business” under Section 2303.402 of the Act since it will be engaged in the active conduct of a trade or business at a qualified business site located outside an enterprise zone and at least 35% of the business’ new employees will be residents of an enterprise zone, economically disadvantaged individuals, or veterans; and
2. There has been and will continue to be a high level of cooperation between public, private, and neighborhood entities within the area; and
3. The designation of WESTERN REFINING COMPANY LLC, as a TEZ Project will contribute significantly to the achievement of the plans of the City for development and revitalization of the area.

WHEREAS, the City finds that WESTERN REFINING COMPANY LLC, meets the criteria for tax relief and other incentives adopted by the City and nominates WESTERN REFINING COMPANY LLC, for TEZ Project status on the grounds that it will be located at the qualified business site, will create a higher level of employment, economic activity and stability; and

WHEREAS, the City finds that it is in full compliance with Chapter 2303, Texas Government Code prior to nomination of an eligible business; and

WHEREAS, the City finds that it is in the best interest of the City to WESTERN REFINING COMPANY LLC, as a TEZ Project pursuant to the Act.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

1. That WESTERN REFINING COMPANY LLC, is a “qualified business” as defined in Section 2303.402 of the Act, and WESTERN REFINING COMPANY LLC meets the criteria for designation as a TEZ Project, as set forth in Section 2303, Subchapter F of the Act;
2. That the enterprise zone project shall take effect on the date of designation of the enterprise project by the agency and terminate five years after date of designation; and
3. That the City Manager or designee be authorized to sign any and all documents required by EDC to complete the nomination process.

APPROVED this ____ day of _____, 2024.

ATTEST:


THE CITY OF EL PASO:

Laura Prine
City Clerk

Oscar Leeser
Mayor

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:



Oscar Gomez
Assistant City Attorney



Karina Brasgalla, Interim Director
Economic & International Development