



February 28, 2023

Item 36

Developing & Growing the Aerospace & Defense Innovation Network for Manufacturers

An Interlocal Agreement between the City of El Paso and the University of Texas at El Paso



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

Council Requested **Action**

Approve a resolution authorizing the Mayor to enter into an **Interlocal Agreement** between the University of Texas at El Paso and the City of El Paso to:

1. Reaffirm the parties' commitment to the creation of the **Aerospace & Defense Innovation Network for Manufacturers**; and further grow the Network;
2. **Enhance the innovation and business capabilities** of El Paso's **existing manufacturing sector** and connect them to the national aerospace and defense value chain; and
3. **Identify the parties' obligations** and responsibilities in pursuit of these goals, wherein:
 - UTEP will provide programming and services to participating manufacturers; and
 - City will provide in-kind and direct support in an amount not to exceed \$1.875 million.



Background: Build Back Better Grant

- Of more than 520 applicants, the West Texas Aerospace + Defense Coalition, led by UTEP, was one of 21 applicants selected for participation in the nationally competitive **Build Back Better Regional Challenge**.
- **The Coalition was awarded \$40M** to strengthen America's aerospace and defense manufacturing capabilities by integrating legacy manufacturers in West Texas into the aerospace and defense supply chain. Through the award, **two interconnected projects were funded**:
 - The City, awarded \$25 million, is the lead on developing a 250-acre **El Paso Makes: Advanced Manufacturing District** at the El Paso International Airport.
 - UTEP, awarded \$15 million, is the lead on further developing and providing programming for the **Aerospace & Defense Innovation Network for Manufacturers**.



Goal 1 Strategy:

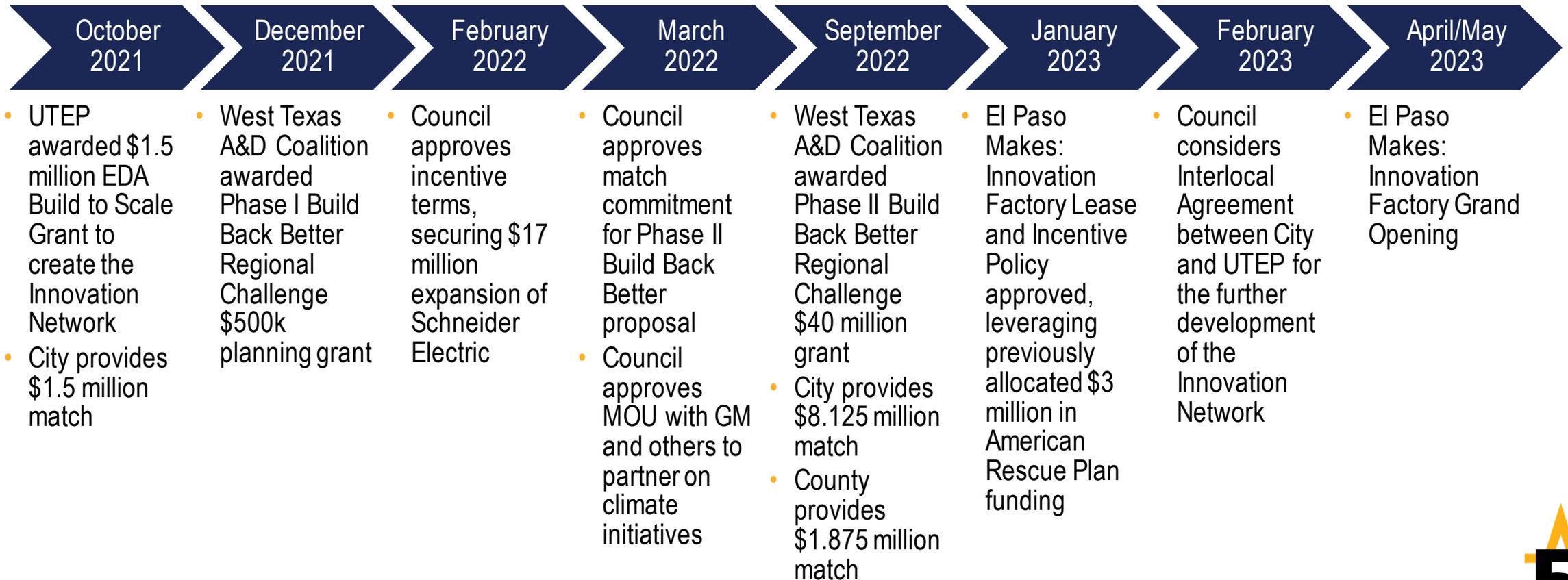
Expand El Paso's Tax Base

Strategic Objectives (30 by 30)

- **Grow existing and attract new** target industries, including **advanced manufacturing** and international development; creating an innovation-driven culture of technology that fosters **economic prosperity** and creates **high-paying career pathways**.
- Continue the development of integrated planning efforts with **Communities of Excellence** partners, including the University of Texas at El Paso

Advance Wage Growth + Create Careers + Retain Talent + Invest in Small Businesses

Strategy Execution: **Actions & Results**





El Paso Makes: Innovation Network for Manufacturers

Aerospace, defense and manufacturing startups

Small and medium manufacturers

AEROSPACE AND DEFENSE INNOVATION NETWORK FOR MANUFACTURERS

Incubation Track

Acceleration Track



Technology Innovation



Technology Innovation

Infrastructure & Facilities

Infrastructure & Facilities



Innovation Factory



Aerospace Technology District



Advanced Manufacturing District



Talent Acquisition & Development



Business Fundamentals



Business Growth



Talent Acquisition & Development



Business Fundamentals



Business Growth

Interlocal: UTEP's Obligations

- UTEP will provide the City with:
 - Access to CONNEX El Paso (supplier database used to promote local manufacturers)
 - Access to Innovation Network monthly networking meetings (hosted by Chamber)
 - A booth at annual summits and forums (10 total events)
 - Participation on the Innovation Network Governance Board
 - Annual presentation at a public meeting of the El Paso City Council
 - Quarterly reports, including information about Innovation Network members, access to outcome data measuring KPIs, progress toward output and outcome metrics, etc.
- UTEP will provide services to the El Paso Makes: Innovation Factory, including:
 - Tenant and facility management services;
 - Incubation services for Innovation Factory tenants;
 - Acceleration services to small and mid-sized manufacturers located at the Advanced Manufacturing District



Interlocal: Measurable Goals & Impacts by September 2027

Output

- 200 manufacturers participating in the Innovation Network
 - Connect 150 manufacturers to new customers in aerospace & defense markets
 - Host 5 annual supplier summits
 - Host 5 technology forums
 - Attend 20 trade shows to market suppliers to aerospace & defense markets
 - Provide tailored incubation and acceleration services to 200 manufacturers
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Outcomes

- 150 manufacturers quality certified for aerospace & defense business
- 150 manufacturers prepared to compete for aerospace & defense business
- Combined annual revenue of Innovation Network members increases by 20%
- Network manufacturers will collectively add 500 new jobs

Interlocal: **City's Obligations**

The City will provide half of the required 20 percent local match over the 5-year grant term, in an amount not to exceed **\$1.875 million**

- **In-Kind Support:** \$845,000 provided in salaries and wages, including fringe benefits through Economic & International Development and the El Paso International Airport
- **Direct Support:** \$1,030,000 in direct support for:
 - **Materials and Supplies** (\$367,500) to support technology innovation for members of the Innovation Network, including the use of equipment; as well as marketing materials (including CONNEX) to promote local manufacturers to aerospace and defense markets;
 - **Workshops and Seminars** (\$125,000) to host an annual Aerospace and Defense Supplier Summit to promote local manufacturers to buyers in aerospace and defense markets; and an annual Southwest Emerging Technology Symposium to showcase research, students, and emerging trends and technologies; and
 - **Consultants** (\$537,000) to support the creation and operation of incubator and accelerator programs at the El Paso Makes: Innovation Factory; and other support for Innovation Network members.

Executing the Strategic Plan: **Leveraging Local Competitive Strengths + Communities of Excellence**

- Resilient Manufacturing Industry Specializing in Primary Metal Manufacturing
- Diverse, Highly Skilled, Industry-Ready Talent Pool
- World-Class Manufacturing Education Programs
- Leading Manufacturing Applied Research Applications through Tier 1 University
- Fifth Largest Manufacturing Hub in the World
- Leveraging City + UTEP Partnership through Communities of Excellence
- Close Proximity to Fort Bliss, White Sands Missile Range
- Private Investment in Aerospace (Blue Origin + Spaceport America)

Advance Wage Growth + Create Careers + Retain Talent + Invest in Small Businesses

Next Steps

- Growing partnership with Fort Bliss for research & development
 - Including alternative or renewable sources of energy initiatives
- Preparing the Shovel-Readiness of Key Sites
 - Phase II of the El Paso Makes: Advanced Manufacturing Campus at the El Paso International Airport
 - City-owned property in northeast El Paso, south of New Mexico state line
- Building out retention, expansion, and attraction capacity and partnerships
 - Emphasize Innovation Network members and Advanced Manufacturing District tenants
- Supporting Coalition efforts to secure funding for West Texas Advanced Technology Corridor:
 - Aerospace Technology District
 - Aerospace and Defense Technologies and Manufacturing Training Centers

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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