



Work Session Item 3:

Grupo Bafar

An Expansion Project at E. 1600 Fourth Ave.

October 23, 2023

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

Company Background: Grupo Bafar



- One of Mexico's leaders in the food industry
- Founded more than 40 years ago in Chihuahua
- More than 14,000 associates internationally
- Purchased \$279M in products from the US in 2021
- Exported \$30M to the US in 2021
- 3 companies currently in El Paso accounted for \$89M in sales in 2021



Project Summary

Applicant: Grupo Bafar

Property Address: 1600 E. Fourth Ave.

Real Improvement Costs: \$21,332,150

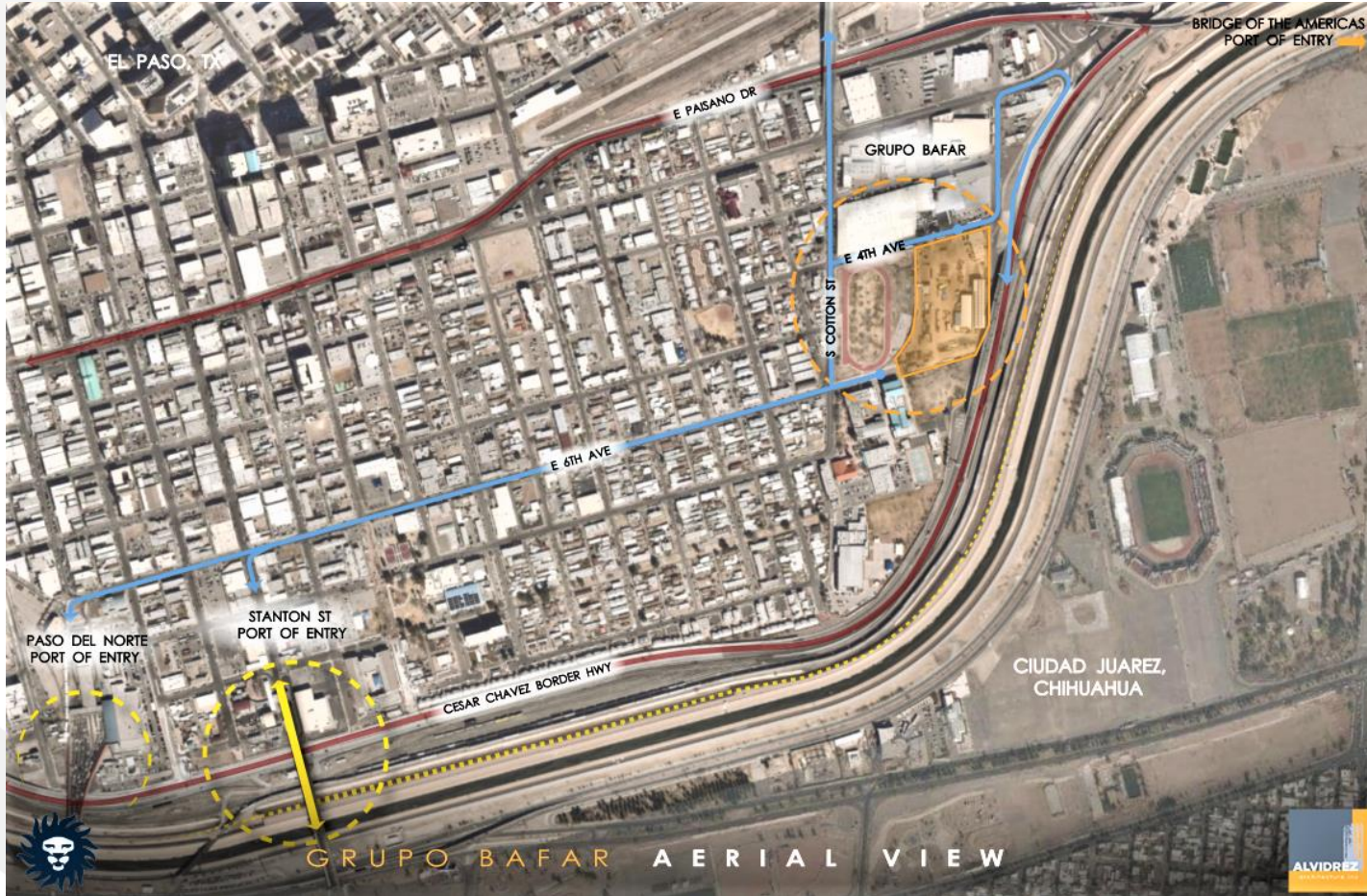
District: District 8

Proposal: Business Expansion

Renovate old (Kasco Structures steel fabricating facility) and construct a new **61,000 SF** cold storage facility, warehouse and administrative building which will result in the **retention of 155 full-time jobs** and the **creation of 120 FTEs**

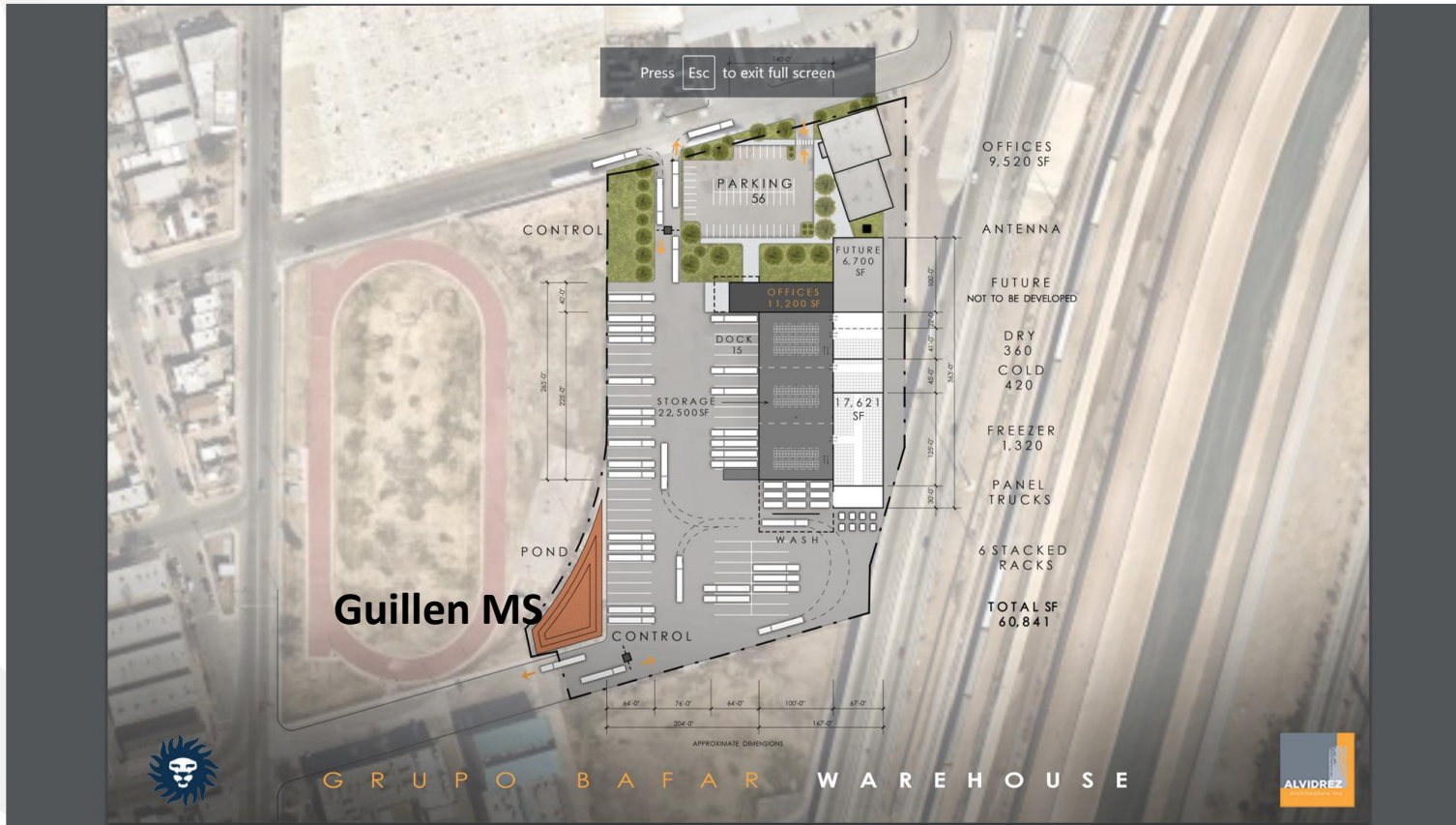


Site Location & Design: 1600 E. Fourth Ave.



- 2-story corporate office building
- Cold storage and warehouse
- May include cafeteria and market open to the public
- Facility will become U.S. Headquarters
- Expect 95% of power to be supplied by solar
- Future opportunities may include the expansion of grocery stores

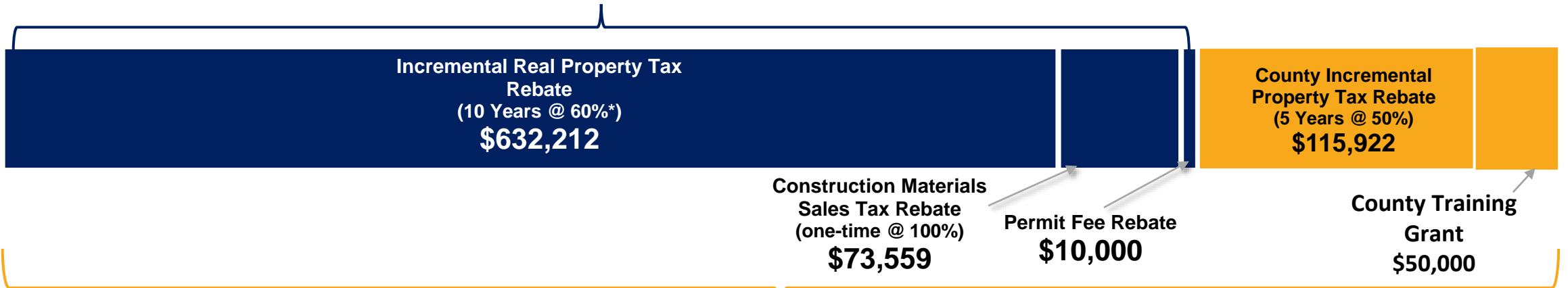
Site Location & Design: 1600 E. Fourth Ave.



- Retain **155 FTEs** and add **120 new full-time positions**
- Positions include full benefits package
- Median wage **\$17.55 per hour**
Compared to median \$8.65 per hour in adjacent census tracts where fewer than 30 percent of residents have insurance

Proposed Incentive

Total City Incentive = \$715,771
(86% of total local incentive proposal)



Total Local Incentive = \$881,693
4.1% of total investment

* Possibility of increasing to 70% if applicant hires 50% of proposed 120 FTEs from within specified census tracts

Economic Impact

	Current Operations	Expanded Operations	Total Operations
Jobs*			
Direct	155	120	275
Indirect	131	101	242
Jobs Total	286	221	507
Salaries (\$M over 10-Year incentive term)			
Direct	\$54.8	\$18.7	\$73.5
Indirect	\$48.0	\$16.3	\$64.3
Salaries Total	\$102.8	\$35.0	\$137.8

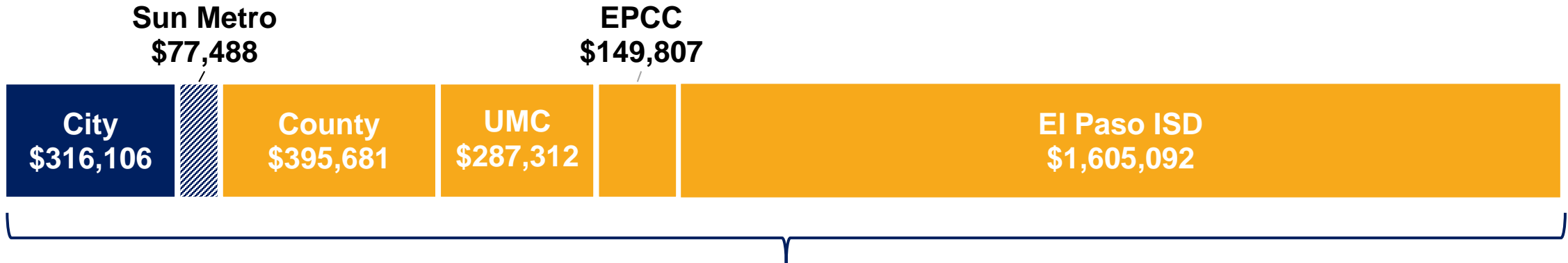
- Project operations directly support 120 jobs and average annual salaries of nearly \$18.7 million.
- Through spending, an additional 101 jobs are supported.
- In total, 221 jobs are supported by the project, representing \$35.0 million in average annual salaries.

*Jobs is reflective of Job-Years



Community Tax Benefit

10-Year Total Tax Benefit after Incentives



Tax Benefit after Incentives Over 10-Year Term = \$2,931,486

*Estimated tax benefit includes tax revenue from the expansion less incentive value; costs associated with government services are needed to support the expansion are not included.

Recommendation

- Incentive proposal aligns with the City's 380 Incentive Policy given the project location and type
- Project aligns with other policy objectives, including use of renewables, location of U.S. headquarters, and addresses equity
- **Recommendation:** Move forward with the approval of a Chapter 380 Agreement.

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, **R**espect, **E**xcellence,
Accountability, **P**eople