



January 30, 2023

Item 9

An Update on the Growth of a Regional Advanced Manufacturing Industry Cluster

To Expand the Tax Base, Increase Wages, Provide High Quality Job Growth +
Create High-Paying Career Pathways



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



Goal 1 Strategy:

Expand El Paso's Tax Base

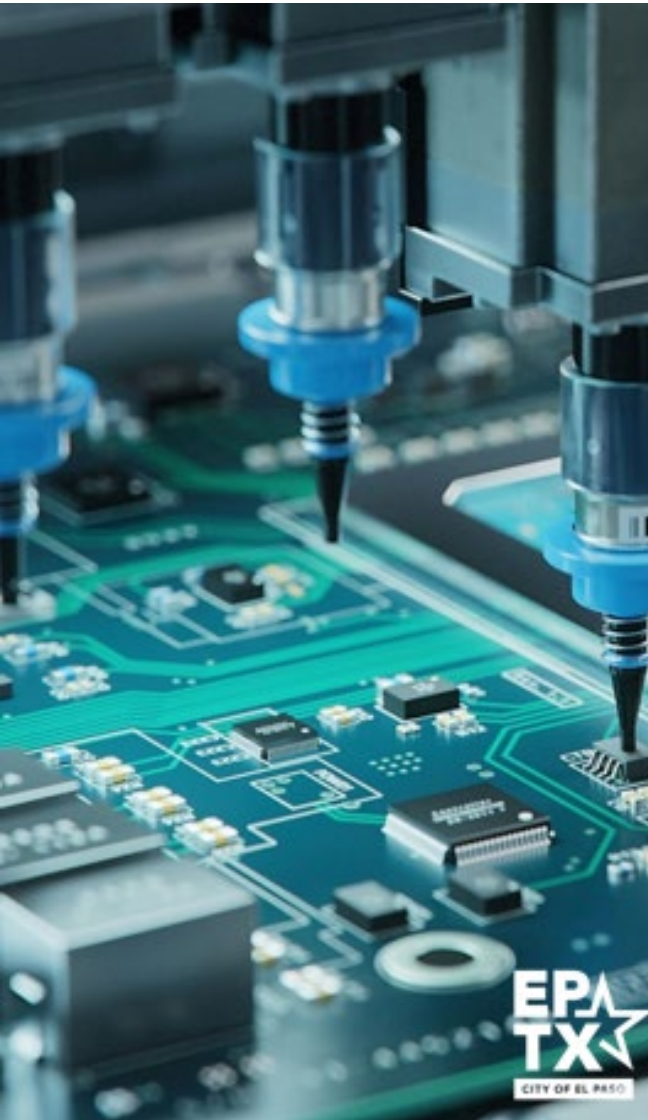
Strategic Objectives (30 by 30)

- 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

Result = Wage Growth + Quality Job Growth + Career Pathways

Strategy Execution: Results

- Partnered with NDCC, UTEP, and the Chamber to secure a \$1.5 million Economic Development Administration **Build to Scale: Venture Challenge** grant to assist local manufacturers in scaling operations
- Of 529 applicants nationwide, the West Texas Aerospace & Defense Coalition was one of 21 regional coalitions awarded a grant through the Economic Development Administration's **Build Back Better Regional Challenge** to grow or scale a regional industry cluster
- Announced the expansion of **Schneider Electric**, making El Paso its largest manufacturing footprint in the U.S. and securing a more than \$17 million investment, 370 new jobs, and the retention of 1,130 existing jobs
- Established partnership including the City, General Motors, El Paso Electric, and the Chamber to **advance electrification + climate initiatives**





Strategic Initiatives: Growing the Economy through Advanced Manufacturing

- **Build Back Better Regional Challenge:** In partnership with UTEP and other Coalition members, make our region a destination for investment in aerospace and defense manufacturing
- **Small Business Assistance + Growth:** Administer and manage American Rescue Plan Act funding for small business response + recovery, including assistance to local small manufacturers
- **Attraction + Expansion:** Deploy strategies to grow the economy through attraction + expansion of large advanced manufacturing employers
 - **Leverage Real Estate Assets:** Improve the shovel-readiness of City-owned properties at the **Airport** and in **Northeast El Paso**
 - **Binational Collaboration:** Take advantage of trends in nearshoring by improving cross-border infrastructure + promoting Mexico as a regional sourcing alternative

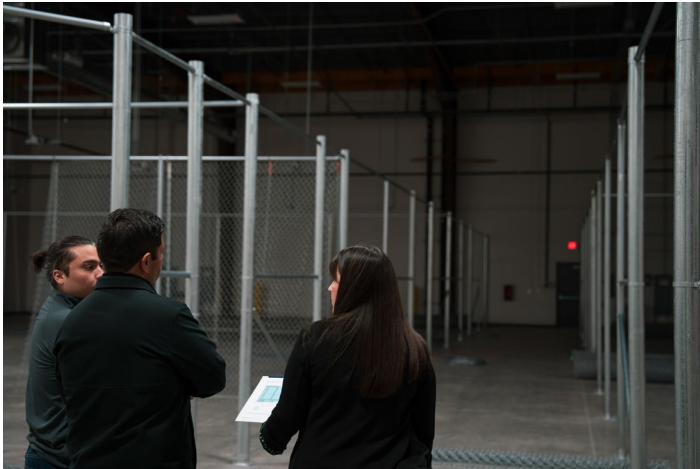


Background: The Build Back Better Regional Challenge

- Of more than 500 applicants, the West Texas Aerospace + Defense Coalition, led by UTEP, was one of 21 applicants selected through Economic Development Administration's nationally competitive **Build Back Better Regional Challenge** funded by the American Rescue Plan.
- The total **\$40M award** was allocated to the City (\$25M) and UTEP (\$15M) to construct Phase I of the El Paso: Makes Advanced Manufacturing District + develop complementary programming through the Innovation Network for Manufacturers.
- The City is the lead on developing a 250-acre **El Paso Makes: Advanced Manufacturing District** at the El Paso International Airport, which includes the El Paso Makes: Innovation Factory.

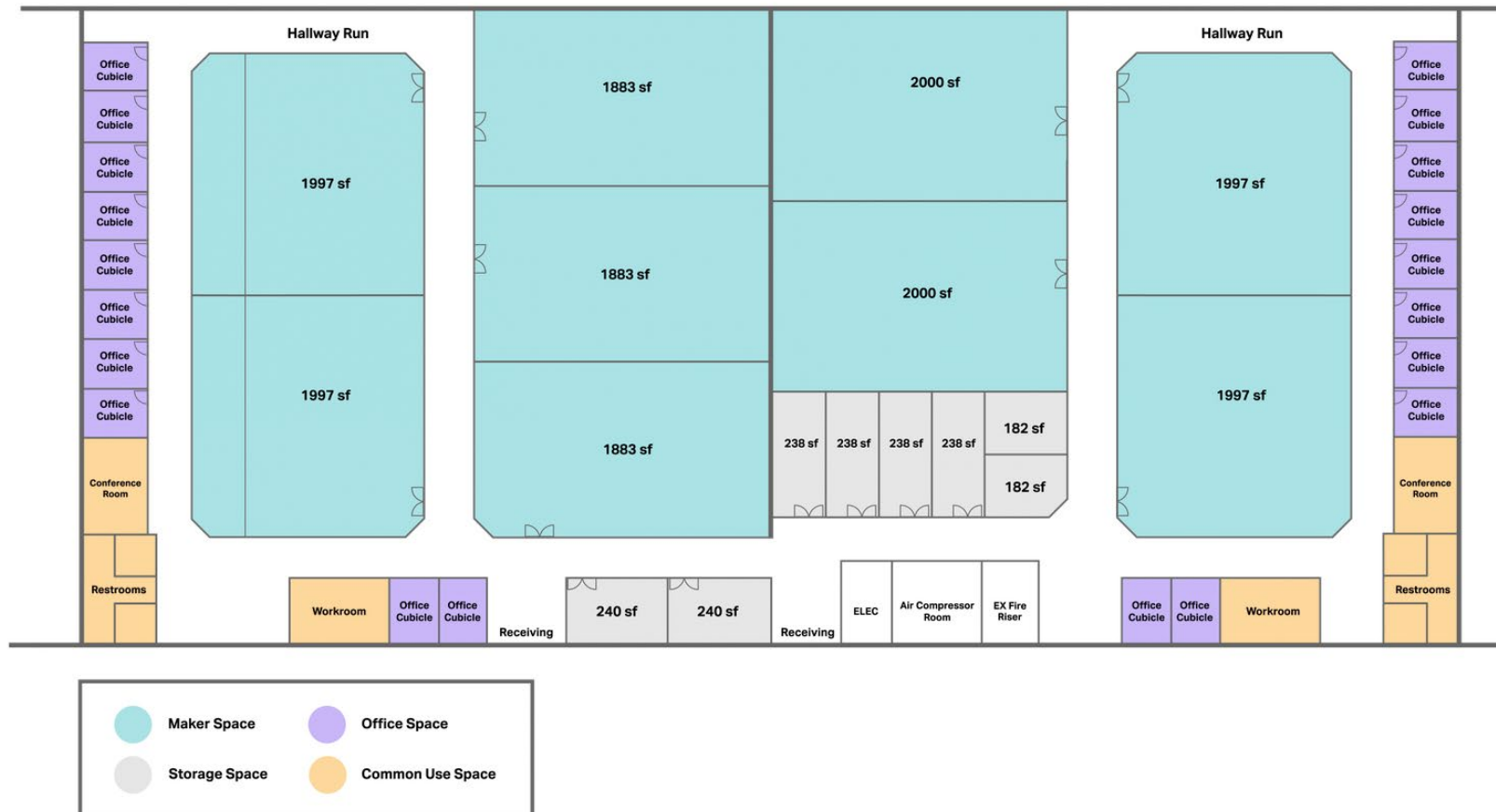
El Paso Makes: **Innovation Factory**

- Located in the Airport's Cargo Facility, the 30k square foot El Paso Makes: Innovation Factory provides the **opportunity for relatively early stage manufacturing technology businesses** to:
 - Collocate with other manufacturers and research and design teams;
 - Access the infrastructure necessary to successfully compete for aerospace and defense contracts; and
 - Obtain the needed incubation + acceleration services needed to move into commercialization of their product
- The **Council allocated \$3 million** in local American Rescue Plan funding provides a mechanism to offset costs associated with future tenants' (re)location to the Innovation Factory.



El Paso Makes: Innovation Factory

501 George Perry Blvd., El Paso, Texas 79925



The Innovation Factory includes 30k square feet of usable space, including:

- 9 Makers Spaces
- 8 Storage Spaces
- 20 Offices
- 2 Conference Rooms
- 2 Break Rooms
- Opportunity for a future 50k square foot expansion

Overview: Incentive + Lease Policy

- Selected applicants will execute a lease with the El Paso International Airport for a maximum term of three years. The use of the space is tied to the approved application.
- Selected applicants will receive from the City up to a 100% subsidy of the rent and associated expenses for the lease of space at the Innovation Factory. The funding will come from American Rescue Plan Act funds for years 2023-2026.
- Per American Rescue Plan Act requirements, these funds must be allocated by year end 2024 and expended by year end 2026. Recipients will be required to demonstrate they have been negatively impacted or disproportionately impacted by the pandemic.
- Applicants may request funds for tenant improvements at the Innovation Factory in an amount approved by the panel.

Innovation Factory: Applicant Eligibility

To be eligible the applicant must be a relatively immature manufacturing technology business that is focused on at least one of the following areas:

- Focuses on developing a product or technologies using advanced manufacturing technologies;
- Focuses on maturing advanced manufacturing technologies or advanced materials;
- Focuses on deploying advanced manufacturing technologies as a service;
- Manufactures products that will accelerate the adoption of alternative or renewable sources of energy; or
- Manufactures products for aerospace or national defense markets.

Innovation Factory: Incubation + Acceleration Services

The program will be composed of two tracks the applicant may progress through; Incubation and Acceleration. Depending on the needs of each tenant company, UTEP will provide content and support on the following:

- Technology Innovation
- Infrastructure & Facilities
- Talent Acquisition & Development
- Business Fundamentals
- Business Growth Services
- Evaluation Process

Executing the Strategic Plan: **Leveraging Local Competitive Strengths**

- 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)

Result = Wage Growth + Quality Job Growth + Career Pathways



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