Tax Increment Reinvestment Zone 14 Final Project Plan and Financing Plan

Economic & International Development

October 26, 2021



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

Activate targeted (re)development



Requested Council Action

Approval of an ordinance:

- Approving a project and financing plan for Tax Increment
 Reinvestment Zone Number
 Fourteen, City of El Paso, Texas;
- Making various findings related to such plan;
- Providing for severability; and
- Providing an effective date.



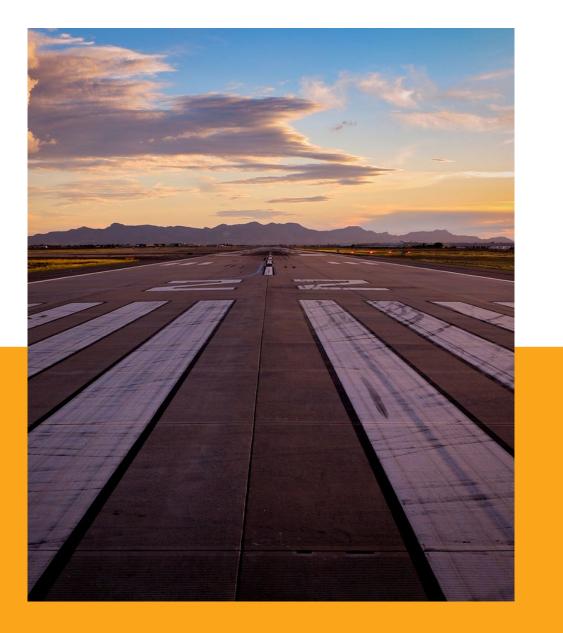




Presentation Overview

- Strategic Plan Alignment
- Airport Development + Opportunities
- Economic Development Tools + Impact
- Tax Increment Reinvestment Zone Strategy
- TIRZ Creation Process
- TIRZ 14 Airport Overview
 - TIRZ 14 Basics
 - TIRZ 14 Projections + Plan





Strategic Goal 1

Cultivate an Environment Conducive to Strong, Sustainable Economic Development

- 1.1: Stabilize and expand El Paso's tax base
- 1.4: Grow the core business of air transportation and expand airport development

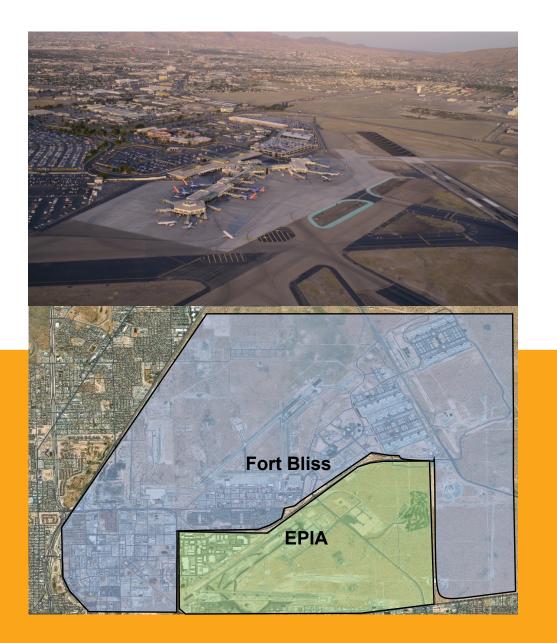


1.1 Stabilize And Expand El Paso's Tax Base

Activate targeted (re)development:

- Airport Development
- 25 by 2025 Visionary Objective
- Aligned with regional plan to promote key industry clusters





1.4 Grow the Core Business Of Air Transportation and Expand Airport Development

The El Paso International Airport is an economic development powerhouse

- 1,700 acres of developable land
- Leasing + expansion opportunities
- Free Trade Zone
- Gateway for Fort Bliss and White Sands Missile Range

Destination 2030 – Airport's Focus for the Future



Non-Aeronautical Revenue Development

- Business Districts
- Land Development Master Plan
- Partnership with Fort Bliss
- Grant Opportunities
 - Infrastructure Network Expansion
 - Innovation-Based Small Business
 - Advanced Manufacturing and Design Centers





Airport Development in FY21



Marmaxx Regional Distribution Center

- \$150 million investment, 950 jobs
- 200 acres

UPS Expansion

✤ 124K SF of additional ramp space

FedEx Expansion

10K SF of additional operating space

Million Air FBO

- 10,000 SF
- VIP, lobby, exec Lounge and conf. room

Region 19 Headquarters

- ✤ 50K SF of meeting/exhibit space
- ✤ 650 parking spaces



Airport Development



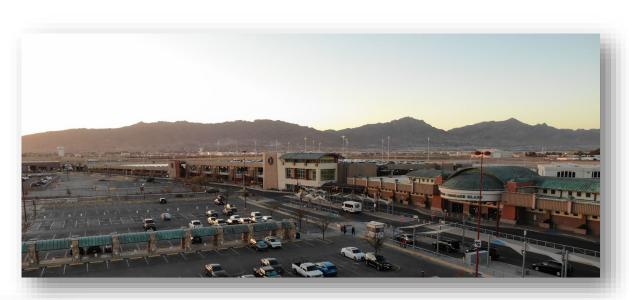




Airport Impact

Airport Operations:

- 41 businesses







Non-Aviation Tenants:

- 150 agreements





- 14 non-stop destinations
- Averaging 47 daily departures from 7 airlines
- ✤ 3.5 million in total passenger traffic (2019)
- 23 new flights since 2015
- 2 Fixed Based Operators
- New market growth opportunities





Planned Advanced Manufacturing Campus



City + El Paso Makes

- 250-acre area dedicated to co-locate aerospace and defense manufacturing activity
- 200-acre master planned campus
- 50,000 square foot existing cargo facility focused on supporting start-ups or small manufacturers
- Increases competitiveness of local business and retains local talent



Proposed Campus Rendering





Economic Development Toolkit

Local Programs

- TIRZ/TIF
- 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 Zones
- The Freeport and Goods in Transit Exemptions



Economic Development Agreements: Benefit to Taxing Entities (Over 20 Years)*



Total	
\$268,002,000	

EPISD	El Paso County	CISD	UMC	
\$83,891,000	\$59,355,000^	\$48,100,000	\$26,099,000	
EPCC	YISD	SISD	DMD	
\$17,135,000	\$14,105,000	\$11,717,000	\$1,200,000	

*Amounts listed above are projections and are subject to change

^Projected number may be lower due to economic incentives provided by El Paso County





TIRZ Strategy — Airport TIRZ

Expand El Paso's Tax Base + Create and Retain Jobs

- Fund public infrastructure that creates shovel ready properties \rightarrow 1,700 acres of developable land
- \diamond Enable development to relieve the residential tax payer \rightarrow commercial and industrial development
- \diamond Attract high paying jobs and careers \rightarrow logistics, defense & aerospace, and advanced manufacturing companies



TIRZ Creation Process

1. Creation Ordinance

- August 3, 2021√
- 2. Project Plan + Financing Plan
 - TIRZ Board Approve
 - City Council Approve

- October 26, 2021
- October 26, 2021

Tax Increment Reinvestment Zone #14 City of El Paso, Texas





AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF EL PASO, TEXAS, DESIGNATING A NONCONTIGUOUS GEOGRAPHIC AREA WITHIN THE CITY AS A REINVESTMENT ZONE PURSUANT TO CHAPTER 311 OF THE TEXAS TAX CODE, TO BE KNOWN AS REINVESTMENT ZONE NUMBER FOURTEEN, CITY OF EL PASO; DESCRIBING THE BOUNDARIES OF THE ZONE; CREATING A BOARD OF DIRECTORS FOR THE ZONE; ESTABLISHING A TAX INCREMENT FUND FOR THE ZONE; CONTAINING FINDINGS RELATED TO THE CREATION OF THE ZONE; PROVIDING A DATE FOR THE TERMINATION OF THE ZONE; PROVIDING THAT THE ZONE TAKE EFFECT IMMEDIATELY UPON PASSAGE OF THE ORDINANCE; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the City of El Paso, Texas (the "City"), pursuant to Chapter 311 of the Texas Tax Code, as amended (the "Act"), may designate a geographic area within the City as a tax increment reinvestment zone if the area satisfies the requirements of the Act; and

WHEREAS, the Act provides that the governing body of a municipality by ordinance may designate a noncontiguous geographic area that is in the corporate limits of the municipality to be a reinvestment zone if the governing body determines that development or redevelopment would not occur solely through private investment in the reasonably foreseeable future; and

WHEREAS, the City Council desires to promote the development of a certain noncontiguous geographic area in the City, which is more specifically described in *Exhibits* "A" and "B" of this Ordinance (the "Zone"), through the creation of a new reinvestment by and in accordance with the Tax Increment Financing Act, codified at

PROJECT AND FINANCING PLAN September 2021 Texas Tax Code; and

> ant to and as required by the Act, the City has prepared a *Preliminary Project Plan and Financing Plan for Reinvestment Zone Number f El Paso*, attached as *Exhibit C* (hereinafter referred to as the et and Finance Plan") for a proposed tax increment reinvestment zone property within the Zone; and







TIRZ 14 Basics

- Created on August 3, 2021
- Approximately 4,048 acres
- **35-year** term (Dec 31, 2056)
- City contribution:
 - 50% of the real property increment within the zone generated from the Maintenance and Operations portion of the City tax rate
- Projected development:
 - 19 million square feet
 - \$739 million of incremental value





TIRZ 14 Projected Net Benefit*



Taxing Jurisdictions	Total Taxes Generated (\$M)	Participation (\$M)	Total Net Benefit (\$M)
City of El Paso	\$423M	\$89M	\$334M
El Paso County	\$179M	\$0	\$179M
EPCC	\$51M	\$0	\$51M
University Medical	\$98M	\$0	\$98M
El Paso ISD	\$483M	\$0	\$483M
Total	\$1,235M	\$89M	\$1,146M

*Net Benefit over the 35-year term





TIRZ 14 Projected Project Costs

Proposed Project Costs		
Water Facilities and Improvements	\$ 6,667,588	7.5%
Sanitary Sewer Facilities and Improvements	\$ 8,890,118	10.0%
Storm Water Facilities and Improvements	\$ 8,890,118	10.0%
Transit/Parking Improvements	\$ 13,335,177	15.0%
Street and Intersection Improvements	\$ 31,115,413	35.0%
Economic Development Grants	\$ 17,780,236	20.0%
Administrative Costs	\$ 2,222,529	2.5%
	\$ 88,901,179	100.0%

- Savings from one line item may be applied to another line item but may never exceed \$88.9 million over the life of the TIRZ without prior Council approval
- Specific TIRZ projects will be brought forward to the TIRZ Board and City Council for consideration and approval





Next Steps

 TIRZ Board review and approve the Final Project Plan and Financing Plan

TIRZ Board Meeting October 26, 2021

 City Council adopt ordinance approving the Final Project Plan and Financing Plan

City Council Meeting October 26, 2021







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