

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

DEPARTMENT: City Development Department

AGENDA DATE: January 22, 2013

CONTACT PERSON/PHONE: Mathew McElroy, Director, City Development Department, (915)541-4193

DISTRICT(S) AFFECTED: [ALL]

SUBJECT:

APPROVE a Resolution nominating ADP, Inc. as an Enterprise Project to the Office of the Governor of Economic Development and Tourism through the Economic Development Bank as an Enterprise Zone Project. (All Districts) [City Development Department, Mathew McElroy, City Development Department, (915) 541-4193]

BACKGROUND/DISCUSSION:

ADP, Inc. has requested that the City nominate them for Enterprise Zone Project designation as consideration for expanding its operations in El Paso, Texas. ADP, Inc. meets the criteria for tax relief and other incentives adopted by the City, as its business is located in an Enterprise Zone, will retain or create jobs, and maintain economic activity and stability.

PRIOR COUNCIL ACTION:

Has the Council previously considered this item or a closely related one?

Yes. A Resolution nominating ADP, Inc. as a Texas State Enterprise Zone Project was adopted by City Council on August 22, 2006 for ADP, Inc.'s original location in El Paso, Texas. Moreover, on May 26, 2009, the City Council adopted an ordinance that allows the City to participate in the Enterprise Zone Program.

AMOUNT AND SOURCE OF FUNDING:

How will this item be funded? Has the item been budgeted? If so, identify funding source by account numbers and description of account. Does it require a budget transfer?

There will be no impact on the general fund

BOARD/COMMISSION ACTION:

Enter appropriate comments or N/A.

N/A

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

LEGAL: (if required) _____ **FINANCE:** (if required) _____

DEPARTMENT HEAD: _____

(Example: If RCA is initiated by Purchasing, client department should sign also). *Information copy to appropriate Deputy City Manager*

APPROVED FOR AGENDA:

CITY MANAGER: _____ **DATE:** _____

**A RESOLUTION NOMINATING ADP, INC.
AS A TEXAS STATE ENTERPRISE ZONE PROJECT**

WHEREAS, the City Council of the City of El Paso ("City") passed Ordinance No. 017116 on May 26, 2009, electing for the City to participate in the Texas Enterprise Zone Program; and

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

WHEREAS, pursuant to Chapter 2303, Subchapter F of the Texas Enterprise Zone Act, Texas Government Code ("Act"), ADP, Inc. 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 ADP, Inc. as an enterprise zone 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 ADP, Inc. meets the criteria for designation as an enterprise project under Chapter 2303, Subchapter F of the Act on the following grounds:

1. ADP, Inc. 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 inside an enterprise zone and at least twenty-five percent (25%) of the business' new employees will be residents of an enterprise zone or economically disadvantaged individuals; 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 ADP, Inc. as an enterprise 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 ADP, Inc. meets the criteria for tax relief and other incentives adopted by the City and agrees to nominate ADP, Inc. for enterprise zone 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 the best interest of the City to nominate ADP, Inc. as an enterprise project pursuant to the Act.

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

1. That ADP, Inc., to be known as the ADP Expansion Project, is a "qualified business" as defined in Section 2303.402 of the Act, and meets the criteria for designation as an enterprise 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 her designee be authorized to sign any and all documents required by EDC to complete the nomination process.

ADOPTED this ____ day of _____, 2013.

ATTEST:

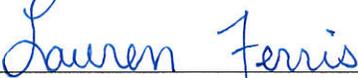
THE CITY OF EL PASO

Richarda Duffy Momsen
City Clerk

John F. Cook
Mayor

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:



Lauren K. Ferris
Assistant City Attorney



Matthew McElroy, Director
City Development Department



Texas Enterprise Zone Program





What is it?

- Economic development tool that promotes job creation, job retention and private investment by creating a partnership between a local community and the State of Texas.
- Businesses receive state tax incentives under the Texas Enterprise Zone Program; state sales and use tax refunds (e.g. on building materials).
- Amount of capital investment, job creation and wages are part of the qualifying criteria.



Eligibility

- Company must be nominated as an Enterprise Project by a local community in order to participate.
- In order to qualify, the local community must offer incentives (e.g. Tax abatement) to the project.
- Communities may nominate projects, for a designation period of up to five years. Employment and capital investments must be incurred and met within this timeframe.
- Projects may be located in or outside of an Enterprise Zone; must meet specific new employee hiring requirements depending on location.



Project Nomination

- ADP is requesting a nomination for an Enterprise Zone Project designation.
- On December 11th, 2012 the City of El Paso signed a Chapter 380 Agreement with ADP; part of qualifying criteria.
- The City of El Paso has previously passed Ordinance No. 017116 electing to participate in the Texas Enterprise Zone Program.
- Project nomination will have no impact on the General Fund.
- ADP meets the criteria for designation as an Enterprise Zone Project.



Level of Benefit

LEVEL OF CAPITAL INVESTMENT	MAXIMUM NUMBER OF JOBS ALLOCATED	MAXIMUM POTENTIAL REFUND	MAXIMUM REFUND PER JOB ALLOCATION
\$40,000 – \$399,999	10	\$25,000	\$2,500
\$400,000 – \$999,999	25	\$62,000	\$2,500
\$1,000,000 – \$4,999,999	125	\$312,500	\$2,500
\$5,000,000 – \$149,999,999	500	\$1,250,000	\$2,500
Double Jumbo Project \$150,000,000 – \$249,999,999	500	\$2,500,000	\$5,000
Triple Jumbo Project \$250,000,000 or more	500	\$3,750,000	\$7,500

***Benefit level highlighted in green. ADP capital investment is \$21M for new facility and 585 jobs will be created over a 5-year period.**



Thank you for your time.

Questions?