

**CITY OF EL PASO, TEXAS
REQUEST FOR COUNCIL ACTION (RCA)**

DEPARTMENT: Community and Human Development
AGENDA DATE: 04/29/08
CONTACT PERSON/PHONE: Bill Lilly, Director (541-4643)
DISTRICT(S) AFFECTED: 1, 3, 6, 7, and 8

CITY CLERK DEPT.

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SUBJECT:

City Council is scheduled to conduct a public hearing during the regularly scheduled City Council meeting in City Council Chambers on Tuesday, April 29, 2008, in order to adopt the Proposed Revised Strategic Plan, including Implementation Plan and Budget for the U.S. Department of Housing and Urban Development Empowerment Zone Planning and Implementation Grant Program (Agreement No. EZ-99-TX-0013) in accordance with 24 CFR Part 598.

BACKGROUND / DISCUSSION:

In April 1999, the City received an Empowerment Zone designation by the U.S. Department of Housing and Urban Development. The geographic boundaries include sections of Districts 1, 3, 6, 7 and 8.

In March 2007, the City terminated its agreement with the El Paso Empowerment Zone Corporation effective June 25 and assumed administrative control of the El Paso Empowerment Zone (EZ) grant and incorporated its functions into three City Departments – Community Development, Economic Development and Financial Services.

In accordance with federal regulations (24 CFR Part 598) and the October 2007 HUD-approved revised governance plan, a revised strategic plan to implement remaining funds required a community participation process that ensures continued stakeholder and grass roots input. The strategic planning process was conducted during the months of January through March for community input.

The Empowerment Zone Advisory Board reviewed the implementation plan and budget at its April 16, 2008 meeting and recommended its approval.

The Consensus Budget (**Attachment A**) recommended by the EZ Advisory Board and Staff of \$5,291,230 includes the following:

\$2,950,000	Program Budget
\$800,000	Administrative Budget (FY 2008 and FY 2009)
\$139,962	Contingency
\$1,401,268	Revolving Loan Fund Budget (including \$921,268 Collected Program Income and \$480,000 Expected Program Income)

The remaining funds in the Empowerment Zone project are \$3,889,962. The program income collected by the City of El Paso, as of April 17, 2008, is \$921,268 with \$480,000 in revenue anticipated annually. In addition, the transition of administrative control of the EZ grant to the City resulted in acquiring office furniture, purchased with EZ funds, from the El Paso Empowerment Zone Corporation. The existing inventory will be used for the furniture project identified in the Implementation Plan.

Personnel included in the administrative budget are the Empowerment Zone Coordinator, Empowerment Zone Project Compliance Specialist, Empowerment Zone Senior Accountant, Empowerment Zone Secretary and an Empowerment Zone Loan Specialist. The Loan Specialist slot is presently not filled.

PRIOR COUNCIL ACTION:

On January 8, 2008, the El Paso City Council approved the Administrative Budget for fiscal year 2008-2009.

AMOUNT AND SOURCE OF FUNDING:

The El Paso Empowerment Zone Program will be funded by the El Paso Empowerment Zone Planning and Implementation Grant and administered by the Community and Human Development Department. The \$3,889,962 remaining funds are budgeted in account number 71150075-11002-71000-G71EZECEPEZ. Current year collections of \$602,564, as of April 17, 2008, EZ Revolving Loan Fund revenue deposited in account numbers 71150075-11002-405065-G71EZ BOF (principal) and 71150075-11002-405066-G71EZ BOF (interest). The remaining \$318,704 EZ Revolving Loan Fund revenue of is in account number 71150075-11002-507000-G71EZECEPEZ.

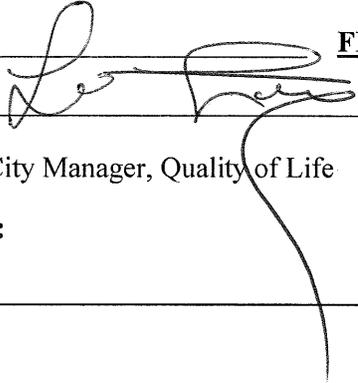
BOARD / COMMISSION ACTION:

On April 16, 2008, the Empowerment Zone Advisory Board favorably recommended approval of the proposed strategic plan and budget.

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

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

DEPARTMENT HEAD: _____



cc: Deborah G. Hamlyn, Deputy City Manager, Quality of Life

APPROVED FOR AGENDA:

CITY MANAGER: _____

DATE: _____

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Empowerment Zone Program Implementation Plan

	Description	Amount	Projected Outputs
Small Business Technical / Entrepreneurial Training	Provide training and technical assistance on business planning, development, start-up, marketing, expansion, and maintenance to existing and new EZ businesses	\$350,000	70 businesses (minimum) Avg. \$5,000/business
Small Business Loans	Provide loans over an 18-month period. The forgivable portion is proposed at 20%. The borrower would pay back full loan with interest. With timely repayment and compliance, 20% principal will be returned to borrower as rebate. Requirement: Technical Assistance and Business Plan	Existing RLF Program Income	24 loans (minimum) Loan Range: \$10,000 - \$100,000
Micro Business Forgivable Loans	Provide micro enterprise loans. The forgivable portion is proposed at 50%. The borrower would pay back full loan with interest. With timely repayment and compliance, 50% principal will be returned to borrower as rebate. Requirement: Technical Assistance and Business Plan	\$400,000	80 loans (minimum) Loan Range: No minimum - \$5,000
Marketing Budget Grants	Provide small businesses with matching grants (\$1:\$1) for marketing their products/services. (Average \$5,000) Requirement: Technical Assistance and Business Plan	\$50,000	10 businesses (minimum) Avg. \$5,000
Publicizing Tax Incentives to Businesses	Contract outreach to the business community regarding the EZ tax incentives	\$50,000	12,500 outreach contacts
Façade Improvement Grants	Provide façade improvement matching grants (\$1:\$1)	\$300,000	30 businesses (minimum) Maximum \$10,000 grant
Small Business Incubator	Serve as an administrative and operational site for the small business assistance and entrepreneur training and for workforce training current or future employees of targeted small business and micro businesses.	\$750,000	30 businesses 85 jobs

Empowerment Zone Program Implementation Plan

Outreach & Education	<p>Provide grassroots outreach and education to EZ residents and businesses regarding available job training and technical assistance services.</p> <p>Link EZ residents and providers/employers to job training programs and/or employment. Link EZ businesses to potential employees and technical assistance providers.</p> <p>(\$50,000 line item to market vision of the EZ Program)</p>	\$250,000	<p>1,000 outreached</p> <p>300 placed in job training/jobs</p>
Bilingual Workforce Development	Provide bilingual job training in such areas a customer service and manufacturing.	\$350,000	<p>110 residents trained</p> <p>33 placed in jobs</p>
Childcare	<p>Provide temporary gap funding for childcare assistance to EZ residents for day one attendance at job training or employment.</p> <p>(Recipients will transition to other sources of childcare assistance when available.)</p>	\$300,000	<p>1,000 children</p> <p>400 residents in job training/jobs</p>
Transportation	Provide temporary assistance to residents – bus tokens for job training and initial three-month employment. At three-month point, offer \$1,000 subsidy for vehicle purchase from car dealer in the EZ.	\$150,000	<p>75 residents (minimum)</p> <p>\$2,000/resident maximum</p>
Furniture Project	Assign existing EPEZC furniture inventory to various nonprofit organizations providing economic opportunity activities/services and increasing their capacity for service delivery	Existing furniture inventory	3 organizations
Administrative Budget	Fiscal Year 2008 and Fiscal Year 2009	\$800,000.00	
TOTAL		\$3,750,000	