

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

DEPARTMENT: Economic Development
AGENDA DATE: August 8, 2006
CONTACT PERSON/PHONE: Lucille A. Ponticelli 541-4679
DISTRICT(S) AFFECTED: ALL

SUBJECT:

Authorize the City Manager to be authorized to sign the Agreement between the City and REDCo who desire to establish and maintain an "arms length" relationship in which REDCo provides specific, measurable economic development services to the City, in accordance with the Scope of Services described in the Agreement in exchange for a specific amount of monetary remuneration as in consideration for the Economic Development Services to be provided by REDCo to the City, the City shall pay to REDCo an amount not to exceed One Hundred Thousand and No/100 Dollars (\$100,000.00) during calendar year 2006, and Two Hundred Thousand and No/100 Dollars (\$200,000.00) during calendar year 2007.

BACKGROUND / DISCUSSION:

The City desires to obtain the services of El Paso Regional Economic Development Corporation (REDCo) with respect to new business development and other matters related to economic development in the El Paso area. REDCo is willing to provide such services and to provide recommendations to the City regarding economic development.

PRIOR COUNCIL ACTION:

Has the Council previously considered this item or a closely related one?
None

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?
Funds are budgeted under Economic Development FY06 and FY07 Budgets under Outside Contracts.

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:** _____

RESOLUTION

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

That the City Manager be authorized to sign an Agreement by and between the City of El Paso ("City") and the El Paso Regional Economic Development Corporation ("REDCo") to provide specific, measurable economic development services to the City. The term of this agreement shall be from June 1, 2006 through December 31, 2007. Consideration for the Economic Development Services to be provided by REDCo to the City shall not exceed \$100,000.00 during calendar year 2006 and \$200,000.00 during calendar year 2007.

ADOPTED this the 8th day of August 2006.

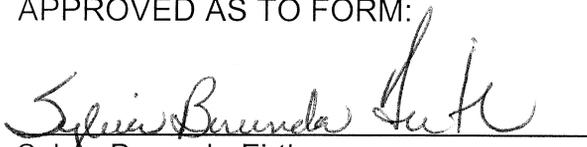
THE CITY OF EL PASO

John F. Cook
Mayor

ATTEST:

Richarda Duffy Momsen
City Clerk

APPROVED AS TO FORM:



Sylvia Borunda Firth
Assistant City Attorney

STATE OF TEXAS)
)
COUNTY OF EL PASO)

AGREEMENT

This Agreement is entered into by and between the **CITY OF EL PASO**, a municipal corporation organized and existing under the laws of the State of Texas (the "City") and the **EL PASO REGIONAL ECONOMIC DEVELOPMENT CORPORATION**, a nonprofit corporation organized under the laws of the State of Texas and pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code ("REDCo").

WITNESSETH:

WHEREAS, REDCo is a nonprofit corporation dedicated to the recruitment and expansion of business in the Greater El Paso region;

WHEREAS, the City is dedicated to the retention of business in the Greater El Paso region;

WHEREAS, the City and REDCo desire to establish and maintain an "arms length" relationship in which REDCo provides specific, measurable economic development services to the City, in accordance with the Scope of Services described herein, in exchange for a specific amount of monetary remuneration, as more fully set forth below;

NOW, THEREFORE, in consideration of the mutual promises and mutual agreement hereinafter set forth, the parties hereto do mutually agree as follows:

1) **Term.** The term of this Agreement shall commence on June 1, 2006 and expire on December 31, 2007 (the "Term"). Thereafter, the Agreement shall automatically renew for three (3) successive one (1) year terms, subject to REDCo's satisfaction of the Performance Metrics and subject to the City's appropriation of funds for payment under the Agreement, unless either party provides written notice of its intent not to renew not less than thirty (30) days prior to the expiration of the applicable term.

2) **Scope of Services.** During the term of this Agreement, REDCo shall use its best efforts to provide to the City specific, measurable economic development services related to the recruitment of business and industry to the Greater El Paso region and described in **Exhibit A** (the "Economic Development Services") which is attached hereto and incorporated herein for all purposes.

3) **Consideration for Services.**

a) **Payment.** In consideration for the Economic Development Services to be provided by REDCo to the City, the City shall pay to REDCo an amount not to exceed One Hundred Thousand and No/100 Dollars (\$100,000.00) during calendar year 2006, and Two Hundred Thousand and No/100 Dollars (\$200,000.00) during calendar year 2007.

b) **Invoices.** REDCo shall prepare and submit to the City a quarterly itemized invoice of all expenses relating to the Economic

Development Services provided by REDCo to the City for the prior quarter. Payment shall be made by the City to REDCo on a quarterly basis within thirty (30) days of receipt by the City of REDCo's itemized invoice.

- c) No General Support. The City and REDCo agree that all funds paid by the City to REDCo shall be applied only to reimburse REDCo for the costs of the Economic Development Services provided by REDCo to the City pursuant to Section 2 of this Agreement. It is specifically agreed by the City and REDCo that in no event shall any City monies be used to fund or support any portion of REDCo's general or administrative costs.
 - d) Funding. It is agreed by the City and REDCo that all payments made pursuant to the terms of this Agreement are subject to appropriation of funding in the annual budget of the City as adopted each year by City Council.
- 4) Reporting. REDCo shall provide the City with the following reports relating to the performance of the Economic Development Services:
- a) Monthly Activity Reports. REDCo shall provide written reports to the City on a monthly basis that summarize and provide an overview of REDCo's client activity, including a summary of the status of clients in REDCo's active files, the types of industries in REDCo's active files and the number of potential jobs to be created and level of potential investment to be generated. In order to ensure professional and confidential services to companies that may be contemplating jobs and investment in the Greater El Paso region, the City and REDCo agree that REDCo shall not be required to disclose the names of its clients in these monthly activity reports. In addition, REDCo shall provide in its monthly activity reports a summary of REDCo's marketing and promotional activities including, but not limited to, trade shows, advertising, direct mail campaigns, and consultant familiarization tours.
 - b) Public Presentations. Not less than quarterly, on a date mutually agreed upon by the City and REDCo, REDCo shall present a summary of the information outlined in Section 4(a) of this Agreement to City Council at a regularly scheduled City Council meeting.
 - c) Final Report. The City and REDCo agree that REDCo's performance of the Economic Development Services shall be evaluated based on REDCo's accomplishment of specific performance metrics of job creation, wages and tax base growth described in **Exhibit B** (the "Performance Metrics") attached hereto and incorporated herein for all purposes. Prior to the expiration of the term of this Agreement, on a date mutually agreed upon by the City and REDCo, REDCo shall present to City Council at a regularly scheduled City Council meeting a final

report detailing the Economic Development Services performed by REDCo during the Term of this Agreement and REDCo's accomplishment of the Performance Metrics.

5) **Marketing Materials.** REDCo shall provide the City with copies of marketing materials, advertisements and research data generated by REDCo staff, unless such materials or data are deemed in advance by REDCo to be sensitive and confidential and therefore not subject to public disclosure.

6) **City Attendance at REDCo Meetings.** It is agreed by the City and REDCo that the Mayor and the City Manager may attend all REDCo executive committee meetings as representatives of the City. Additionally, the Mayor, the City Manager and/or the City's Director of Economic Development may attend all REDCo board meetings as representatives of the City. It is further agreed that said representatives shall not be voting members of REDCo's board or executive committee.

7) **Point of Contact.** It is agreed by the City and REDCo that REDCo shall serve as the primary point of contact for business and industry contemplating relocation and/or expansion to the El Paso region, and that the City shall serve as the primary point of contact for existing business and industry seeking to expand within the El Paso region. Should REDCo be contacted by a company that is already established within the El Paso region and determined by REDCo to be a candidate for retention or expansion, REDCo shall immediately notify the City's Department of Economic Development. If the City is contacted by a company that is not currently located within the El Paso region, and said company is contemplating relocation or expansion to the El Paso region, the City shall immediately notify REDCo. In the event that it is unclear as to whether a given project may fall within one of the two aforementioned categories, the City and REDCo will jointly determine which organization will act as the community's primary point of contact.

8) **Personnel and Facilities.** It is agreed by the City and REDCo that REDCo has all personnel required to perform the Economic Development Services under this Agreement and that such personnel shall not be employees or agents of the City. REDCo shall provide such office space, equipment, and any other supplies and materials necessary to accomplish the services outlined herein.

9) **Independent Contractor Status.** Nothing contained in this Agreement shall create a partnership, joint venture or agency relationship between the City and REDCo. At all times during the term of this Agreement, REDCo shall be an independent contractor and shall not be an employee or agent of the City.

10) **Texas Public Information Act.** The City of El Paso is subject to the Texas Public Information Act ("TPIA") and will be required to provide copies of information and documentation in its possession to parties that make requests for that information and documentation in accordance with the TPIA. In the event REDCo provides information and documentation to the City that it believes may be exempt from disclosure under Sections 552.305, 552.110 or 552.131 of the Act, said documents shall be clearly marked to indicate they contain:

- a) trade secrets;

- b) commercial or financial information that would cause substantial or competitive harm to the party providing the information if released; or
- c) information that relates to economic development negotiations and an agreement has not yet been made with the applicant.

Upon receipt of a request for documentation that has been marked exempt from disclosure by REDCo, the City shall notify REDCo that it has received such a request and write to the Attorney General to ask for a determination regarding the exemption. REDCo and the entity that provided the information may also write to the Attorney General to urge the exemption in accordance with the TPIA. The parties agree that the City will comply with the determination by the Attorney General.

11) **Termination.** Either party may terminate this Agreement with thirty (30) days written notice to the other party.

12) **Assignment.** No party to this Agreement may assign any right or obligation pursuant to this Agreement. Any attempted or purported assignment of any right or obligation pursuant to this Agreement shall be void and of no effect.

13) **Notices.** All notices, correspondence and reports under this Agreement shall be either hand-delivered or mailed, postage prepaid in the United States Postal Service, to the respective parties at the respective addresses shown below, unless and until either party is otherwise notified in writing:

City: Joyce A. Wilson, City Manager
City of El Paso
2 Civic Center Plaza
El Paso, Texas 79901-1196

REDCo: Bob Cook, President
REDCo
201 East Main, 17th Floor
El Paso, Texas 79901

14) **Binding Contract.** This Agreement is binding and shall inure to the benefit of the transferees, successors and assigns of each party.

15) **Survival.** All of the terms, agreements, covenants, representations, warranties, and other provisions of this Agreement shall survive and remain in effect after the execution, delivery, and consummation of this Agreement.

16) **Headings.** Section and other headings contained in this Agreement are for reference purposes only and are not intended to describe, interpret, define, or limit the scope, extent, or intent of this Agreement or any provision hereof.

17) **Amendments.** Any amendment to this Agreement shall be in writing and executed by each party.

18) **Other Agreements or Modifications.** This Agreement constitutes the sole and entire agreement by and between the parties and supersedes any and all prior agreements, arrangements, or understandings by or between the parties relating to its subject matter. No oral understanding, statement, promise, or inducement contrary to the terms of this Agreement exists.

19) **Choice of Law.** This Agreement shall be construed, interpreted, and enforced in accordance with the laws of the State of Texas.

IN WITNESS WHEREOF, the City and REDCo have executed this Agreement in the City of El Paso on the 8th day of ~~May 2006~~ August 2006.

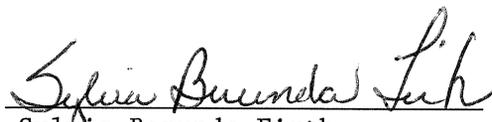
**EL PASO REGIONAL ECONOMIC
DEVELOPMENT CORPORATION**

By: 
Bob Cook, President

CITY OF EL PASO

By: _____
Joyce A. Wilson, City Manager

APPROVED AS TO FORM:


Sylvia Borunda Firth
Assistant City Attorney

APPROVED AS TO CONTENT:


~~David G. Dodson~~ Lucille A. Porticelli
Economic Development Director **MANAGER**

Exhibit A

The following is a list of the Economic Development Services to be performed by REDCo in the process of achieving the performance measures outlined in Exhibit B of this agreement, along with the total estimated costs of such services. The costs of these services will be shared by REDCo and the City, and are the only eligible expenditures for which the City shall reimburse REDCo.

1. Automotive Consultant - \$100,000

REDCo will hire an automotive consultant in April 2006. A request for proposal (RFP) process will be initiated in February/March. The City and REDCo agree that in no event shall the City pay for more than 49% of the total cost of the hiring of the automotive consultant. Regardless of the amount of the City's payment, REDCo agrees to involve the City in the development of the RFP and in the final selection process. The automotive consultant will be engaged to evaluate the region's key strengths and weaknesses related to the recruitment of a significant automotive investment, and minimally the consultant will recommend strategies related to workforce preparation, infrastructure preparation, incentives and best recruitment practices. REDCo will provide the consultant with the Wadley Donovan Gutshaw Consulting labor market analysis for use as baseline data for assessment of the workforce. The consultant will also assist in the development of a "community improvement program" aimed at any gaps that are identified by their assessment. Finally, the consultant will also help develop a proactive communications strategy to target decision makers within this cluster.

The City and REDCo agree that any written reports, studies or recommendations produced by the automotive consultant shall be considered proprietary and may only be viewed by City personnel on REDCo's premises. REDCo agrees to make available to the City elements of these reports that are not competition sensitive, and to work with City personnel to make these determinations on a case-by-case basis.

2. 2006 Travel - \$ 32,000

- Dallas sales and consultant calls (2X)
- Sales and consultant calls in Atlanta and Phoenix
- Sales and consultant calls in Minneapolis
- Mission to China with State of Chihuahua
- Sales and consultant calls in Boston and Los Angeles
- Sales and consultant calls in Cleveland
- Mission to Japan and Korea with Desarrollo Economico de Juarez

- Mission to Detroit with Desarrollo Economico de Juarez

3. 2006 Trade Shows and Conferences - 35,000

(Note: 2007 schedule will be developed no later than December 1, 2006)

September

- TEDC Fall Conference; 27th-29th

October

- SEMA; 31st – Nov 3rd; Las Vegas
- Mission to Detroit with Desarrollo Economico de Juarez
- AUSA National, Defense Contractors

November

- CORENET Global, 12th-15th; Orlando, with Texas Marketing Team

4. Marketing and Advertising - \$323,650

REDCo will establish basic marketing and promotional infrastructure needed to establish a long term marketing presence in target markets. The following budget details the costs of the implementation of such a marketing and advertising strategy. Included in this budget is \$150,000 for an “image” advertising initiative in two of the following major markets—southern California, Chicago, Detroit, Washington, D.C., or Boston.

Marketing/Advertising	\$387,268
Website- GIS Monthly Maint	27,600
Website - Hosting (Varay)	2,304
Website - Additional Features	1,800
Direct Mail	8,000
Ad Placements/Image Initiative (Biomed, Automotive, Military-Defense)	225,000
Trade Show Booth- Design and Build	10,000
Billboard Artwork	6,000
Agency Retainer/Ad Development/Artwork	78,964
Identity Package	10,000
Promotional Items (military coin, other logo items)	10,000
Brochure Printing	2,000
CD Fact Book	5,000
Trade Show - Flyers	600

5. Consultant Familiarization Tours - \$ 13,365

At least three times per year, REDCo will host site location consultants from across the nation to familiarize them with economic development opportunities in the El Paso region.

Total estimated cost for all of the above services: \$ 504,015

Exhibit B

Performance Metrics

For the Term of this Agreement, the Performance Metrics for REDCo are:

- At least 1,500 announced new jobs for El Paso from private sector companies that are relocating or expanding to El Paso.
- With respect to the new jobs that are attracted to El Paso, there must be an indication that REDCo is actively working to increase overall wage rates in the community.
 - At least sixty percent (60%) of the wages for the 1,500 announced new jobs must be above the reported average weekly wage rate reported for El Paso County in the ES202 data.
 - At least twenty-five percent (25%) of the 1,500 announced new jobs must be at least 110% of the average weekly wages reported for El Paso County in the ES202 data.
 - At least twenty-five percent (25%) of the 1,500 announced new jobs must earn wages that are at least seventy-five percent (75%) of the reported average weekly wage rate reported for El Paso County in the ES202 data.
- At least \$75 million in new private sector investment in real and/or personal property.

REDCo will benchmark wages paid by newly recruited employers against industry and occupational averages, and will do so on an annual basis in order to determine whether or not REDCo's economic development strategy, over time, is in fact:

- increasing overall wages in the community;
- increasing wages within occupational categories; and
- increasing wages within industry segments.

This mechanism will be employed to verify whether or not REDCo has employed effective strategies. This benchmark process does not imply that El Paso's public policy does not value high tech jobs unless they pay above comparable regional/local high tech industry and occupational averages. The City's policy will, however, offer greater financial inducements to recruited companies that commit to pay higher wages than either the regional/local industry or occupational average.