Agenda Item Form

Agenda Date: 10/26/04

Districts Affected: 3

Dept. Head/Contact Information: David Dobson, Director, Economic Development

Type of Agenda Item:

- ☐ Resolution
- ☐ Tax Installment Agreements
- ☐ RFP/ BID/ Best Value Procurement
- ☐ Application for Facility Use
- ☐ Interlocal Agreements
- ☐ Other _____
- ☐ Staffing Table Changes
- ☐ Tax Refunds
- ☐ Budget Transfer
- ☐ Bldg. Permits/Inspection
- ☐ Contract/Lease Agreement
- ☐ Board Appointments
- ☐ Donations
- ☐ Item Placed by Citizen
- ☒ Introduction of Ordinance
- ☐ Grant Application

Funding Source:

- ☐ General Fund
- ☐ Grant (duration of funds: _____ Months)
- ☐ Other Source: _____

Legal:

☒ Legal Review Required Attorney Assigned (please scroll down): John Nance ☒ Approved ☐ Denied

Timeline Priority: ☒ High ☐ Medium ☐ Low # of days: _____

Why is this item necessary:

To assist a local business in modernizing their plant equipment.

Explain Costs, including ongoing maintenance and operating expenditures, or Cost Savings:

None

Statutory or Citizen Concerns:

None anticipated.

Departmental Concerns:

None

City of El Paso
Economic Development Department

MEMORANDUM

TO: Joyce Wilson, City Manager
Mayor & Council

FROM: David G. Dobson, Director

SUBJECT: Introduction of Ordinance, City Council Agenda, October 26, 2004
Public Hearing, November 9, 2004

DATE: October 18, 2004

The Economic Development Department has been approached by Western Refining, LLC to assist them in applying for a designation as an Enterprise Zone. Normally, these designations are for companies that are relocating to a city, but there is an exception for the designation if it involves "an expansion, renovation, or new construction". Western Refining, LLC is proposing to invest $151 million to upgrade its low sulfur gasoline line to an Ultra Low Gas line. This renovation will also allow Western Refining, LLC to retain all 330 of its present employees.

Under the State of Texas statute for designation of Enterprise Zones, every two years the Texas Legislature allows a certain number of designations for the entire state. The allocation for the El Paso area is 6 designations from September 2003 to August 2005. There have been no designations to date. At the present time, there are approximately 18 designations left in the state. With the approval of this project, Western Refining LLC will receive a "double jumbo project" designation and receive 2 of the designations.

The items for Mayor and Council to consider 1) Allowing the Mayor to sign off on a letter of support from the City of El Paso to go along with the letter of request by Western Refining (10/26 meeting), 2) Introduction of an ordinance to create the Enterprise Zone, (10/26 meeting), 3) Public Hearing on the ordinance to create the Enterprise Zone (11/09 meeting), and 4) Approval of the ordinance to create the Enterprise Zone (11/09

If you have any questions, please do not hesitate to call me at 541-4872.

cc: John Nance, Assistant City Attorney
Jeff McElroy, Assistant City Attorney

2 Civic Center Plaza, 1st Floor • El Paso, Texas 79901 • (915) 533-4284, Fax (915) 541-1316

AN ORDINANCE AUTHORIZING THE CITY OF EL PASO TO PARTICIPATE IN THE TEXAS ENTERPRISE ZONE PROGRAM UNDER THE TEXAS ENTERPRISE ZONE ACT, CHAPTER 2303, TEXAS GOVERNMENT CODE; PROVIDING TAX INCENTIVES; SUPPORTING APPLICATION OF WESTERN REFINING COMPANY, L.P. TO THE OFFICE OF THE GOVERNOR ECONOMIC DEVELOPMENT & TOURISM THROUGH THE ECONOMIC DEVELOPMENT BANK FOR DESIGNATION AS A QUALIFIED BUSINESS AND DOUBLE JUMBO PROJECT UNDER THE ACT; DESIGNATING A LIAISON FOR OVERSEEING ENTERPRISE PROJECTS AND COMMUNICATING WITH INTERESTED PARTIES.

WHEREAS, the City of El Paso, Texas ("the City") desires to create the proper economic and social environment to induce the investment of private resources in productive business enterprises located in severely distressed areas of the City and to provide employment to residents of those areas;

WHEREAS, the Texas Enterprise Zone Act, Chapter 2303, Texas Government Code, as amended, (the "Act") authorizes the designation of enterprise projects within an enterprise zone (or, if the requirements of Section 2303.402 (a) (2) of the Act are met, within an area that does not qualify as an enterprise zone);

WHEREAS, under the 2003 amendments to the Act, the Act is now administered by The Office of The Governor Of Economic Development & Tourism ("GOED&T") through the Texas Economic Development Bank ("Bank");

WHEREAS, with proper notice to the public, a public hearing to consider this ordinance was held on Tuesday, November 9th, 2004, during a meeting of the City Council, the Council Chambers, at City Hall, in El Paso, during which all interested persons were allowed to appear and be heard; and

WHEREAS, the City Council has determined that passage of this ordinance would best serve public health, necessity, and convenience and the general welfare of the City and its citizens.

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

SECTION 1. As required by Section 2303.4051 (b) of the Act, the City's local incentives available in each area within an enterprise zone and in each area not in an enterprise zone are identified and summarized briefly in the attached **Exhibit A;** and at least one of the local incentives is unique to the enterprise zone area. The City is in full compliance with the Act.

SECTION 2. The City finds that WESTERN REFINING COMPANY, L.P. ("Western"), or its successor in interest, meets the criteria for designation as an enterprise project under the Act on the following grounds:

(a) Western, is a "qualified business" under Section 2303.402 of the Act because it is engaged in the active conduct of a trade or business at a qualified business site and at least twenty-five (25%) percent of its new employees in the Enterprise Zone will be residents of an enterprise zone in this state or economically disadvantaged individuals;

(b) The Western project is qualified under Section 2303.404 of the Act because (1) it involves "an expansion, renovation, or new construction"; (2) it will be completed within a predetermined period not to exceed five years; and (3) the Western subsidiary maintains separate books and records for the El Paso refinery operations;

(c) There has been and will continue to be a high level of cooperation between public, private, and neighborhood entities within the jurisdiction of the City;

(d) The designation of Western as an enterprise project will contribute significantly to the achievement of the plans of the City for development and revitalization of the area in which the enterprise project will be located; and

(e) Western qualifies for job retention benefits under section 2303.406 (a) (4) (G) because Western is both adding a new business line or product and deleting or decreasing an existing business line or product, and the designation will prevent Western's net production capacity from decreasing.

SECTION 3. Western qualifies as a Double Jumbo Enterprise Project as defined in Section 2303.407 (b) (5) of the Act because Western will be making a capital investment in a project in excess of $150,000,000. The City finds that it is in the best interest of the City to nominate Western as an Enterprise Project under the Act.

SECTION 4. The City nominates Western as an Enterprise Project under the Act and designates the Director of Economic Development as liaison to oversee enterprise projects nominated by the City and to perform the other duties described in Section 2303.204 of the Act. The City authorizes the City Manager or her designee to file an application requesting designation of Western as an Enterprise Project with the Texas Economic Development Bank, and to execute all documents and agreements necessary to process the application. Further, the City directs the City Manager or her designee to submit to the Texas Economic Development Bank the information required by section 2303.4052 of the Act.

SECTION 5. As required by Section 2303.4051 (c) (2) of the Act, the City's local incentives, including tax incentives, that, at the election of the City Council, are or will be made available to Western, the nominated project, are identified and summarized briefly in the attached **Exhibit B**.

SECTION 6. Upon approval of the Texas Economic Development Bank, the Enterprise Project will be named WESTERN REFINING COMPANY, L.P. Project.

SECTION 7. The enterprise project shall take effect on the date of designation of the enterprise project noted by the Texas Economic Development Bank and terminate five (5) years after date of designation.

SECTION 8. The Enterprise Project designation must be for a predetermined designation period approved by the Bank, with a beginning date and ending date for the Project; and the designation period for the Project may not exceed five (5) years from date on which the designation is made, as required by Section 2303.404 of the Act. Western and the City request that the Bank approve December 1, 2004, as the beginning date and December 1, 2009, as the ending date of the Project.

SECTION 9. The enterprise zone areas within the City are reinvestment zones in accordance with the Texas Tax Code, Chapter 312.

SECTION 10. The El Paso areas that meet the 2003 requirements in Section 2303.101 of the Act for automatic qualification for designation as an enterprise zone are shown in the attached **Exhibit C.**

PASSED AND APPROVED this 9th day of November, 2004.

CITY OF EL PASO

Joe Wardy, Mayor

ATTEST:

Richarda Duffy Momsen
City Clerk

APPROVED AS TO FORM:

John F. Nance
Assistant City Attorney

APPROVED AS TO CONTENT:

David G. Dobson., Director
Economic Development Department

Exhibit A

Incentives offered by the City of El Paso

	Name of Incentive	Description of Incentive	Availability
1	Tax Abatement	Abatement of Taxes	As Approved by City Council
2	Workforce Incentives	Customized Training (CT) or On-the-Job Training (OJT)	City Wide
3	Brownfields Redevelopment	Assessment demonstration pilot grants of $200,000 for Phase I and Phase II environmental site assessments, plus $1 million grant for a Brownfields Cleanup.	Within Brownfields
4	Tax Increment Financing	Specialized financing	Citywide
5	Local Sales Tax Refunds	Tax rebates offered for certain economic development projects	Enterprise Zone
6	Bonds	Low interest financing for manufacturing facilities	Citywide
7	Infrastructure Improvements	Provided by local utilities	Citywide
8	Job Training	Provided by Upper Rio Grande Workforce Development Board	Citywide

Exhibit B

Incentives that may be considered and offered by the City of El Paso to Nominated Texas Enterprise Zone Projects

	Name of Incentive	Description of Incentive	Availability
1	Fee Waiver	Waiver of fees for establishing an Enterprise Zone	Limited basis
2	Local Sales Tax Refunds	Tax rebates offered for certain economic development projects	Enterprise Zone

Exhibit C

El Paso Areas meeting the 2003 Requirements for
Texas Enterprise Zone (Sections 2303.101 and 2303.109)

CENSUS TRACT	BLOCK GROUP	DESIGNATION
1.07	5	Census Block Group with 20% poverty or greater
1.07	6	Census Block Group with 20% poverty or greater
1.08	2	Census Block Group with 20% poverty or greater
1.09	2	Census Block Group with 20% poverty or greater
1.10	2	Census Block Group with 20% poverty or greater
1.10	3	Census Block Group with 20% poverty or greater
2.03	2	Census Block Group with 20% poverty or greater
2.03	3	Census Block Group with 20% poverty or greater
2.04	1	Census Block Group with 20% poverty or greater
2.04	3	Census Block Group with 20% poverty or greater
2.04	4	Census Block Group with 20% poverty or greater
2.04	5	Census Block Group with 20% poverty or greater
2.05	1	Census Block Group with 20% poverty or greater
2.05	2	Census Block Group with 20% poverty or greater
2.05	3	Census Block Group with 20% poverty or greater
2.06	1	Census Block Group with 20% poverty or greater
2.06	3	Census Block Group with 20% poverty or greater
3.01	1	Census Block Group with 20% poverty or greater
3.01	2	Census Block Group with 20% poverty or greater
3.01	3	Census Block Group with 20% poverty or greater
3.01	4	Census Block Group with 20% poverty or greater
3.01	5	Census Block Group with 20% poverty or greater
3.02	2	Census Block Group with 20% poverty or greater
3.02	4	Census Block Group with 20% poverty or greater
3.02	5	Census Block Group with 20% poverty or greater
3.02	6	Census Block Group with 20% poverty or greater
4.03	1	Census Block Group with 20% poverty or greater
4.04	1	Census Block Group with 20% poverty or greater
4.04	2	Census Block Group with 20% poverty or greater
6	1	Census Block Group with 20% poverty or greater
6	2	Census Block Group with 20% poverty or greater
6	3	Census Block Group with 20% poverty or greater

CENSUS TRACT	BLOCK GROUP	DESIGNATION
6	4	Census Block Group with 20% poverty or greater
8	1	Census Block Group with 20% poverty or greater
8	2	Census Block Group with 20% poverty or greater
8	3	Census Block Group with 20% poverty or greater
9	1	Census Block Group with 20% poverty or greater
9	2	Census Block Group with 20% poverty or greater
9	3	Census Block Group with 20% poverty or greater
9	4	Census Block Group with 20% poverty or greater
9	5	Census Block Group with 20% poverty or greater
9	6	Census Block Group with 20% poverty or greater
10.01	1	Census Block Group with 20% poverty or greater
10.01	2	Census Block Group with 20% poverty or greater
10.02	1	Census Block Group with 20% poverty or greater
10.02	2	Census Block Group with 20% poverty or greater
10.02	3	Census Block Group with 20% poverty or greater
11.05	3	Census Block Group with 20% poverty or greater
11.05	4	Census Block Group with 20% poverty or greater
11.05	5	Census Block Group with 20% poverty or greater
11.12	3	Census Block Group with 20% poverty or greater
12.01	1	Census Block Group with 20% poverty or greater
12.01	2	Census Block Group with 20% poverty or greater
12.03	1	Census Block Group with 20% poverty or greater
14	1	Census Block Group with 20% poverty or greater
14	2	Census Block Group with 20% poverty or greater
15.01	4	Census Block Group with 20% poverty or greater
15.02	2	Census Block Group with 20% poverty or greater
15.02	4	Census Block Group with 20% poverty or greater
16	1	Census Block Group with 20% poverty or greater
16	2	Census Block Group with 20% poverty or greater
16	3	Census Block Group with 20% poverty or greater
16	5	Census Block Group with 20% poverty or greater
17	1	Census Block Group with 20% poverty or greater
17	2	Census Block Group with 20% poverty or greater
17	3	Census Block Group with 20% poverty or greater
17	4	Census Block Group with 20% poverty or greater
17	5	Census Block Group with 20% poverty or greater
18	1	Census Block Group with 20% poverty or greater
18	2	Census Block Group with 20% poverty or greater

CENSUS TRACT	BLOCK GROUP	DESIGNATION
19	1	Census Block Group with 20% poverty or greater
19	2	Census Block Group with 20% poverty or greater
19	3	Census Block Group with 20% poverty or greater
19	4	Census Block Group with 20% poverty or greater
19	5	Census Block Group with 20% poverty or greater
20	1	Census Block Group with 20% poverty or greater
20	2	Census Block Group with 20% poverty or greater
20	3	Census Block Group with 20% poverty or greater
20	4	Census Block Group with 20% poverty or greater
20	5	Census Block Group with 20% poverty or greater
21	1	Census Block Group with 20% poverty or greater
21	2	Census Block Group with 20% poverty or greater
21	3	Census Block Group with 20% poverty or greater
22.01	1	Census Block Group with 20% poverty or greater
22.01	2	Census Block Group with 20% poverty or greater
22.02	1	Census Block Group with 20% poverty or greater
22.02	2	Census Block Group with 20% poverty or greater
22.02	3	Census Block Group with 20% poverty or greater
22.02	4	Census Block Group with 20% poverty or greater
22.02	5	Census Block Group with 20% poverty or greater
22.02	6	Census Block Group with 20% poverty or greater
23	1	Census Block Group with 20% poverty or greater
23	2	Census Block Group with 20% poverty or greater
23	3	Census Block Group with 20% poverty or greater
23	4	Census Block Group with 20% poverty or greater
23	5	Census Block Group with 20% poverty or greater
23	6	Census Block Group with 20% poverty or greater
24	1	Census Block Group with 20% poverty or greater
24	2	Census Block Group with 20% poverty or greater
24	3	Census Block Group with 20% poverty or greater
25	4	Census Block Group with 20% poverty or greater
25	5	Census Block Group with 20% poverty or greater
25	6	Census Block Group with 20% poverty or greater
25	7	Census Block Group with 20% poverty or greater
25	8	Census Block Group with 20% poverty or greater
26	1	Census Block Group with 20% poverty or greater
26	2	Census Block Group with 20% poverty or greater
26	3	Census Block Group with 20% poverty or greater

CENSUS TRACT	BLOCK GROUP	DESIGNATION
26	4	Census Block Group with 20% poverty or greater
26	5	Census Block Group with 20% poverty or greater
28	1	Census Block Group with 20% poverty or greater
28	2	Census Block Group with 20% poverty or greater
28	3	Census Block Group with 20% poverty or greater
28	4	Census Block Group with 20% poverty or greater
28	5	Census Block Group with 20% poverty or greater
28	6	Census Block Group with 20% poverty or greater
29	1	Census Block Group with 20% poverty or greater
29	2	Census Block Group with 20% poverty or greater
29	3	Census Block Group with 20% poverty or greater
30	1	Census Block Group with 20% poverty or greater
30	2	Census Block Group with 20% poverty or greater
30	3	Census Block Group with 20% poverty or greater
30	4	Census Block Group with 20% poverty or greater
31	1	Census Block Group with 20% poverty or greater
31	2	Census Block Group with 20% poverty or greater
31	4	Census Block Group with 20% poverty or greater
32	1	Census Block Group with 20% poverty or greater
32	2	Census Block Group with 20% poverty or greater
32	3	Census Block Group with 20% poverty or greater
32	4	Census Block Group with 20% poverty or greater
32	5	Census Block Group with 20% poverty or greater
32	6	Census Block Group with 20% poverty or greater
33	2	Census Block Group with 20% poverty or greater
33	3	Census Block Group with 20% poverty or greater
33	5	Census Block Group with 20% poverty or greater
33	6	Census Block Group with 20% poverty or greater
33	7	Census Block Group with 20% poverty or greater
34.01	1	Census Block Group with 20% poverty or greater
34.01	2	Census Block Group with 20% poverty or greater
34.03	1	Census Block Group with 20% poverty or greater
34.03	4	Census Block Group with 20% poverty or greater
35.01	1	Census Block Group with 20% poverty or greater
35.01	2	Census Block Group with 20% poverty or greater
35.01	3	Census Block Group with 20% poverty or greater
35.02	1	Census Block Group with 20% poverty or greater
35.02	2	Census Block Group with 20% poverty or greater

CENSUS TRACT	BLOCK GROUP	DESIGNATION
35.02	3	Census Block Group with 20% poverty or greater
36.01	1	Census Block Group with 20% poverty or greater
36.01	2	Census Block Group with 20% poverty or greater
36.01	3	Census Block Group with 20% poverty or greater
36.02	1	Census Block Group with 20% poverty or greater
36.02	2	Census Block Group with 20% poverty or greater
36.02	3	Census Block Group with 20% poverty or greater
37.01	1	Census Block Group with 20% poverty or greater
37.01	2	Census Block Group with 20% poverty or greater
37.01	4	Census Block Group with 20% poverty or greater
37.02	1	Census Block Group with 20% poverty or greater
37.02	4	Census Block Group with 20% poverty or greater
37.02	5	Census Block Group with 20% poverty or greater
38.01	1	Census Block Group with 20% poverty or greater
38.03	2	Census Block Group with 20% poverty or greater
38.03	3	Census Block Group with 20% poverty or greater
38.04	2	Census Block Group with 20% poverty or greater
38.04	3	Census Block Group with 20% poverty or greater
39.01	1	Census Block Group with 20% poverty or greater
39.01	2	Census Block Group with 20% poverty or greater
39.01	3	Census Block Group with 20% poverty or greater
39.02	1	Census Block Group with 20% poverty or greater
39.02	2	Census Block Group with 20% poverty or greater
39.03	1	Census Block Group with 20% poverty or greater
39.03	2	Census Block Group with 20% poverty or greater
39.03	3	Census Block Group with 20% poverty or greater
39.03	4	Census Block Group with 20% poverty or greater
39.03	5	Census Block Group with 20% poverty or greater
40.02	1	Census Block Group with 20% poverty or greater
40.02	2	Census Block Group with 20% poverty or greater
40.02	3	Census Block Group with 20% poverty or greater
40.03	2	Census Block Group with 20% poverty or greater
40.03	3	Census Block Group with 20% poverty or greater
40.04	2	Census Block Group with 20% poverty or greater
40.04	4	Census Block Group with 20% poverty or greater
41.03	1	Census Block Group with 20% poverty or greater
41.03	2	Census Block Group with 20% poverty or greater
41.03	4	Census Block Group with 20% poverty or greater

CENSUS TRACT	BLOCK GROUP	DESIGNATION
41.05	1	Census Block Group with 20% poverty or greater
41.05	2	Census Block Group with 20% poverty or greater
41.06	1	Census Block Group with 20% poverty or greater
41.06	4	Census Block Group with 20% poverty or greater
42.01	2	Census Block Group with 20% poverty or greater
42.01	3	Census Block Group with 20% poverty or greater
42.01	4	Census Block Group with 20% poverty or greater
42.01	5	Census Block Group with 20% poverty or greater
42.01	6	Census Block Group with 20% poverty or greater
42.02	1	Census Block Group with 20% poverty or greater
42.02	4	Census Block Group with 20% poverty or greater
42.02	5	Census Block Group with 20% poverty or greater
43.10	1	Census Block Group with 20% poverty or greater
43.10	3	Census Block Group with 20% poverty or greater
43.10	4	Census Block Group with 20% poverty or greater
43.12	4	Census Block Group with 20% poverty or greater
43.13	3	Census Block Group with 20% poverty or greater
43.15	4	Census Block Group with 20% poverty or greater
43.16	3	Census Block Group with 20% poverty or greater
101.02	1	Census Block Group with 20% poverty or greater
102.08	2	Census Block Group with 20% poverty or greater
102.08	3	Census Block Group with 20% poverty or greater
102.08	4	Census Block Group with 20% poverty or greater
102.09	1	Census Block Group with 20% poverty or greater
103.07	4	Census Block Group with 20% poverty or greater
103.07	6	Census Block Group with 20% poverty or greater
103.11	2	Census Block Group with 20% poverty or greater
103.11	4	Census Block Group with 20% poverty or greater
103.17	1	Census Block Group with 20% poverty or greater
103.18	1	Census Block Group with 20% poverty or greater
103.20	2	Census Block Group with 20% poverty or greater
103.20	4	Census Block Group with 20% poverty or greater
104.01	1	Census Block Group with 20% poverty or greater
104.03	1	Census Block Group with 20% poverty or greater