

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

DEPARTMENT: Economic & International Development Department

AGENDA DATE: August 4, 2015, Consent Agenda

CONTACT PERSON/PHONE: Cary S. Westin, Managing Director, (915) 212-1614

DISTRICT(S) AFFECTED: [ALL]

SUBJECT:

Discussion and Action on a Resolution nominating Erives Enterprises, 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) [Economic & International Development Department, Cary S. Westin, Managing Director, (915) 212-1614]

BACKGROUND/DISCUSSION:

Erives Enterprises, Inc. has requested that the City nominate them for Enterprise Zone Project designation as consideration for expanding its operations in El Paso, Texas. Erives Enterprises, 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?

No.

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

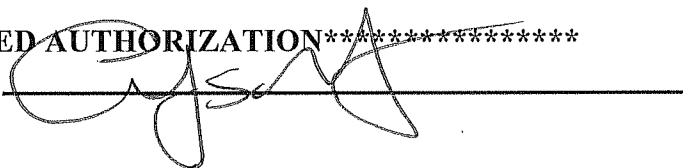
BOARD/COMMISSION ACTION:

Enter appropriate comments or N/A.

N/A

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

DEPARTMENT HEAD:



**A RESOLUTION NOMINATING ERIVES ENTERPRISES, 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"), Erives Enterprises, 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 Erives Enterprises, 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 Erives Enterprises, Inc., meets the criteria for designation as an enterprise project under Chapter 2303, Subchapter F of the Act on the following grounds:

1. Erives Enterprises, 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 Erives Enterprises, 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 Erives Enterprises, Inc. meets the criteria for tax relief and other incentives adopted by the City and agrees to nominate Erives Enterprises, 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 Erives Enterprises, 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 Erives Enterprises, Inc., to be known as the Erives Enterprises 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.

PASSED AND APPROVED this ____ day of _____, 2015.

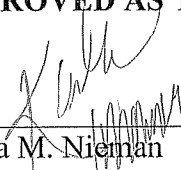
CITY OF EL PASO, TEXAS

ATTEST:

Oscar Leoser
Mayor

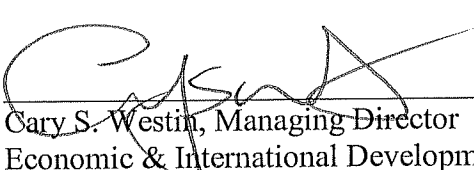
Richarda Duffy Momsen
City Clerk

APPROVED AS TO FORM:



Karla M. Nieman
Assistant City Attorney

APPROVED AS TO CONTENT:



Cary S. Westin, Managing Director
Economic & International Development



Texas Enterprise Zone Designation

Erives Enterprises, Inc. Three Star Leasing, LLC

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



Texas Enterprise Zone Program

- 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
- Projects may be physically located in or outside of an Enterprise Zone
- Businesses receive state tax incentives under the Texas Enterprise Zone Program; state sales and use tax refunds
- Amount of capital investment, job creation / retention and wages are part of the qualifying criteria

Capital Investment	Max # of jobs allocated	Max potential refund	Max refund per job allocated
\$40,000 to \$399,999	10	\$25,000	\$2,500
\$400,000 to \$999,999	25	\$62,500	\$2,500
\$1,000,000 to \$4,999,999	125	\$312,500	\$2,500
\$5,000,000 to \$149,999,999*	500	\$1,250,000	\$2,500
\$150,000,000 to \$249,999,999	500	\$2,500,000	\$5,000
\$250,000,000 or more ("Triple Jumbo Project")	500	\$3,750,000	\$7,500

* Benefit level highlighted in yellow. Erives Enterprises Inc. capital investment of \$2.5M and 34 jobs retained.



Company Background

- Freight Transportation and Logistics company located in El Paso, Texas
- Provides transcontinental services to the U.S., Canada, and Mexico
- Established in 2008
 - Began with 2 employees and has grown to 33 full time employees in 5 years
- Expand operations in El Paso, Texas
 - Additional 441,698 sq. ft. of space at new facility





Staff Recommendation

- Erives Enterprises Inc. meets the criteria for designation as an Enterprise Zone project
 - Investing \$2.5M at their El Paso facility for operation improvements
 - Retaining 33 full-time employees, and creating 41 new jobs over the next 5 years.
 - 25% of the new employees hired by Erives Enterprises Inc. at their El Paso facility will be residents of an enterprise zone, or economically disadvantaged individuals
- Staff recommends approval of the nomination
 - The applicant's capital investments and employment commitments will further El Paso's Business Retention and Expansion initiative



Questions?