

TEDC 2022 CEDA APPLICATION

All Applications Must Be Received by August 19, 2022

The 2022 CEDA nominations will be judged in each of the five categories that have made the most significant contribution to economic development in their community and the State of Texas.

AWARD CATEGORIES

The CEDA will be given to one community from each of the following five population categories: (as currently marketed). Mark the population category for which you are applying.

- Population less than 10,000 _____
- Population 10,001 to 20,000 _____
- Population 20,001 to 50,000 _____
- Population 50,001 to 100,000 _____
- Population 100,001 to 250,000 _____
- Population 250,001 and above X

NOMINATION:

Name of Community: El Paso, TX

TEDC Member Name: Marcos Delgado (individual member, not organization)

Telephone #: (915) 298 - 1000

Email Address: mdelgado@borderplexalliance.org

Community Population (as currently marketed): 841,602

Application Submitted By: Tracy A. Huhn

Email Address: thuhn@borderplexalliance.org

Media Contacts: [optional]

Organization: The Borderplex Alliance Contact Name: John Meza

Email Address: jmeza@borderplexalliance.org

Organization: _____ Contact Name: _____

Email Address: _____

SUBMITTED FOR:

- | | |
|--|--|
| <input type="checkbox"/> Business Retention | <input type="checkbox"/> Business Attraction |
| <input checked="" type="checkbox"/> Business Expansion | <input type="checkbox"/> Community Involvement |

SUMMARY REVIEW

Please attach a brief description of the economic development efforts and accomplishments of the project or program (specific to the project or program for which you are submitting the application). Within this description, address the awards criteria of innovativeness, transferability, community commitment, measured objectives and secondary benefits. The narrative portion of the application is limited to four (4) conventionally formatted 8.5" x 11" pages. Please also submit up to five (5) digital photographs (jpeg) to amy@texasedc.org. The photos must be submitted with the application form. The photographs will be presented during the CEDA luncheon at the TEDC's 2022 Annual Conference.

Texas Economic Development Council

2022 | *Community Economic Development Award Nomination*

Project Title: Schneider Electric

AWARD CATEGORY:

Business Expansion

OVERVIEW

In the Far West point of Texas, El Paso is no stranger to the manufacturing sector. Given its geographic location along the U.S.-Mexico border, and to Cd. Juarez in Mexico, Fortune 500 companies commonly open up operations in the area. The Borderplex Alliance, a private sector funded economic development organization, serves as a steward to these companies, acting as a one-stop-shop for their development needs. In particular, the Alliance assisted a Fortune 420 company back in 2014, and because of the maintained relationship, multiple expansions followed. Most recently and significantly, that company announced their fourth expansion in El Paso in February of 2021. That company was Schneider Electric, the leading digital transformation of energy management and automation manufacturer nationally and globally. Their \$16.7 M expansion will give El Paso the title of being Schneider's largest footprint in the entire United States, add \$138 million economic value to the community, and grow their already 1,100 employee base in the region.

In the midst of the country's supply chain challenges and concurrent COVID-19 pandemic, the El Paso region continues to aid in alleviating global pressures. Texas's business climate, infrastructure, and workforce support and enhance the opportunities identified through these types of long term relationships. Texas is Schneider Electric's largest footprint in the USA with 2,611 total employees. As Schneider Electric continues to develop its already reputable EV division, this company will not only be a champion of El Paso, but will be a key complement to the State's growth.

INNOVATIVENESS

El Paso is on the front lines to embrace new transportation technology to make itself a better city. The city went from having an electric streetcar in 1881 to a now large interconnected system for commuters of both El Paso and Cd. Juarez, Mexico next door. The city embraced efficiency, and continues to be a strategic place for automation development. Alternating ways of driving by creating highways, and growing cleaner by stirring away from leaded gasoline, have continued to assist El Paso as it vastly expands. Today, the same electric streetcars can be ridden today, preserved and renovated.

Recently, electric vehicles (EVs) have provided a similar opportunity to not only make the city cleaner, but bring a competitive edge. With a collective regional MSA of 2.6 million people, and six international ports of entry, El Paso ranks better than other Texas cities on a national level in relation to traffic congestion. The journey is not over though, as the city continues to strategize and revolutionize its transportation infrastructure through partnerships and innovation. This includes Schneider Electric, which was named one of Fortune's 2022 World's Most Admired Companies for their fifth year in a row. Their monetary

support from El Paso Electric and the city will result in an EV semi-trailer site, which will help El Paso demonstrate and secure their EV infrastructure future.

In addition to this EV site, Schneider plans to invest in the city and state as a whole. Existing homes, buildings, data centers, industries, and grids are among the add-ons Schneider is already working towards innovating through other El Paso partnerships. Since 2020, Schneider has made a +\$31.8 million statewide economic impact, spent +\$73 million on Texas suppliers, and charited +\$140k. Hence, Texas is a state Schneider Electric spares no effort towards, showing their ongoing commitment toward sustainability and inclusion; and in-between this action is El Paso.

TRANSFERABILITY

As is the case for most economic development organizations, BR&E efforts are foundational to ensuring that companies in their region stay for the long run. Across the nation, operations are facing battles with logistics costs, workforce constraints, inflation, and potential local lack of support. Maintaining a healthy and consistent relationship with your major employers can lead to opportunities that skip the RFP phase. It also allows the community to achieve a positive repertoire with companies in that same industry, adding competition and growth in a subsector. For instance, Schneider Electric's existing and healthy presence in El Paso led to Eaton's appearance in this market, a close competitor. The healthiness of your economic development's BR&E efforts are most evident in company expansions during difficult times, versus their exiting of that market. Common practices include check-ins with tailored conversation points based on relevant events in the economy.

Along with market type pressures, having developed relationships with local governments adds the ultimate value to the company. Streamlined processes and honoring the company's timeline are the truest forms of showcasing that community's commitment to the viability of the company.

COMMUNITY COMMITMENT AND LEVERAGE

This particular project was in the Borderplex Alliance's project pipeline for a little less than four months. The reason being, the company's site selector approached the Alliance with a challenge. There was a property that they were interested in acquiring and ultimately, this selection was going to depend on the appetite of the community. Under the direction of the Borderplex Alliance, the local economic development entities joined to meet the company where they were.

Meetings were called in a matter of days and all levels of the municipal government were involved to complete the project. Additional meetings were called to discuss and come to an agreement in relation to road development, permitting, and incentives. In order to meet the company's timeline, the City and County of El Paso executed their first ever term sheets, allowing the company to proceed with the land acquisition without worry of losing out on incentives.

Multiple entities supported this expansion monetarily and through services, to include: the City of El Paso, El Paso County, El Paso Electric, Workforce Solutions Borderplex (WSB), and the local Career and Technical Education departments of multiple school districts in El Paso. The City of El Paso provided sales tax rebates as well as assistance with building fees, construction rebates, a sustainability grant, and funds for public road improvements. The County added funding through their own sales tax rebates as well as a grant for workforce upskilling. Overall, the City and County provided \$1.5M and \$300k respectively in tax incentives, accounting for 11% of Schneider's overall costs. The State of Texas showed support both from leadership and from Workforce Solutions Borderplex. WSB is a seasoned team that, once the company was ready to move forward with hiring, assisted in employing 368 individuals. Simultaneously, the Borderplex Alliance introduced Schneider Electric to district directors across El Paso. These directors were able to share job postings and highlight the development opportunities of joining Schneider after graduating high school. Their Career and Technical Education departments were not only made aware of this opportunity, but were also connected to Schneider's HR for further opportunities to collaborate.

MEASURED OBJECTIVES

Expected to complete by the end of 2022, Schneider Electric will become one of the region's largest manufacturing employers. Located at an industrial park in Northwest El Paso, Schneider's new facility will be constructed in close proximity to their other three operations. Schneider Electric's investment in El Paso includes: \$16.7M in capital investment in a 160,000 square foot building (personal and real property) and the addition of 368 new jobs. These new jobs offer full company benefits, agreeable vacation and sick leave allowance, and appealing health insurance plans. Combined, the annual salary averages around \$57,000; \$41,650 being El Paso's average wage.

From this project, Schneider brings a \$100 million regional investment to increase production and speed delivery of products to customers in Canada, Mexico, and the United States. Additionally, they have vetted and approved more than 100 new suppliers and secured strategic buys of raw materials to support increased demand and improve continuity of supply.

SECONDARY BENEFITS

El Paso's benefiting economic initiatives are possible because of companies like Schneider Electric, and their goals have become a beacon for the city's agencies. What once started as an expansion has now resulted into long term opportunities with this company. They understand how providing sustainable services along with public improvements result in collective economic benefits. In 2021, Schneider ranked fourth in Gartner's closely watched annual ranking of corporate supply chains, marking the second consecutive year it was placed in the Top 5.

Four of Schneider Electric's facilities have earned the distinction of 4th Industrial Revolution (4IR) Advanced Lighthouse by the World Economic Forum. One recently was recognized by the World Economic Forum as a Sustainability Lighthouse—one of only three worldwide. Hence, becoming the largest hub nationally with this new added facility in El Paso allows the city to be highlighted more in Schneider's enterprise.

Since 2005, their Schneider Sustainability Impact (SSI) has served Texas' cities and suppliers to halve their carbon footprint by 2025. Their achievements have been noticed and so has their continuing commitment toward building a more electric, digital, and decarbonized space. Ranking third in the electronic industry, Schneider Electric is not only in El Paso to stay, but to make Texas the lighthouse of sustainable economic growth for the future.