

DEFENSE INDUSTRIAL BASE BUSINESS READINESS LEVEL

INCENTIVE GUIDELINES

(DIBBs Readiness Incentive)

I. PURPOSE AND AUTHORITY

This Defense Industrial Base Business Readiness Incentive (“DIBBs Readiness Incentive”) is a performance-based grant program established by the City of El Paso (“City”) under the authority of Chapter 380 of the Texas Local Government Code and implemented pursuant to the City’s Advanced Manufacturing Incentive Policy approved by City Council on February 17, 2026. Under the Advanced Manufacturing Incentive Policy, the City Manager is authorized to execute incentive agreements administratively and related documents necessary to carry out this program on behalf of the City.

The purpose of the DIBBs Readiness Incentive is to promote local economic development and stimulate business and commercial activity by strengthening the defense industrial base within the City of El Paso. This is achieved by providing a financial incentive for manufacturers who are Members of the “Innovation Network for Manufacturers” to achieve a state of operational preparedness, defined herein as “Defense Readiness Level 6,” necessary to compete for and execute contracts with the U.S. Department of War (“DoW”) and its prime contractors. Additionally, a signed and executed DIBBs Agreement does not guarantee an incentive grant, as grants are awarded subject to the availability of funds.

II. DEFINITIONS

- **“Accredited Body”** means a third-party certification body that is accredited by a recognized international or national accreditation organization (e.g., ANAB) to issue ISO 9001 certifications.
- **“Advanced Manufacturing District (AMD)”** means the specific geographic boundaries as formally designated by the El Paso City Council.
- **“CAGE Code”** means a Commercial and Government Entity Code assigned by the DoW’s Defense Logistics Agency (DLA).
- **“Company”** means the eligible business entity applying for the DIBBs Readiness Incentive.
- **“Defense Readiness Level 6 (DRL-6)”** means the status achieved by a Company upon fulfilling all requirements set forth in Section IV of these guidelines.
- **“Effective Date”** means the date the final DIBBs Readiness Incentive Grant Agreement is executed by both the City and the Company.
- **“Innovation Factory”** means the business incubation and development area located at or adjacent to the El Paso International Airport, as designated by the City.
- **“Innovation Network for Manufacturers”** a group of manufacturers within the El Paso city limits who have gone through a site visit and have been formally accepted into the network.

- **“Program Term”** means the period from the Effective Date through March 31st, 2027.

III. ELIGIBILITY

To be eligible to receive a DIBBs Readiness Incentive grant, a Company must satisfy the following conditions:

1. The Company must be manufacturing within the limits of the City of El Paso and formally accepted into the Innovation Network for Manufacturers.
2. The Company must be a manufacturing entity with NAICS codes relevant to the DoW supply chain.
3. The Company must be in good standing with the City of El Paso, with no delinquent taxes, fees, or other obligations.

IV. DEFENSE READINESS LEVEL 6 (DRL-6) REQUIREMENTS

To qualify for the DIBBs Readiness Incentive grant, an eligible Company must achieve DRL-6 by **no later than March 31st, 2027**. Achievement of DRL-6 requires verifiable proof of the following conditions:

1. **Formal Commitment:** The Company has (a) executed a letter of intent or email committing to the DIBBs Readiness Incentive program and (b) submitted a complete DIBBs Readiness Incentive application to the City's Economic & International Development (EID) Department.
2. **Federal Registration:** The Company provides evidence of (a) active registration in the federal System for Award Management (SAM.gov), (b) an assigned CAGE Code, and (c) a list of its NAICS codes relevant to defense manufacturing.
3. **Active Bidding:** The Company provides verifiable evidence (e.g., bid submission confirmations, proposal copies) that it is actively competing for DoW contracts by submitting bids, proposals, or quotes for such contracts.
4. **Quality Management System:** The Company provides evidence of having achieved and maintaining a current **ISO 9001 certification** issued by an Accredited Body. Should the company already have **ISO 9001 certification** prior to formally applying for the "DIBBs Readiness Incentive," the company may get the **AS9100 certification** to qualify for the "DIBBs Readiness Incentive."

V. INCENTIVE STRUCTURE AND DISBURSEMENT

1. **Base Grant:** Upon successful verification by the EID Department that the Company has achieved DRL-6 status by the deadline, the Company shall receive a one-time grant of **\$10,000.00**.
2. **Early Adopter Bonus:** A Company shall receive an additional **\$2,500.00** (for a total grant of **\$12,500.00**) if it meets the DRL-6 requirements *and* submits its application for its final ISO 9001 or AS9100 certification assessment to an Accredited Body on or before **December 31, 2026**, and subsequently passes such assessment.

VI. APPLICATION AND VERIFICATION PROCESS

1. A Company shall first apply to the DIBBs Readiness Incentive program as specified in Section IV(1).
2. Upon achieving all DRL-6 requirements, the Company shall submit one (1) final “**Grant Submittal Package**” to the EID Department for review. This package must contain, at a minimum:
 - A copy of the final, valid ISO 9001 certificate from the Accredited Body.
 - Proof of active SAM.gov registration and CAGE Code.
 - Copies of bids or proposals demonstrating compliance with Section IV that is not subject to classification and can be shared openly (4).
3. The EID Department shall review the Grant Submittal Package. The City's determination of compliance shall be final.
4. A failure by the Company to achieve DRL-6 status and submit a complete Grant Submittal Package by the deadline shall result in the automatic termination of the grant agreement and a full **waiver** of any claim to the incentive.

VII. LEGAL AND COMPLIANCE PROVISIONS

1. **Event of Default and Recapture:** This is a performance-based grant, payable only *after* performance is verified. An Event of Default shall occur if the Company provides false or materially misleading information in any application or verification package. Upon an Event of Default, this Agreement shall terminate, and the City shall have the right to **recapture** the full amount of any Grant funds disbursed, plus interest at the maximum legal rate.
2. **Compliance with Law:** The Company shall, at all times, remain in compliance with all applicable local, state, and federal laws, regulations, and ordinances.
3. **Assignment:** This Agreement is not transferable or assignable, in whole or in part, as a result of a change in majority ownership or control of the Company, without the express prior written consent of the El Paso City Council.
4. **Public Information:** The Company acknowledges that the City is a governmental body subject to the **Texas Public Information Act, (Texas Gov't Code, Chapter 552)**. Information submitted by the Company may be subject to public disclosure, unless a specific exception under the Act applies.
5. **Governing Law:** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, and venue for any action shall be in El Paso County, Texas.