



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Economic Development

ACM: Christine Taylor, Assistant City Manager

DATE: November 19, 2024

SUBJECT

Receive a report, hold a discussion, and make a recommendation to City Council regarding an incentive agreement for Enginetech North America Corporation for a performance-based ad valorem tax rebate of 50% for five-years on Business Personal Property, a headquarters grant, and jobs-based grant including a Denton resident bonus; total incentive amount not to exceed \$339,545.

STRATEGIC ALIGNMENT

This action supports Key Focus Area: Foster Economic Opportunity and Affordability, and Economic Development Strategic Plan Goals:

Goal 2: Foster Growth

- Supply Chain Logistics
- Advance Manufacturing
- Research & Development
- Energy Efficiency and Conservation
- Green Building Standards

Goal 2D: Competitive Denton

- Headquarters
- Workforce Collaborative
- Grow Your Own Talent Initiative

INFORMATION/BACKGROUND

Since 2018, Enginetech, a global plastic injection manufacturer based in India, has sought to expand their operations into North America. For the last six years they have been a key vendor in the supply chain for PACCAR using a patented process to create look-down mirrors and surge tanks.

Enginetech recently won a competitive contract with PACCAR Denton, which expedited the site search for the company to meet new product demands and deadlines. In mid-2024, they selected Denton and submitted their incentive application in August 2024. Before selecting Denton for their North America Headquarters, Enginetech considered South Carolina, McKinney, Houston, and Chillicothe. The original plan was to purchase a site and custom build their facility, but due to contract deadlines with PACCAR, the company is leasing a location at 2025 N. Masch Branch Road, Building 2. The leased building is about 23,000 square feet and will house four Toshiba Shibaura electric molding presses. Two machines will be purchased in year one and two more in Q4 of 2025. The company is leasing the facility and will add \$200,000 in improvements and \$5.7 Million in business personal property for machines and equipment.

Since identifying their new headquarters location, they have doubled their footprint developing three new products and obtaining multiple contracts. The Denton location will provide parts to PACCAR (Peterbilt

and Kenworth) in Canada, Denton, and Mexico and globally Enginotech manufactures engine parts for DAF and Leyland trucks. Other customers include Alstom, Caterpillar, Cummins, Daimler, Eicher, Kohler, Kubota, Sport Utility Vehicles, Man, Piaggio, Tafe, Tata Motors, and Volvo.

The company designs, tests, and manufactures their parts and hold patents on the parts and technology. The technology is so unique that they will be the only injection molding manufacturer of engine parts in Texas based on their NAICS codes. Their dedication to providing a superior product has earned them an IATF 16949 certification. This certification is an industry requirement that aligns automotive quality management systems globally. Additionally, PACCAR has awarded them their “Zero PPM” (zero defects in one million parts) award for the last three years.

The company will create 133 high-paying and knowledge-based jobs over five years making them a top 20 employer in Denton. They are also partnering with the Texas Workforce Commission to create training programs using North Central Texas College and plan to work with the Denton ISD to grow the talent pipeline.

Estimated value of incentive package offered:

Incentive	Estimated Value
City of Denton Chapter 380 Grant Business Personal Property Rebate	\$79,545
City of Denton Headquarters Grant	\$50,000
City of Denton Job Based Grant	\$194,000
City of Denton Residency Bonus	\$16,000
Estimated Value of Incentive Package	\$339,545

RECOMMENDATION

Staff recommends a performance-based incentive agreement to include a valuation threshold and cap on funding amount of \$339,545, consisting of an ad valorem tax rebate at 50% for five years for business personal property, a jobs-based grant (70 jobs based on “eligible jobs” in policy matrix and up to 32 additional jobs per Denton resident), and a headquarters grant.

EXHIBITS

- Exhibit 1 – Agenda Information Sheet
- Exhibit 2 – Presentation

Respectfully submitted:
 Christina Davis
 Business Development Administrator