



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: December 3, 2024

SUBJECT

Consider adoption of an ordinance approving an economic development agreement under Chapter 380 of the local government code to promote economic development and to stimulate business activity and economic growth of the City of Denton between the City of Denton and Enginotech North America Corporation, regarding the expansion of operations and increase in the number of jobs in the City of Denton; authorizing the expenditure of funds therefor; and providing an effective date. The Economic Development Partnership Board recommends approval (9-0).

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, Enginotech, 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.

Enginotech 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, Enginotech 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 Enginetech 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

Quantitative Benefits and Economic Impact for the Community

- Capital Investment: 5.7 million
- Total Jobs: 133
 - Direct Jobs: 133
 - Spin-Off: 89.3
- 10-year net benefits estimated at \$115,484
- Rate of Return: 13.6%
- Payback period: 6.9 years

Qualitative Benefits and Community Impact

- Quality jobs created
- Pipeline for university training programs and reduction of brain drain
- Expanding and diversifying the tax base
- Business expansion
- Engaging in sustainable practices and activities
- Educational partnerships and internships with the Denton Independent School District (DISD), the University of North Texas (UNT), and the North Central Texas College (NCTC)

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.

PRIOR ACTION/REVIEW

November 13, 2024: The Economic Development Partnership Board recommended approval (9-0).

EXHIBITS

Exhibit 1 – Agenda Information Sheet

Exhibit 2 – Ordinance

Exhibit 3 - Agreement

Exhibit 4 – Presentation

Exhibit 5 – Secretary of State

Respectfully submitted:
Brittany Sotelo
Economic Development Director

Prepared by:
Christina Davis
Business Development Administrator