



City of Denton

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

AGENDA INFORMATION SHEET

DEPARTMENT: Economic Development

ACM: Christine Taylor

DATE: July 15, 2025

SUBJECT

Consider adoption of an ordinance of the City of Denton 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 United States Cold Storage, LP, regarding the expansion of operations and increase in the number of jobs in the City of Denton; authorizing the expenditure of funds therefor in an amount not-to-exceed \$1,067,871; and providing an effective date. The Economic Development Partnership Board recommends approval (11-0-1).

BACKGROUND

US Cold Storage, LP is an existing Denton business, which provides its clients with refrigerated and frozen food warehousing and transportation with 37 facilities in 13 states. The project serves clients such as Kraft, Butterball, Jardine Foods, Bar S Foods, and many others. The company has four existing facilities in Dallas, Fort Worth, and Arlington. The company, which has been operating for 126 years, started as American Ice Company in 1899, it was renamed in 1920 and became a wholly owned subsidiary of John Swire & Sons in 1982.

In 2018, the company received a 50% cost share of the sales and use taxes (up to \$70,000) for the construction of their new distribution facility on a 40-acre site in the Westpark TIRZ Number Two. They received a Certificate of Occupancy in 2020. The electric demand of the company is 1.5 megawatts annually, which makes them a Top 25 customer for Denton Municipal Electric (DME). The Agreement with the company was terminated in 2023, as the grantee failed to meet conditions of the Agreement by not obtaining a Texas Direct Pay Permit with the State Comptroller of Public Accounts and the City could not verify the sales taxes for the construction and equipping of the facility, as they filed with Dallas.

Project

US Cold Storage, LP currently maintains a cold storage facility located at 3255 Jim Christal Road in Denton and is a leader in temperature-controlled storage and transportation logistics for many of the country's largest food providers. The company currently employs 148 with an average salary of \$53,053.

The Denton facility has been identified as a potential location for expansion due to the City's demonstrated commitment to supporting the company's growth and success at this location, but the facility is in competition for capital with several other locations in Texas.

US Cold Storage, LP plans on adding on a second phase to its existing refrigerated warehouse facility and estimate that their investment in new building, machinery, and equipment will create approximately \$35 million in new ad valorem value in Denton. The project involves plans to create 172 jobs with a weighted average salary of \$57,583. The company provides health and wellness and 401(k) benefits, comprehensive training programs, and education assistance for degree programs to their employees.

STRATEGIC AND POLICY ALIGNMENT

City of Denton Strategic Plan

- Key Focus Area #3: Foster Economic Opportunity and Affordability

Economic Development Strategic Plan

- Goal 1: Accelerate Recovery
 - Business Retention and Workforce Development
 - Retain existing businesses
- Goal 2: Foster Growth
 - Energy Efficiency and Conservation

Policy Considerations

The project NAICS falls under the Connected Strategic Growth Areas (SGAs) industry targets and addressed the SGA considerations below and detailed in the Incentive Evaluation Matrix (Exhibit 2). The Incentive Evaluation Matrix score for the project is 90, which falls under the Excellent (85-175 points) category.

- Engages in sustainable practices: Project has adopted sustainable or green business practices (e.g. LEED certification, renewable energy commitment or use, energy efficient construction);
- Pays a living wage for all new employees in accordance with the current “Living Wage” from the MIT Living Wage Calculator for Denton County;
- Expands the tax base through property, sales, Hotel Occupancy Tax (HOT), or other taxes to the City, County, DISD, and DCTA through the development of property, facility or by making improvements to an existing property or facility, through the development of a new business or expansion of an existing business, through the development of a new multi-tenant complex where businesses can locate, or through the addition or increase in jobs available in the City;
- Generates new utility customers (priority consideration for larger customers); and
- Provides benefits to employees that may include: on-site childcare services; adult care; vouchers or other financial assistance for child or adult care; backup or temporary childcare services; flexible hours or remote work accommodations; and flexible spending accounts; 401(k) matching/pension; tuition reimbursement; or other benefits.

Project Benefits

Staff conducted an analysis on the information provided by the company to ensure stated policy criteria were met and to determine both the qualitative and quantitative public benefits. Staff also used an economic impact analysis model to quantify the economic impact and rate of return. Total Impact, by Austin-based Impact DataSource, is a customized economic development modeling tool that performs economic and fiscal impact analysis and incentive analysis. The economic impact is based on a Regional Input-Output Modeling System (RIMS II) created by the U.S. Department of Commerce, Bureau of Economic Analysis, which is widely used to estimate the direct and secondary impacts of an event on the regional economy using input and output methods.

Quantitative Benefits and Economic Impact for the Community

- Capital Investment: \$35 million
- Total Jobs:
 - Direct Jobs: 172
 - Spin Off: 111.7

- 10-year net benefits estimated at \$1,405,425
- Rate of Return: 24.8%
- Payback period: 4.8 years

Qualitative Benefits and Community Impact

- Business retention and expansion
 - Retaining 148 jobs in Denton
 - 172 New jobs created to help support the local economy
- Supply chain
 - Transportation logistics company that is essential to the cold chain
- Engaging in sustainable practices and activities
 - CO2 emission reduction of 11.4% for the company
 - Goal to reach net zero emissions by 2050
 - Food waste and sustainability program
- High energy electric customer
 - Demand of 1.5 megawatts annually at current facility

STAFF RECOMMENDATION

Staff recommends approval of a Chapter 380 Grant, total not to exceed \$1,067,871 for the following:

- Performance-based ad valorem tax rebate at 60% for 8 years for the business expansion
- Sales and Use Tax for the construction and equipping of the facility rebate at 75%

PRIOR ACTION/REVIEW

May 14, 2025: The Economic Development Partnership Board recommended approval (11-0-1).

EXHIBITS

Exhibit 1 – Agenda Information Sheet
 Exhibit 2 – Incentive Evaluation Matrix
 Exhibit 3 – Economic Impact Summary
 Exhibit 4 – Ordinance and Agreement
 Exhibit 5 – Presentation

Respectfully submitted:
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