



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 4, 2024

SUBJECT

Consider recommending approval and adoption of an Amended Project and Financing Plan for Tax Increment Reinvestment Zone Number One, City of Denton, Texas; making various findings related to such plan; providing for severability; and providing an effective date.

BACKGROUND

The Downtown TIRZ was created in 2010 encompassing approximately 226 acres. The original certified base value of the TIRZ was \$79.4 million in 2010 and \$261,579,433 in 2024; an increase of over \$188 Million.

Per the Project Plan, the TIRZ was formed to focus on the following project areas: parking/transportation, complete streets, support for downtown projects, and utility/drainage improvements. The TIRZ #1 took effect on January 1, 2011, and is set to terminate on January 1, 2039, or when the budget of \$24.8 million has been collected.

In 2019, the City was approached by multiple developers with interest in pursuing projects inside the Downtown TIRZ and consideration of public-private partnerships with the TIRZ as a funding source for project components. City Management directed staff to engage a TIRZ consultant to assist with the financial analysis of the proposed projects and assist the City in completing its due diligence. TXP, Inc. was hired as the consultant to perform the study.

The first phase of the study was to review the existing data and foundational documents and hold discussions with the TIRZ Board and relevant stakeholders. TXP and staff held discussions with the TIRZ Board in November 2019 to gather feedback and help set goals for the study. TXP and staff also held meetings with developers to discuss potential opportunities, market demand for various types of development, and what they saw as potential future development zones.

In second phase of the study and a key to amending the TIRZ project and finance plans, TXP and staff reviewed previous projects and possible future projects. This included working with the City's Capital Projects/Engineering departments to understand full project costs and possible impacts of construction inflation, working with the City's Finance department to understand the financing costs associated with certain projects, and identifying possible return on investment.

In August 2014, Council passed Ordinance No. 2014-221 approving the following amendment to Exhibit D of the Project Plan: Pursuant to the Texas Local Government Code, section 272.001, the City of Denton may utilize City-owned property that is located in a reinvestment zone to facilitate economic projects which the City and TIRZ Board deem appropriate and desirable. The City may acquire, lease, sell or

otherwise transfer property to accomplish the public purpose of economic development that is consistent with the Project Plan. Such projects may include public-private partnerships, transit-oriented developments, or the recruitment of specific industries including, but not limited to, hi-tech or emerging technology companies, local start-up businesses, artisan or “maker” industries, the creative sector, bakeries, microbreweries, micro-distilleries, wineries, grocery stores, or other industries that the TIRZ Board and the City Council deem desirable.

The Downtown Master Plan recommends expanding the current TIRZ boundary. This expansion would allow for additional opportunities for TIRZ revenue to be generated, as well as additional areas in which TIRZ eligible projects could occur. The proposed expanded boundaries include parcels to the north, west, and south of the existing boundaries, focused on parcels that are primarily currently used for commercial purposes or vacant, Public Right-of-Ways and areas zoned as Mixed-Use Neighborhood or Mixed-Use Downtown Core. Expanding the boundaries to include these parcels will give the TIRZ additional opportunities to capture tax increment that could be used to fund TIRZ projects in the future.

If the amended Project and Finance Plan is approved, the new boundaries would have a 2024 base value (TIRZ 1A). Only the future increment would accrue to the TIRZ and any base value revenue will go toward the general fund.

Termination of the Original Boundaries of the Zone shall occur upon any of the following: (a) on December 31, 2040 (with the final year’s tax increment to be collected by September 1, 2041); (b) at an earlier time designated by subsequent ordinance; (c) at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and other obligations of the Zone, and the interest thereon, have been paid in full.

TIRZ 1A Projected Costs include increased economic development grants, administrative costs, parks and recreation facilities and improvements, street and intersection improvements, transit/parking improvement and infrastructure improvements for a total of \$50,233,426.

The City is the only participating taxing entity in the TIRZ.

NEXT STEPS

- December 17, 2024: City Council Meeting
 - Consideration - Ordinance approving the final Amended Project and Financing Plan

PRIOR ACTION/REVIEW

November 16, 2022 – Staff presented an updated Downtown TIRZ One study and analysis conducted by TXP, Inc. and staff. Staff also requested direction on the project categories and costs in order to update the TIRZ project and financing plans. The Downtown TIRZ Board recommended that the City engage a consultant to assist with updating and amending the TIRZ project and financing plans.

January 2023 - Staff selected David Pettit Economic Development (DPED) to lead the amendment.

April 12, 2023 - The Downtown TIRZ No. One Board reviewed and supported expanding the boundaries of the Downtown TIRZ No. One.

May 16, 2023 – Staff presented to City Council a project plan to expand the TIRZ boundaries to an additional 81 acres. Direction was provided for staff to postpone the amendment until additional Project and Finance Plan questions were addressed.

September 17, 2024 – City Council approved the Downtown Master Plan.

September 25, 2024 - The TIRZ board was briefed on expanding the boundaries.

October 3, 2024 – The Downtown Economic Development Committee was briefed on expanding the TIRZ boundaries.

November 13, 2024 – The Economic Development Partnership Board was notified of the TIRZ #1 boundary amendment.

November 19, 2024 – The proposed boundary and term amendment was presented to City Council during Work Session.

December 3, 2024 – An ordinance amending the TIRZ 1 Boundary and Term was presented to City Council for approval.

EXHIBITS

Exhibit 1 – Agenda Information Sheet

Exhibit 2 – Presentation

Exhibit 3 - TIRZ #1 Project and Financing Plan

Exhibit 4 – Existing TIRZ Boundaries

Exhibit 5 – Downtown Master Plan Proposed TIRZ Boundaries

Respectfully submitted:
Brittany Sotelo
Economic Development Director