

# **US Cold Storage Incentive Request**

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## Objective:

- ▶ Present information on an incentive request from United States Cold Storage, LP and the Economic Development Partnership Board's recommendation

# Background:

- ▶ The Company
  - ▶ Provides clients with refrigerated and frozen food warehousing and transportation with 38 facilities in 13 states and 2,500 employees
- ▶ The Project
  - ▶ Refrigerated warehouse on a 40-acre site on Jim Christal Rd. in the Westpark TIRZ
    - ▶ Land sale closed on Feb. 2

## Current Conditions

	Current 2017 Valuation	Annual Tax Revenue
Land*	\$7,131	\$45
Improvements	0	0
Business Personal Property	0	0
<b>Total</b>	<b>\$7,131</b>	<b>\$45</b>

\*Land has an agricultural exemption currently

## Project Ad Valorem Valuation and Revenue

	Est. New Valuation*	Est. Gross Annual City Tax Revenue	Est. Revenue to TIRZ Fund	Est. Net Annual City Tax Revenue
Land	\$3,655,582	\$23,317	\$9,327	\$13,990
Improvements	\$22,000,000	\$140,328	\$56,131	\$84,197
Business Personal Property	\$3,000,000	\$19,136	\$0	\$19,136
<b>Total</b>	<b>\$28,655,582</b>	<b>\$182,781</b>	<b>\$65,458</b>	<b>\$117,323</b>
Annual tax revenue available for incentives				\$103,333

\*Market value used for estimate

# Analysis:

- ▶ 25% tax abatement
- ▶ Construction sales and use tax rebate
- ▶ DME's Economic Growth Rider incentive included in all models
  - ▶ Offered to new customers on certain commercial rate schedules whose electric demand exceeds 1,000 kVA and load factor is greater than DME's system load factor
  - ▶ Monthly billing demand is reduced:
    - ▶ 50% in Year 1
    - ▶ 40% in Year 2
    - ▶ 30% in Year 3
    - ▶ 20% in Year 4
    - ▶ 10% in Year 5

## Analysis Summary:

### Assumptions:

- Gross annual City tax revenue: \$182,781
- Net annual City tax revenue: \$117,323
- Annual City tax revenue available for abatement: \$103,333
- Construction sales and use tax captured: \$132,000
- DME Economic Growth Rider: \$300,000

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
Incentives							
25% abatement	\$25,833	\$25,833	\$25,833	\$25,833	\$25,833	\$25,833	\$154,998
Const. sales & use tax rebate	\$132,000						\$132,000
DME EGR	\$100,000	\$80,000	\$60,000	\$40,000	\$20,000		<u>\$300,000</u>
							\$586,998

[illegible]

# Project Summary:

## ► Pros/Cons

	Pros	Cons
Target Industry		No
New value	\$28 million	
Employment	Majority of jobs will be full time and benefits eligible	Majority of jobs not high skill; average salary below Denton County average of \$45,300
Utility User	1.5 MW annually	
TIRZ 2	Will kick-off Phase 2 TIRZ improvements	Abatement will reduce revenue into TIRZ fund

## Recommendation:

- ▶ Staff did not recommend ad valorem tax incentives for this project because of its location within the Westpark TIRZ.
- ▶ Economic Development Partnership Board recommends a 5-year, 25% tax abatement, the construction sales and use tax rebate, and the DME Economic Growth Rider for a total incentive of \$561,165 (6-1).



## Direction:

- ▶ Seeking direction regarding an incentive for United States Cold Storage



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