



City of Denton

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

AGENDA INFORMATION SHEET

DEPARTMENT: Economic Development

ACM: Christine Taylor

DATE: December 16, 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 Novartis Gene Therapies, Inc., 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 \$894,688; authorizing the city manager to take action to facilitate the remediation of property in furtherance of said agreement; and providing an effective date. The Economic Development Partnership Board recommends approval (9-0).

BACKGROUND

Novartis is a Swiss pharmaceutical corporation formed in 1996. The company is the eighth largest pharmaceutical company in the world by revenue, selling products in 118 countries. It has just under 200 operating sites worldwide, with nearly 70 offices in the United States for pharmaceuticals, operations, corporate, and biomedical research. Novartis is evaluating Denton, Texas, as one of at least three potential sites for an expansion of its radiopharmaceutical manufacturing operations. The company met with Staff in August 2025 to discuss a site in Denton that met their criteria. The company submitted an incentive application in October 2025.

Project

Novartis is considering the purchase of an existing three-building special-use facility totaling around 50,000 square feet on 20 acres at 2101 Shady Oaks in Denton for advanced isotope production and radiopharmaceutical drug product manufacturing. The special-use industrial facility was originally designed for medical isotope production and utilized a licensed nuclear linear accelerator (LINAC) system. The Novartis Denton site would produce pharmaceuticals for radioligand therapy (RLT), a cancer treatment, targeting prostate and advanced gastroenteropancreatic cancer. The facility will undergo significant rehabilitation projects including environmental remediation and renovations of approximately 40,000 square feet to suit the manufacturing process. Renovations include enhancement of the underground LINAC infrastructure, installation of a new accelerator system, integration of modular cleanrooms, and significant remediation of deteriorated systems and finishes.

If Novartis moves forward with this location, they estimate that the investment in the building, machinery, equipment, and improvements to the land will be about a \$280 million investment. The project involves plans to create 150 jobs with an average salary of greater than \$124,000.

STRATEGIC AND POLICY ALIGNMENT

City of Denton Strategic Plan

- Key Focus Area #3: Foster Economic Opportunity and Affordability
 - Grow Denton's Economic Vitality

Economic Development Strategic Plan

- Goal 2: Foster Growth
 - Attract New Investment

Policy Considerations

The project addressed the following considerations detailed in the Incentive Evaluation Matrix (Exhibit 2):

- **Economic Development Evaluation Matrix Score: 91 (Excellent Range)**
 - Expand the Tax Base
 - Increases High Wage Jobs
 - Encourage Knowledge Base Jobs
 - Pays a Living Wage for All Employees
 - Encourages New Business Markets/Suppliers and Entrepreneurship
 - Benefits Package
 - Engages in Sustainable Practices
 - Spurs Infill Development or Redevelopment

Project Benefits

Staff conducted analysis on the information provided by the company to ensure stated policy criteria were met and determine both 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: \$280 million
- Total Jobs: 314.9
 - Direct Jobs: 150
 - Spin Off: 164.9
- 10-year net benefits less incentives estimated at \$4,855,369
- Rate of Return: 25.7%
- Payback period: 3.3 years

Qualitative Benefits and Community Impact

- Supply chain
 - Essential to the local medical industry and workforce pipeline
- Engaging in sustainable practices and activities
 - Company-wide goal to achieve net-zero greenhouse gas emissions by 2040

PRIOR ACTION/REVIEW

November 25, 2025: The Economic Development Partnership Board recommended approval (9-0).

STAFF RECOMMENDATION AND DIRECTION

Chapter 380 Agreement: total not to exceed \$894,688

- Sales tax rebate for construction materials of 50% up to \$199,688
- Jobs-based grant on qualified jobs up to \$300,000
- Remediation grant up to \$395,000

Chapter 312 Agreement: total not to exceed \$2,337,960

- Performance-based real property tax abatement of 50% for 10 years on new improvements up to \$2,337,960

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:
Brittany Sotelo
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