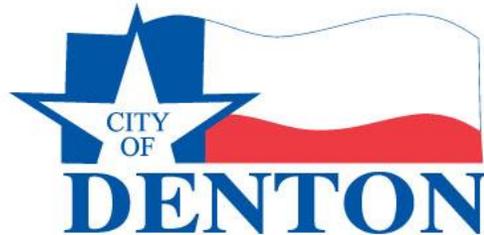


Incentive Evaluation Matrix

Erica Sullivan

Economic Development Program Administrator

April 10, 2024



Background and History

- First Tax Abatement Policy approved in 1989
- Chapter 312 of the Texas Tax Code requires that the Policy for Tax Abatement must be approved by the City Council every two years.
- The 2020 Economic Development Strategic Plan was approved in February of 2021.
- The 2020 Policy for Tax Abatement and Incentives expired in March 2022.
- In 2022 staff worked to align Incentive Policies with the strategic plan and the City's Core Values.
- EDPB and Council reviewed and made recommendations on the incentive policies. The final policies were adopted by City Council on May 2, 2022.
- This board will review the incentive policies for updates at the April 2024 Board meeting, as the Tax Abatement Policy expires in May 2024.

Incentive Evaluation Matrix

SGA TARGETS	TARGETS (20 Points)	Points	
	Connective		
	Creative		
	Sustainable		
	Competitive		
	Other Target Areas (Max 10 points):		
SGA Targets Subtotal			
PRIORITY CONSIDERATIONS	CONSIDERATIONS (100 Points)	Points	
	Generates New Utility Customers (Max Points 10) Project is a customer of City utilities, including water, wastewater, and electric. Higher points awarded for larger customers		
	Encourages New Business Markets/Suppliers And Entrepreneurship (Max Points 10) Project is from an industry not significantly represented in local economy or company is a new business startup or entrepreneurial endeavor		
	Engages in Sustainable Practices (Max Points 10) Project has adopted sustainable or green business practices (e.g. LEED certification, renewable energy commitment or use, energy efficient construction)		
	Increases High Wage Jobs (Max Points 10) Project includes new jobs with an average or has a significant percentage of jobs that earn an annual base salary of \$65,000 or more		
	Encourage Knowledge Base Jobs (Max Points 10) Project includes new jobs or has a significant percentage of jobs that require specialized and theoretical knowledge, usually acquired through experience or a college education, or other training which provides comparable knowledge; requires some research, analysis, or requires special licensing, certification		
	Pays a living wage for all new employees (Max 10 points) From the most current MIT Living Wage Calculator for Denton County		
	Spur Infill Development Or Redevelopment (Max Points 10) Project is to develop/redevelop a property or facility in a manner that reduces urban sprawl and or increases density in a desirable area; project includes use of existing facility that has been vacant for at least 2 years		
	Headquarters (Max Points 10) The project is an international or national headquarters facility		
	Child Care Assistance (Max Points 10) Provides on-site child care; vouchers or other financial assistance; backup services; flexible or remote work accommodations; and flexible spending accounts		
	Other Considerations (Max 10 points):		
	Priority Considerations Subtotal		

PUBLIC BENEFIT FACTORS	PUBLIC BENEFIT FACTORS (55 Points)	Points
	Expand The Tax Base (Max Points 10) Project provides new property, sales, HOT, or other taxes to the City, County, DISD, and DCTA through the development of property or facility or by making improvements to an existing property or facility, a new business or expansion, a new multi-tenant complex, or increase in jobs	
	Fiscal and Economic Impacts (Max Points 15) Project cost-benefit analysis to include net new, indirect and induced jobs; wages; contributions through property, sales, HOT and other taxes; and rate of return	
	Community Investment (Max Points 5) Project, company, or developer demonstrates a commitment to community support or involvement through monetary or in-kind support of local nonprofits, public institutions, or community organizations	
	Public-Private Partnership (Max Points 10) Project includes development of public infrastructure or amenities deemed beneficial, or developer assumes responsibility for development of infrastructure or public facilities beyond what is required. Project will involve a significant relationship with DISD or institution of higher education	
	Use of Local Contractors/Construction Vendors (Max Points 5) Project agrees to use vendors that have their principal place of business within the Denton City Limits	
	Other Factors (Max 10 points):	
	Public Benefit Subtotal	
	Total by Category	Score
	Total	
Poor (0-44 points)		
Acceptable (45-84 points)		
Excellent (85-175 points)		

Sample Evaluations of Projects

The following were selected as examples:

- A project with a significant investment and tax value that was awarded a tax abatement
- A local expansion project that received a Chapter 380 rebate
- An entrepreneur/tech project that was awarded an expansion and job-based grant

Incentive Evaluation Matrix: Strategic Growth Areas

SGA TARGETS	Targets (20 Points)	Capital Sample	Expansion Sample	Tech/Entrep. Sample
	Connective	10	10	
	Creative			10
	Sustainable			
	Competitive			
	Other Target Areas (Max 10 points):		8	6
	SGA Targets Subtotal	10	18	16



Incentive Evaluation Matrix: Priority Considerations

PRIORITY CONSIDERATIONS	Considerations (100 Points)	Capital Sample	Expansion Sample	Tech/Entre p. Sample
	Generates New Utility Customers (Max Points 10) Project is a customer of City utilities, including water, wastewater, and electric. Higher points awarded for larger customers	7	6	3
	Encourages New Business Markets/Suppliers and Entrepreneurship (Max Points 10) Project is from an industry not significantly represented in local economy or company is a new business startup or entrepreneurial endeavor			9
	Engages in Sustainable Practices (Max Points 10) Project has adopted sustainable or green business practices (e.g. LEED certification, renewable energy commitment or use, energy efficient construction)	7		
	Increases High Wage Jobs (Max Points 10) Project includes new jobs with an average or has a significant percentage of jobs that earn an annual base salary of \$65,000 or more	4	5	9

Incentive Evaluation Matrix: Priority Considerations Continued

PRIORITY CONSIDERATIONS CONTINUED

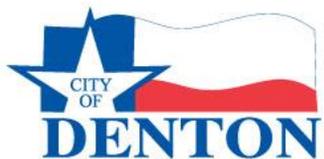
Considerations (100 Points)		Capital Sample	Expansion Sample	Tech/Entrep. Sample
Encourage Knowledge Base Jobs (Max Points 10) Project includes new jobs or has a significant percentage of jobs that require specialized knowledge, usually acquired through experience, college education, or other training which provides comparable knowledge; requires research, analysis, or special licensing, certification		4	5	9
Spur Infill Development or Redevelopment (Max Points 10) Project to develop/redevelop a property in a manner that reduces urban sprawl and/or increases density in a desirable area; project includes use of existing facility that has been vacant for 2 years			9	3
Encourage a living wage for all employees (Max 10 points) From the most current MIT Living Wage Calculator for Denton County		6	5	9
Headquarters (Max Points 10) The project is an international or national headquarters facility				
Child Care Assistance (Max Points 10) Provides on-site child care; vouchers or other financial assistance; backup services; flexible or remote work accommodations; and flexible spending accounts				
Other Considerations (Max 10 points):		7	5	3
Priority Priority Considerations Subtotal		36	35	45



Living Wage Consideration: MIT Living Wage Calculation for Denton County

	1 ADULT				2 ADULTS (1 Working)				2 ADULTS (Both Working)			
	0 Child ren	1 Child	2 Childr en	3 Childr en	0 Childr en	1 Child	2 Childr en	3 Childr en	0 Childr en	1 Child	2 Childr en	3 Childr en
Living Wage	\$23.73	\$38.96	\$48.20	\$62.26	\$31.81	\$37.71	\$42.01	\$45.14	\$15.90	\$21.69	\$26.45	\$30.71
Poverty Wage	\$7.24	\$9.83	\$12.41	\$15.00	\$9.83	\$12.41	\$15.00	\$17.59	\$4.91	\$6.21	\$7.50	\$8.79
Minimum Wage	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25

Updated: February 14, 2023



Incentive Evaluation Matrix: Public Benefit Factors

Public Benefit Factors (55 Points)		Capital Sample	Expansion Sample	Tech/Entrep. Sample
PUBLIC BENEFIT FACTORS	Expand the Tax Base (Max Points 10) Project provides new property, sales, HOT, or other taxes to the City, County, DISD, and DCTA through the development of property or facility or by making improvements to an existing property or facility, a new business or expansion, a new multi-tenant complex, or increase in jobs	9	7	1
	Fiscal and Economic Impacts (Max Points 15) Project cost-benefit analysis to include net new, indirect and induced jobs; wages; contributions through property, sales, HOT and other taxes; and rate of return	14	11	10
	Community Investment (Max Points 5) Project or developer demonstrates a commitment to community support or involvement through monetary or in-kind support of local nonprofits, public institutions, or community organizations	5	5	4
	Public-Private Partnership (Max Points 10) Project includes development of public infrastructure or amenities deemed beneficial, or developer assumes responsibility for development of infrastructure or public facilities beyond what is required. Project will involve a significant relationship with DISD or institution of higher education	8	4	5
	Use of Local Contractors/Construction Vendors (Max Points 5) Project agrees to use vendors that have their principal place of business within the Denton City Limits	4	4	2
	Other Factors (Max 10 points):			
	Public Benefit Subtotal	40	31	22



Incentive Evaluation Matrix: Total by Category

TOTAL BY CATEGORY	Total by Category	Capital Sample	Expansion Sample	Tech/Entrep. Sample
	Total	86	84	83
	Poor (0-44 points)			
	Acceptable (45-84 points)		X	X
	Excellent (85-165 points)	X		



Questions?

City of Denton Strategic Growth Areas by Industry Code

Strategic Growth Area	NAICS	Description
CONNECTED	331	Primary Metal Manufacturing
	332	Custom Roll Forming
	334	Computer and Electronic Product Manufacturing
	335	Electrical Equipment, Appliance and Component Manufacturing
	336	Transportation Equipment Manufacturing
	423	Merchant Wholesalers
	424	Drugs and Druggists' Sundries Merchant Wholesalers
	425	Wholesale Electronics Markets
	454	Non-Store Retailers
	481	Air Transportation
	482	Rail Transportation
	484	Truck Transportation
	485	Transit and Ground Passenger Transportation
	488	Support Activities for Water Transportation
	491	Postal Services and Messengers
	492	Couriers and Express Delivery Services
	493	Warehousing and Storage
	515	Subscription Programming
	517	Telecommunications
	531	Real Estate
CREATIVE	532	Transportation Equipment Rental and Leasing Services
	561	Administrative and Support Services
	323	Printing Services
	511	Publishers
	512	Music Production/Publication
	518	Data Processing
SUSTAINABLE	519	Information Services
	541	Engineering and Architectural Services
	711	Performing Arts
	221	Utilities
	236	Building Construction
	237	Specialty Trade Contractors
COMPETITIVE	332	Fabricated Metal Product Manufacturing
	337	Furniture Manufacturing Sector
	541	Engineering Services
	562	Waste Processing
	522	Financing and Lending
	524	Insurance Carriers
	551	Corporate Headquarters
	611	Educational Services
	621	Ambulatory Healthcare Services
	622	Hospitals