



City of Denton

City Hall
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AGENDA INFORMATION SHEET ECONOMIC DEVELOPMENT PARTNERSHIP BOARD

DEPARTMENT: Economic Development

ACM: Christine Taylor, Assistant City Manager

DATE: April 10, 2024

SUBJECT

Receive a report, hold a discussion, and give staff direction regarding the Incentive Evaluation Matrix.

BACKGROUND

The City of Denton first adopted a Tax Abatement Policy in 1989. Chapter 312 of the Texas Tax Code requires that the Policy for Tax Abatement and Incentives must be approved by the City Council every two years. The 2020 Policy for Tax Abatement and Incentives expired in March 2022.

In 2019, the City engaged economic development consulting firm TIP Strategies to lead Denton's comprehensive economic development strategic planning process. The 2020 Economic Development Strategic Plan was approved in February of 2021. Staff worked to align the City of Denton Tax Abatement and Incentive Policy with the strategic plan and the City's Core Values. The Tax Abatement and Incentive Policy was separated into two policies: Denton Tax Abatement Policy and the Denton Chapter 380 Policy. An Incentive Evaluation Matrix incorporating these strategic initiatives and values was also developed at this time (Exhibit 2). Strategic Growth Areas (SGA), identified in the strategic plan for cultivation and recruitment, were incorporated into the policies and evaluation matrix.

At the February 9, 2022, Economic Development Partnership Board (EDPB) meeting, the board gave staff direction and recommended the Denton Tax Abatement and Chapter 380 incentive policies to City Council for consideration.

At the March 22, 2022, City Council meeting, the Council requested adding consideration to encourage minimum and/or living wage along with creative industry additions to the SGAs.

At the April 13, 2022, EDPB meeting, the board reviewed the living wage and minimum wage calculations from the Texas from the Massachusetts Institute of Technology (MIT), The Department of Housing and Urban Development (HUD), and the Texas Workforce Commission (TWC). This board recommended that the Council include the Living Wage from the most current MIT Living Wage Calculation for Denton, which was incorporated into the policies and Incentive Evaluation Matrix (Exhibit 3). The final policies recommended by this board were adopted by the City Council on May 2, 2022 (Exhibit 4).

The Incentive Evaluation Matrix provides a framework for the consideration of the use of public resources and is divided into three sections: Strategic Growth Area (SGA) Targets, Priority Considerations and Public Benefit Factors. The SGAs, recommended by TIP Strategies replaced our former policy targeted industry sectors. The Priority Considerations address a living wage and quality jobs; utility usage and sustainable practices; infill development; headquarters and childcare assistance. The Public Benefit Factors include

fiscal and economic impacts, community investment, public-private partnerships, and use of local vendors. The evaluation criteria, aligned with the incentive policies, has been implemented as a tool to review potential prospects and incentive applications. The plans, policies, evaluation criteria and ten-year fiscal and economic impact analysis were designed to help ensure an equitable evaluation process and more apples-to-apples comparisons among projects.

EXHIBITS

Exhibit 1 – Agenda Information Sheet

Exhibit 2 – Incentive Evaluation Matrix

Exhibit 3 – MIT Living Wage Calculation

Exhibit 4 – Incentive Policies

Exhibit 5 – Presentation

Respectfully submitted:

Erica Sullivan

Economic Development Program Administrator