



City of Denton

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

AGENDA INFORMATION SHEET

DEPARTMENT: Economic Development

ACM/CFO: Christine Taylor

DATE: September 10, 2025

SUBJECT

Receive a report, hold a discussion, and make a recommendation to City Council regarding a request to nominate United States Cold Storage, LP, to the Office of the Governor Economic Development and Tourism through the Economic Development Bank as an Enterprise Project.

BACKGROUND

Texas Enterprise Zone Program

The Texas Enterprise Zone Program is a State of Texas economic development tool to promote job creation and capital investment in economically distressed areas of the state. Successful applicants are eligible to apply for state sales and use tax refunds on qualified expenditures, based on their capital investment and number of jobs created/retained. The possible value a project could receive is determined by multiplying the maximum number of jobs allocated by the maximum potential refund in the level of capital investment category.

| Level of Capital Investment | Maximum Number of Jobs Allocated | Maximum Potential Refund | Maximum Refund Per Job Allocated |
|---|----------------------------------|--------------------------|----------------------------------|
| <i>Half Enterprise Project</i> \$40,000 to \$5,000,000 or more | 250 | \$625,000 | \$2,500 |
| <i>Enterprise Project</i> \$5,000,000 to \$149,999,999 | 500 | \$1,250,000 | \$2,500 |
| <i>Double Jumbo Project</i> \$150,000,000 to \$249,999,999 | 500* | \$2,500,000 | \$5,000 |
| <i>Triple Jumbo Project</i> \$250,000,000 or more | 500* | \$3,750,000 | \$7,500 |

**Double and Triple Jumbo Projects may not count retained jobs for benefit.
A Double Jumbo and Triple Jumbo Project must create at least 500 jobs.*

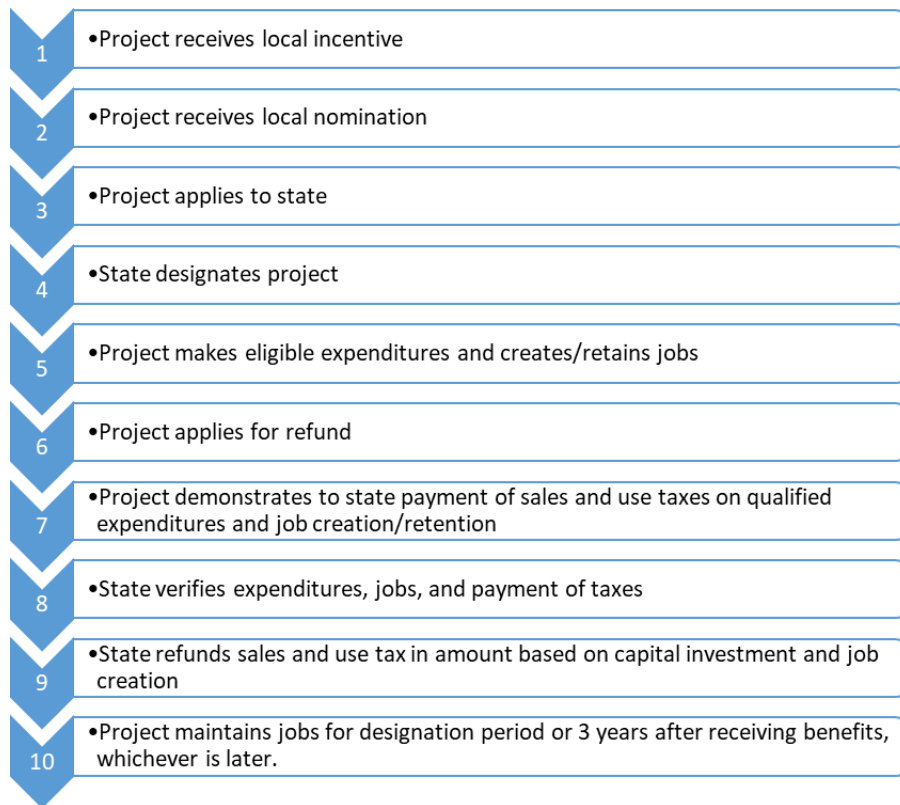
To apply for the TEZ program, a project must first seek a nomination from a local community. Communities have a limited number of project designations (Denton has 6) and the state has a maximum number of designations that can be awarded per biennium (105). If approved, this would be the first project of the biennium for Denton. Applicants must also receive local incentives to be eligible.

A project can be located either inside or outside of a designated Enterprise Zone. For projects within an Enterprise Zone, the company must commit that 25% of new/retained employees will meet economically disadvantaged criteria, or be residents of an enterprise zone, or are veterans. For projects outside of an Enterprise Zone, the company must commit that 35% of new/retained employees will meet economically disadvantaged criteria, or be residents of an enterprise zone, or are veterans.

Key aspects of the Texas Enterprise Zone (TEZ) Program are:

- The local city or county must nominate the qualified company as an Enterprise Project and must offer one or more forms of local tax incentive to the company.
- Projects may be physically located in or outside of an Enterprise Zone. The location determines the percent of new employees that must meet economically disadvantaged or Enterprise Zone residence requirements.
- The Enterprise Project must be nominated for a designation period of not less than one year and up to five years, non-inclusive of a 90-day window prior to the application deadline. Employment and capital investment commitments must be incurred and met within this timeframe.
- Applications are scored on criteria that reflect the distress of the area, state priority, and local and private effort.

A simplified graphic of the TEZ process is included below.



Proposed Nomination: United States Cold Storage, LP

United States Cold Storage, LP is an existing Denton business, which provides its clients with refrigerated and frozen food warehousing and transportation with 37 facilities in 13 states. The project serves clients such as Kraft, Butterball, Jardine Foods, Bar S Foods, and many others. The company has four existing facilities in Dallas, Fort Worth, and Arlington. The company, which has been operating for 126 years, started as American Ice Company in 1899, it was renamed in 1920 and became a wholly owned subsidiary of John Swire & Sons in 1982.

US Cold Storage, LP currently maintains a cold storage facility located at 3255 Jim Christal Road in Denton and is a leader in temperature-controlled storage and transportation logistics for many of the country's largest food providers. The company currently employs 148 with an average salary of \$53,053.

About the Project

United States Cold Storage, LP plans on adding on a second phase to its existing refrigerated warehouse facility and estimate that their investment in new building, machinery, and equipment will create approximately \$35 million in new ad valorem value in Denton. The project involves plans to create 172 full-time jobs with a weighted average salary of \$57,583 over the next five years under the Enterprise Zone Program. If designated as an Enterprise Project by the State of Texas, United States Cold Storage commits to hiring thirty-five percent (25%) economically disadvantaged persons, enterprise zone residents or veterans, for its new or replacement personnel for certified jobs, during its Enterprise Project designation. The company may qualify for up to \$800,000 under the program (Enterprise project: 320 new and retained jobs x \$2,500 = \$800,000 maximum potential refund).

The benefits of nominating US Cold Storage to the TEZ program:

- To US Cold Storage:
 - Company can apply to receive a state sales and use tax refund
- To Denton:
 - 25% of new jobs created or existing positions that turn over will be filled by people who are either economically disadvantaged, are residents of an enterprise zone within the City's jurisdiction, or are veterans.
 - This nomination has no fiscal impact to City.

FISCAL INFORMATION

Nominating US Cold Storage as an Enterprise Project has no fiscal impact to the City.

EXHIBITS

Exhibit 1 – Agenda Information Sheet

Exhibit 2 – Draft Resolution

Exhibit 3 – TEZ Program Overview

Exhibit 4 – Presentation

Respectfully submitted:

Erica Sullivan

Economic Development Program Administrator