



Tax Increment Reinvestment Zone Number One

2022 – 2023 ANNUAL REPORT

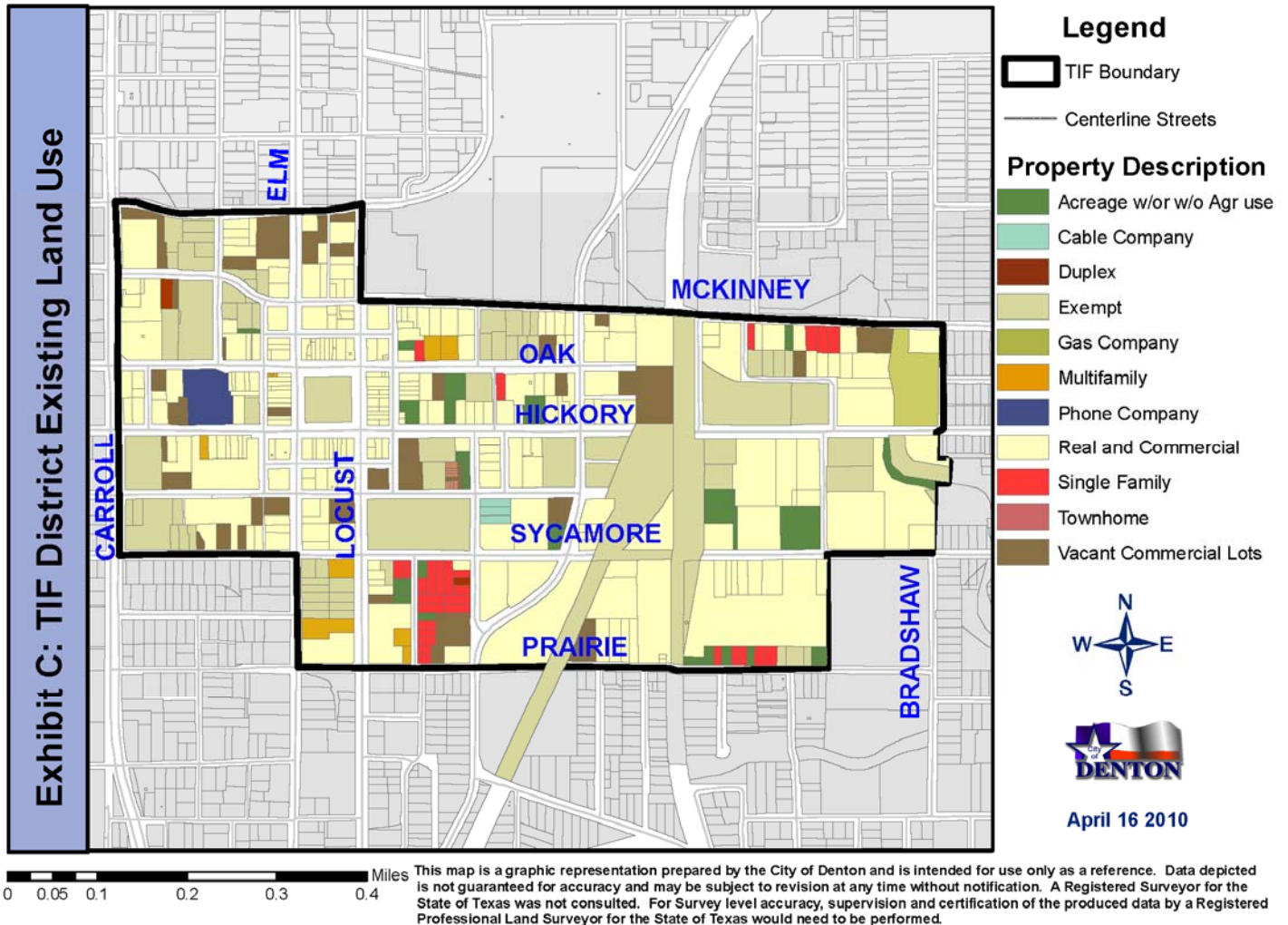
Reporting Period: Oct. 1, 2022 to Sep. 30, 2023

Table of Contents

Map	3
Mission Statement	4
District Accomplishments	4
Development Within the District	
Project Descriptions: Private Investment	4
Project Descriptions: Public Investment.....	6
Summary of TIRZ Board Activity	7
Downtown Reinvestment Grant Program	8
Summary of Expenses.....	8
Value and Increment Summary	9
Certified and Supplement Summary.....	9
Appendix A: TIRZ One Balance Sheet.....	10

Tax Increment Reinvestment Zone Number One

DISTRICT MAP



Mission Statement

The mission of the Downtown Tax Increment Reinvestment Zone Number One (TIRZ #1) is to provide a source of funding for public infrastructure improvements to encourage and accelerate necessary development and redevelopment within the Downtown TIRZ District area.

The TIRZ #1 took effect on January 1, 2011, and will terminate on December 31, 2039, or when the budget of \$24.8 million has been collected.

The City of Denton is the sole participating jurisdiction. The City’s participation is as follows:

Year	Participation
1 – 5	100%
6 – 10	95%
11 – 20	90%
21 – 30	85%

District Accomplishments

This report represents October 1, 2022, through September 30, 2023 (FY 2022–23). During FY 2022–23, \$856,797 was collected after the end of the supplemental period determined by the City of Denton. An additional \$120,323 in interest brings the total contribution in FY 2022–23 to \$977,120.

Downtown saw increased investment within the TIRZ #1 area in FY 2022-2023. Identified below are private/public partnership projects supported by the TIRZ #1 and public investment projects that will support future development within the district.

Development Within the District

Project Descriptions: Private Investment

Private/Public Investment

Project Name	Location	Square Feet	Status	Total Investment	TIRZ Investment*
NV Salon	305 S. Locust St.	2,296	Complete	\$138,200	\$50,000
Chestnut Tree	107 W. Hickory St.	1,684	Complete	\$115,341	\$50,000
Steve’s Wine Bar	111 Industrial St.	351	Complete	\$40,000	\$20,000
Campus Theater	214 W. Hickory	Sign	Complete	\$7,963	\$2,500
Robert Moses	115-117 W. Hickory St.	Façade	In Progress		\$3,695
Bullseye Bike	108 W. McKinney	2,800	In Progress		\$50,000

*TIRZ Investment is estimated for projects with “In Progress” status.

305 S. Locust St., NV Salon

The property, built in 1930, had been vacant for more than a year and had received applications for remodeling from small business owners. However, the extensive repairs required caused them to reconsider. To lease the planned remodeled and expanded retail space, 310 S. Locust LLC invested the necessary capital to renovate the historic structure. The building layout was converted to combine

two suites to create 2,440 SF of space for salon services. This renovation allowed NV Salon to relocate to a larger space that could accommodate more staff, customers, and parking.

The renovation project included updating all utilities to meet Building Safety Codes, repairing the historic brick walls, refinishing and staining of the concrete floors, replacing the roof, adding spray foam installation, and installing energy-efficient lighting, HVAC, and windows. These improvements made the building more modern, cost-effective, and comfortable for the tenant. Additionally, fresh paint, awning, and signage were added to the facade.

This renovation project, along with the planned work at 309-311 S. Locust St., will fill the gap between other recently remodeled buildings, updating the block. The improvements made will benefit the tenant, NV Salon, as well as the community, as it brings new life to a historic building and helps to revitalize the area.

Proposed Improvements include: Façade/Building Rehab, Awnings, Utility Upgrades, Interior/Code Improvements

107 W. Hickory, Chestnut Tree

The Chestnut Tree Teahouse and Bistro has been open since 1994 and is the oldest restaurant on the Square. Previously, the restaurant focused on serving breakfast and lunch. However, due to the pandemic, owner Suzanne Johnson had to pivot and reinvent her business. Chestnut Tree expanded its services to include happy hour, brunch, and catering for events ranging from weddings to university events. During the pandemic, they operated a community marketplace and now have a manufacturing license that allows them to produce quiche for five Sweetwater Tea & Coffee chain locations. In addition, they added a coffee kiosk, The Mug, inside the restaurant. Before 2020, the restaurant employed 14 people. It now has 24 employees, including an Italian chef and a sommelier who focuses on happy hour and catering events.

The proposed remodel of the restaurant is being coordinated with Texas Historical Commission architects for the facade, and local Hispanic-owned small business, Imagine Renovations, which is a Denton Chamber Small Business award winner. The interior renovation plan includes a new updated electrical system to support the entire restaurant and a new ductless air system. The new wiring will eliminate the stress of overloaded circuits. The drop-ceiling will be replaced with new sheetrock at the correct ceiling height. Additionally, a new bar will be installed, the original wood floors will be repaired and refinished, and the restrooms and restaurant will be made ADA compliant. After the interior improvements, the restaurant's original brick walls will be revealed, and new lighting fixtures will be installed.

Improvements include: Façade/Building Rehab, Awnings, Utility Upgrades, Interior/Code Improvements

111 Industrial St., Steve's Wine Bar

Steve's Wine bar opened in August 2016 on E. Hickory and relocated to Industrial Street in May of 2019, filling a vacancy. The building, constructed in 1950 as a grocery store had cement floors and limited amenities. The space needed many updates to meet code requirements and convert the open space into a comfortable setting for drinks and live music. Before opening, many updates were made, including installing new walls, utility upgrades, and plumbing for new restrooms and bar area. Later, a covered patio was added on the Russell Street side of the building, providing additional space for customers to enjoy the weather. During the COVID shutdown, a mural was commissioned on the building facade on Industrial Street. The mural provides color and interest to the otherwise non-descript building.

The proposed improvements will create a new deck/patio at the business's main entrance on Industrial St. The new addition will be a wood deck with built-in planters filling the vacant space between the parking bumpers and the existing raised sidewalk. The design will create a safety barrier for pedestrians from vehicles and address the 12-inch rise between the asphalt and sidewalk. By activating this unused space for outdoor seating, it will add seating for up to 30 people; provide additional ADA seating; provide a safe transition from the parking spaces to the sidewalk; and beautify the street by adding shade through the planting of small trees, shrubs, and flowers in the planter boxes of the patio. Additionally, three of the five businesses on this block use front patio areas for their customers.

Improvements include: Façade/Building Rehab

108 W. McKinney St., Bullseye Bike

Bullseye Bike Shop, a well-established business in Denton with a 14-year history, has experienced significant growth and success, leading to the need for expansion. Bullseye Bike owner Kevin Marshall, and Dallas preservationist Michaella Ramier teamed up to purchase 108 W. McKinney, formerly home to Walt's Garage. The 2,800 square foot historic building location will house Bullseye Bike Shop as the anchor tenant, providing space for various local small businesses and creative pursuits, further contributing to Denton's vibrant community atmosphere.

The building dates back to an early 1900s build and is currently in disrepair with a deteriorating roof and empty interior. Extensive rehabilitation is planned, including installing a new roof, upgrading the mechanical systems, electrical wiring, plumbing, and HVAC. These improvements will ensure structural integrity and provide customers and employees with a safe, comfortable environment.

In addition to housing Bullseye Bike Shop, the building at 108 W. McKinney can accommodate various uses, such as an artists' makerspace, micro retail, gym, yoga studio, office space, live/work retail, or a barber shop. By offering a mix of these potential uses, the building could become a thriving hub of activity for the Denton community, providing valuable services and resources to Downtown residents and contributing to the ongoing preservation and revitalization of the area's unique charm and heritage.

Proposed Improvements includes: Façade/Building Rehab

Project Descriptions: Public Investment

Public Investment

Project	Location	Status	Investment
All – Way Crossing/Diagonal Crossing	Denton Square	Complete	\$437,446

All – Way Crossing, Denton Square

Funded by DCTA TRIP Funds, providing diagonal crossings at all four intersections around the Square. The pedestrian-only traffic phase stops all vehicle traffic within the intersection when a walk signal is activated, allowing pedestrians to safely and simultaneously cross an intersection in any direction.

Summary of TIRZ #1 Board Activity

Board Member List and attendance

Board Member		11/16/22	04/12/23	07/26/23	09/13/23
Name	Seat	Meeting Dates and Attendance			
Ben Esely	Business Owner	X	X	X	
Melissa Lenaburg	Property Owner	X	X	X	X
Chris Watts	Council Member		X	X	
Suzanne Johnson	Business Owner	X	X	X	X
Marybeth Doyle	Property Owner	X	X		X
Daniel Abasolo	Qualified Voter		X	X	
Vicki Byrd	Council Member		X	X	X

Members serve two-year terms, which begin in October and end in September of each year, depending on their current position.

FY 2022 – 23 Activity of the TIRZ #1 Board

City Council approved five items recommended by the TIRZ #1 Board

- Approved proposed changes to Downtown Reinvestment Grant Program policy to support fire sprinkler installation grant applications, making them automatically eligible for the grant maximum.
- Approved the 2021-22 Downtown Tax Increment Reinvestment Zone No. 1 Annual Report.
- Approved Downtown Reinvestment Grant Applications for the following projects:
 - 214 W. Hickory in an amount not to exceed \$2,500
 - 115-117 W. Hickory up to 50% of the eligible amount of the project's actual costs.
 - 108 W. McKinney in the amount not to exceed \$50,000

The Board engaged TIRZ consultant David Pettit to evaluate the TIRZ performance. A report was presented to the Board. No action was taken.

Downtown Reinvestment Grant Program

In FY 2022–23, the Grant Program's beginning budget was \$200,000, funded by TIRZ #1. Four projects reached completion, creating expenditures of \$109,767 and one project was approved but still in progress at the end of FY 2022-23.

Grant Project Activity

Approved Grant Project in Progress

- 108 W. McKinney St. in the amount of \$50,000 for Bullseye Bike Shop

Completed Grant Projects

- A Downtown Reinvestment Grant in the amount of \$50,000 was paid to the property located at 305 S. Locust St. for NV Salon
- A Downtown Reinvestment Grant in the amount of \$20,000 was paid to the property located at 111 Industrial St. for Steve's Wine Bar
- A Downtown Reinvestment Grant in the amount of \$50,000 was paid to the property located at 107 W. Hickory St. for Chestnut Tree
- A Downtown Reinvestment Grant in the amount of \$2,500 was paid to the property located at 214 W. Hickory St. Denton Community Theater



Interior photos of the project located at 107 W. Hickory St., The Chestnut Tree Bistro

Expense Summary

During FY 2022–23, expenses for TIRZ #1 totaled \$129,766.50. Funds expended for the Downtown Reinvestment Program were \$109,767 and \$7,266.50 was expended for the TIRZ consultant.

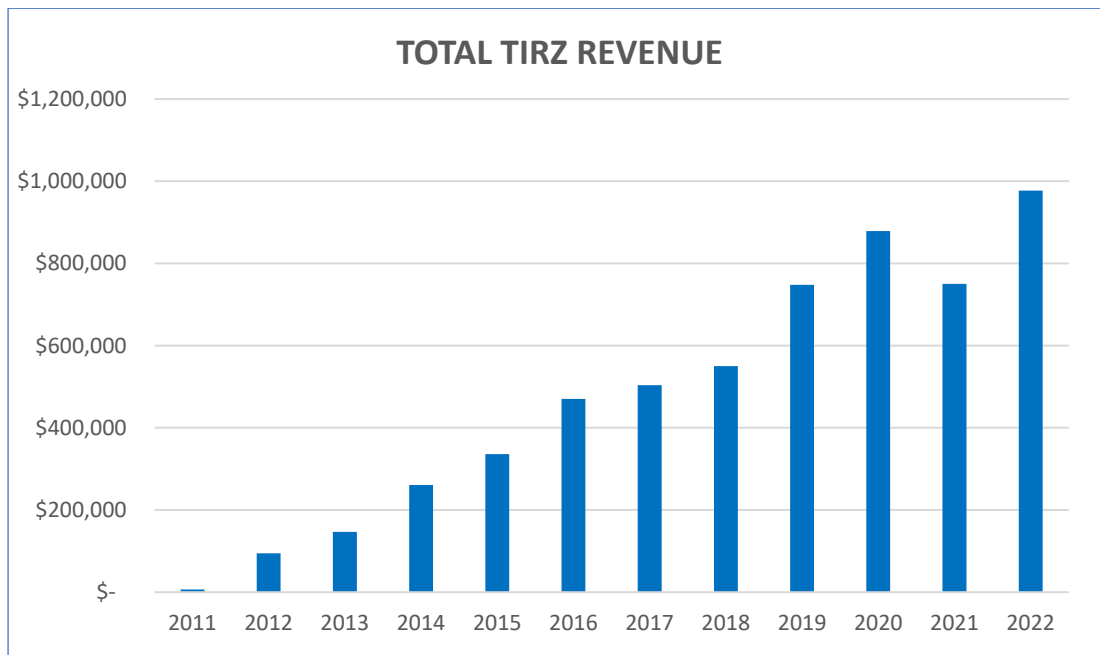
Value and Increment Summary

According to Denton Central Appraisal District Certified figures, the FY 2022–23 total appraised valuation of taxable real property in TIRZ #1 was \$249,149,564. This represents a \$16,255,102 increase from the previous certified tax value of \$232,894,462. The annual TIRZ #1 fund contribution of property taxes and interest income for FY 2022–23 is \$977,120. Since its inception, the final value with supplements of the TIRZ #1 has increased by an estimated \$169.7 million, representing a 214% increase in valuation.

Certified and Supplement Summary

YEAR	FISCAL YEAR AS OF 9/30	TIRZ CERTIFIED TAX VALUE	SUPPLEMENTAL TIRZ TAX VALUE	INCREMENTAL INCREASE (DECREASE)	SUPPLEMENTAL CONTRIBUTION TO TIRZ	INTEREST	TOTAL TIRZ REVENUE
2010	2010-2011	79,356,854	79,356,854	N/A	N/A	N/A	N/A
2011	2011-2012	81,657,808	80,331,050	\$974,196	6,720	17	\$ 6,737
2012	2012-2013	89,605,635	93,040,263	\$13,683,409	94,381	297	\$ 94,678
2013	2013-2014	96,287,950	100,452,300	\$21,095,446	145,506	1,084	\$ 146,590
2014	2014-2015	114,885,073	116,769,435	\$37,412,581	258,053	2,821	\$ 260,874
2015	2015-2016	118,440,576	127,204,599	\$47,847,745	330,030	5,855	\$ 335,885
2016	2016-2017	136,021,478	150,021,979	\$70,665,125	458,739	11,439	\$ 470,178
2017	2017-2018	142,050,751	161,351,215	\$81,994,361	496,856	6,712	\$ 503,568
2018	2018-2019	167,000,575	170,678,753	\$91,321,899	538,300	11,589	\$ 549,889
2019	2019-2020	210,529,139	209,626,251	\$130,269,397	730,722	16,930	\$ 747,652
2020	2020-2021	232,747,807	234,054,363	\$154,697,509	867,747	10,870	\$ 878,629
2021	2021-2022	232,894,462	222,831,388	\$143,474,534	730,631	19,667	\$ 750,298
2022	2022-2023	249,149,564	249,149,564	\$169,792,710	856,797	120,323	\$ 977,120
TOTALS					\$5,514,482	\$207,605	\$5,722,086

Fund Balance as of 9/30/2023 is \$3,525,393



Appendix A:

TIRZ One Balance Sheet

City of Denton Tax Increment Financing Reinvestment Zone (TIRZ) Number One

Tax Year	Certified Tax Value	Incremental Increase (Decrease)	Contribution	Adjusted Incremental Value	Tax Rate	Annual TIRZ Ad Valorem Revenue	Interest Income**	Total Revenue	Total Expenditures	Fund Balance*
2010	\$ 79,356,854	N/A	N/A	N/A		N/A	N/A	N/A	N/A	N/A
2011	81,657,808	2,300,954	100%	2,300,954	0.68975	15,871	17	6,737	-	6,737
2012	89,605,635	10,248,781	100%	10,248,781	0.68975	70,691	297	94,678	-	94,678
2013	96,287,950	16,931,096	100%	16,931,096	0.68975	116,782	1,084	146,590	-	146,590
2014	114,885,073	35,528,219	100%	35,528,219	0.68975	245,056	2,821	260,874	-	260,874
2015	118,440,576	39,083,722	100%	39,083,722	0.68975	269,580	5,855	335,885	76,000	259,885
2016	136,021,478	56,664,624	95%	53,831,393	0.68334	367,851	11,439	470,178	76,000	394,178
2017	142,050,751	62,693,897	95%	59,559,202	0.63786	379,902	6,712	503,568	1,542,845	(1,039,277)
2018	167,000,575	87,643,721	95%	83,261,535	0.62048	516,619	11,589	549,889	156,000	393,889
2019	210,529,139	131,172,285	95%	124,613,671	0.59045	735,786	16,930	747,652	139,587	608,065
2020	232,747,807	153,390,953	95%	145,721,405	0.59045	860,418	10,870	878,617	24,988	853,629
2021	232,894,462	153,537,608	90%	138,183,847	0.56582	781,876	19,667	750,298	51,507	698,791
2022	249,149,564	169,792,710	90%	152,813,439	0.56068	856,797	120,323	977,120	129,767	847,354
Totals						\$ 5,217,229	\$ 207,605	\$ 5,722,086	\$ 2,196,694	\$ 3,525,393

Fund Balance as of 9/30/2023 is 3,525,393

REPORT CREATED BY:

City of Denton, Economic Development Department

401 N. Elm, Denton, Texas 76201 ■ 940-349-7776 ■ www.cityofdenton.com

Approved May 22, 2024