



City of Denton

City Hall
215 E. McKinney St.
Denton, Texas 76201
www.cityofdenton.com

Meeting Agenda

Tax Increment Reinvestment Zone Number One Board

Wednesday, September 25, 2024

12:00 PM

Development Service Center

After determining that a quorum is present, the Tax Increment Reinvestment Zone Number One Board of the City of Denton, Texas, will convene in a Regular Meeting on Wednesday, September 25, at 12:00 p.m. in the Development Service Center Training Rooms 1 and 2 at 401 N. Elm Street, Denton, Texas at which the following items will be considered:

1. ITEMS FOR CONSIDERATION

- A. [TIF24-023](#) Consider approval of the meeting minutes for July 24, 2024.

Attachments: [July 24, 2024 TIRZ 1 Minutes - DRAFT](#)

- B. [TIF24-025](#) Review nominations and make a recommendation to the City Council to appoint a new member to fill the vacant seat of Business Owner for the Tax Increment Reinvestment Zone Number One Board, and to reappoint Daniel Abasolo to a second term.

Attachments: [Exhibit 1 - Agenda Information Sheet](#)

2. WORK SESSION

- A. [TIF24-026](#) Receive a report, hold a discussion regarding the Downtown Reinvestment Grant process.

Attachments: [Exhibit 1 - Agenda Information Sheet](#)

[Exhibit 2 - Presentation](#)

- B. [TIF24-024](#) Receive a report and hold a discussion regarding amending the Tax Increment Reinvestment Zone Number One Creation Ordinance and the Project and Financing Plan.

Attachments: [Exhibit 1 - Agenda Information Sheet](#)

[Exhibit 2- Presentation](#)

[Exhibit 3 - Design Downtown Denton TIRZ Boundaries](#)

- C. [TIF24-027](#) Staff Reports:

1. Future Agenda Items - Christine Taylor

Attachments: [Exhibit 1 - Agenda Information Sheet](#)

[Exhibit 2- Queue of Future Agenda Items](#)

3. CONCLUDING ITEMS

A. Under Section 551.042 of the Texas Open Meetings Act, respond to inquiries from the Tax Increment Reinvestment Zone Number One Board or the public with specific factual information or recitation of policy, or accept a proposal to place the matter on the agenda for an upcoming meeting AND Under Section 551.0415 of the Texas Open Meetings Act, provide reports about items of community interest regarding which no action will be taken, to include: expressions of thanks, congratulations, or condolence; information regarding holiday schedules; an honorary or salutary recognition of a public official, public employee, or other citizen; a reminder about an upcoming event organized or sponsored by the governing body; information regarding a social, ceremonial, or community event organized or sponsored by an entity other than the governing body that was attended or is scheduled to be attended by a member of the governing body or an official or employee of the municipality; or an announcement involving an imminent threat to the public health and safety of people in the municipality that has arisen after the posting of the agenda.

NOTE: The Tax Increment Reinvestment Zone Number One Board reserves the right to adjourn into a Closed Meeting on any item on its open meeting agenda consistent with Chapter 551 of the Texas Government Code, as amended, or as otherwise allowed by law.

CERTIFICATE

I certify that the above notice of meeting was posted on the official website (<https://tx-denton.civicplus.com/242/Public-Meetings-Agendas>) and bulletin board at City Hall, 215 E. McKinney Street, Denton, Texas, on September 20, 2024, in advance of the 72-hour posting deadline, as applicable, and in accordance with Chapter 551 of the Texas Government Code.

OFFICE OF THE CITY SECRETARY

NOTE: THE CITY OF DENTON'S DESIGNATED PUBLIC MEETING FACILITIES ARE ACCESSIBLE IN ACCORDANCE WITH THE AMERICANS WITH DISABILITIES ACT. THE CITY WILL PROVIDE ACCOMMODATION, SUCH AS SIGN LANGUAGE INTERPRETERS FOR THE HEARING IMPAIRED, IF REQUESTED AT LEAST 48 HOURS IN ADVANCE OF THE SCHEDULED MEETING. PLEASE CALL THE CITY SECRETARY'S OFFICE AT 940-349-8309 OR USE TELECOMMUNICATIONS DEVICES FOR THE DEAF (TDD) BY CALLING 1-800-RELAY-TX SO THAT REASONABLE ACCOMMODATION CAN BE ARRANGED.



City of Denton

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Legislation Text

File #: TIF24-023, **Version:** 1

AGENDA CAPTION

Consider approval of the meeting minutes for July 24, 2024.

MINUTES
CITY OF DENTON
TAX INCREMENT REINVESTMENT ZONE NUMBER ONE BOARD
July 24, 2024

After determining that a quorum is present, the Tax Increment Financing Reinvestment Zone Number One Board of the City of Denton, Texas, will convene in a Regular Meeting on Wednesday, July 24, 2024, at 12:08 p.m. in the Development Service Center, Training Rooms 4 and 5 at 401 N. Elm Street, Denton, Texas at which the following items will be considered:

PRESENT: Suzanne Johnson (Chair), Daniel Abasolo (Vice-Chair), Taylor Brakefield, Vicki Byrd, Ben Esely, and Marybeth Reinke Doyle

ABSENT: None

STAFF: Scott Bray, Keisha Cyriaano, Christina Davis, Vanessa Esparza, Tina Firgens, Sean Jacobson, Kristen Pulido, Cameron Robertson, Brittany Sotelo, Erica Sullivan, Christine Taylor, and Matilda Weeden

1. ITEMS FOR CONSIDERATION

A. TIF24-015 Consider approval of the minutes for March 27, 2024.

Esely made a motion to approve the minutes of March 27, 2024. Abasolo seconded the motion. Motion carried (4-0).

AYES (4): Abasolo, Byrd, Esely, and Johnson

NAYS (0): None

ABSENT (2): Brakefield and Doyle

Doyle arrived at 12:09 p.m.

B. TIF24-018 Receive nominations and elect a secretary for the Tax Increment Reinvestment Zone Number One.

Abasolo made a motion to appoint Vanessa Esparza as Board Secretary for the Tax Increment Reinvestment Zone Number One Board. Doyle seconded the motion. Motion carried (5-0).

AYES (5): Abasolo, Byrd, Doyle, Esely, and Johnson

NAYS (0): None

ABSENT (1): Brakefield

Brakefield arrived at 12:11 p.m.

C. TIF24-011 Receive a report, hold a discussion, and make a recommendation to City Council regarding the 2022-2023 Tax Increment Reinvestment Zone Number One Annual Report.

Staff presented the item. Abasolo made a motion to approve recommendation to City Council regarding the 2022-2023 Tax Increment Reinvestment Zone Number One Annual Report with the red line edits presented to the board during the meeting. Esely seconded the motion. Motion carried (6-0).

AYES (6): Abasolo, Brakefield, Byrd, Doyle, Esely, Johnson
NAYS (0): None

2. WORK SESSION

A. TIF24-019 Receive a report and hold a discussion regarding the Quarter Three Main Street Report.

Staff presented the item and discussion followed.

B. TIF24-020 Receive a report and hold a discussion regarding the Design Downtown Denton recommendation for Tax Increment Reinvestment Zone Number One.

Staff presented the item and discussion followed.

C. TIF24-021 Staff Reports:

1. Future Agenda Items – Christine Taylor

Item was presented to the board by Brittany Sotelo and discussion followed.

3. CONCLUDING ITEMS

With no further business, the meeting adjourned at 1:25 p.m.

Suzanne Johnson, Chair
Tax Increment Reinvestment Zone Number One

Vanessa Esparza, Board Secretary
Administrative Assistant

Minutes Approved On: _____



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Legislation Text

File #: TIF24-025, **Version:** 1

AGENDA CAPTION

Review nominations and make a recommendation to the City Council to appoint a new member to fill the vacant seat of Business Owner for the Tax Increment Reinvestment Zone Number One Board, and to reappoint Daniel Abasolo to a second term.



City of Denton

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AGENDA INFORMATION SHEET

DEPARTMENT: Economic Development

ACM: Christine Taylor, Assistant City Manager

DATE: September 25, 2024

SUBJECT

Review nominations and make a recommendation to the City Council to appoint a new member to fill the vacant seat of Business Owner for the Tax Increment Reinvestment Zone Number One Board, and to reappoint Daniel Abasolo to a second term.

BACKGROUND

The Bylaws of the Tax Increment Reinvestment Zone Number One outline the following for the Board of Directors outlines the following procedure for the Board composition. The Board of Directors shall consist of seven (7) directors who shall be appointed by the City Council of the City. Board membership shall consist of the following:

1. Two members shall be sitting City Council members
2. Two members shall be either property owners of property located within the Tax Increment Reinvestment Zone or residents whose primary residence is located within the Tax Increment Reinvestment Zone
3. Two members shall be either business owners of businesses located within the Tax Increment Reinvestment Zone or a member of the Denton Chamber of Commerce Board of Directors.
4. One member shall be a qualified voter of the City of Denton.

A board member may serve up to three two-year terms on the Tax Increment Reinvestment Zone board.

The seat for a Qualified Voter is currently held by Daniel Abasolo. Mr. Abasolo is a qualified voter in the City of Denton and is an attorney at a local law practice. Daniel has completed his first term on the Tax Increment Reinvestment Zone Number One Board and would like to be considered for a second term.

The seat for a business owner located within the Tax Increment Reinvestment Zone or a member of the Denton Chamber of Commerce Board of Directors, was filled by Ben Esley. Starting his time on the board in 2017, Esley has served the maximum number of terms (3) on the Board and the seat is now vacant.

Staff has extended invitations to community members to apply for the position and have received applications from Jason Bodor and Tim Stolfus. Both applications have been reviewed by the City Secretary's Office and finding no conflicts of interest, are able to be considered for the open seat on the Board.

Jason Bodor is the business owner of GSATi, a marketing firm located on the Square under Barley and Board. Jason has lived in Denton for 20 years and has served on various community boards representing downtown. In a response to the question "why would you like to serve on this board" Jason said, "I am passionate about Downtown Denton, as a business owner, and a building co-owner I have a vested interest in downtown. I have served on the Denton Main Street Board for 6 years (2016-2022), the Downtown

Denton Foundation Board (2019 - Present), Denton Chamber Board (2018 - Present). I volunteer for the Arts & Autos Committee of the Denton Main Street Association now to help run that event and many more. I believe in Downtown, I participated in the original 2020 Downtown Implementation Plan, and the Design Downtown Plan. I help many businesses with marketing downtown. I am very informed of the goals and origination of TIRZ 1 and my goal is to help continue to be an advocate and supporter of this program.”

Tim Stolfus is the business owner of several businesses downtown. Tim has not served on a City of Denton board before but has been a Denton resident for 12 years. In a response to the question “why would you like to serve on this board” Tim said, “I'd like to serve on the board because I have been in business on the Square for over twelve years. I have three storefronts within the area of the TIRZ and have spent years talking with others who work on this project and the staff who handle downtown development in various functions. Personally, I feel the way to help the downtown area thrive is through focusing on safety and walkability. I have done a lot of research on what makes downtown areas work in other parts of the country and would like to be involved in sharing that information with the board to help guide the TIRZ going forward. I own and operate More Fun Comics and Games at 103 West Hickory Street, More Fun Toys! at 115 West Hickory Street, and the More Fun Game Center at 316 East Oak Street, Suite 106.

In addition to this, I am friendly with several other downtown business owners who I can talk to and incorporate their thoughts into the guidance of the TIRZ going forward.”

NEXT STEPS:

Consider the two applicants and make a recommendation to the City Council to appoint a new member to fill the vacant seat of Business Owner for the Tax Increment Reinvestment Zone Number One Board. Consider recommending Daniel Abasolo to the City Council to serve a second term in the Qualified Voter position on the Tax Increment Reinvestment Zone Number One Board.

EXHIBIT

Exhibit 1 – Agenda Information Sheet

Respectfully submitted:
Kristen Pulido
Main Street Program Manager

Prepared by:
Matilda Weeden
Economic Development Specialist



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Legislation Text

File #: TIF24-026, **Version:** 1

AGENDA CAPTION

Receive a report, hold a discussion regarding the Downtown Reinvestment Grant process.



City of Denton

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AGENDA INFORMATION SHEET

DEPARTMENT: Economic Development

ACM: Christine Taylor, Assistant City Manager

DATE: September 25, 2024

SUBJECT

Receive a report, hold a discussion regarding the Downtown Reinvestment Grant Process.

BACKGROUND

In February 2007, the Downtown Task Force (now Downtown Economic Development Committee) unanimously recommended creating an incentive program to promote desired development/redevelopment in the Downtown area of the City of Denton.

In December 2010, City Council authorized the use of the Downtown Tax Increment Reinvestment Zone Number One to fund the Downtown Reinvestment Grant Program.

EXHIBITS

Exhibit 1 – Agenda Information Sheet

Exhibit 2 – Presentation

Respectfully submitted:
Kristen Pulido
Main Street Program Manager

Downtown Reinvestment Grant Process Review

Kristen Pulido

Main Street Program Manager



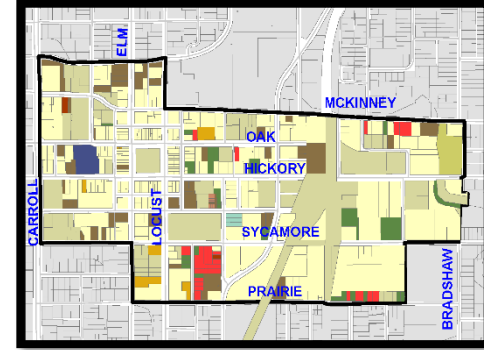
What is the Downtown Reinvestment Grant?



A reimbursement program to assist downtown projects with façade improvements; roof and foundation repair; new signs and awning; reimbursement of impact fees; utility upgrade costs and fire suppression.

Who is eligible?

The Downtown Reinvestment Grant is available for buildings located within the Downtown Tax Increment Reinvestment Zone Number One.



FY 23-24 Tax Increment Reinvestment Zone Number One (Downtown) Grants

Owner/Business	Address	Type	Amount	Approved By					
				DEDC	TIRZ	Council	Construction	Reimbursement	Completed
Bullseye Investments/Retail	108 W. McKinney	Facade/Building Rehab	50,000	X	X	X	X	X	X
Little D Property Group/ Office Space & Retail	104-106 W Oak	Fire Suppression	50,000	X	X	X	X	X	
Little D Property Group/Office Space & Retail	104-106 W. Oak	Facade/Building Rehab	50,000	X	X	X	X		
Green Eggs and Ham LLC/Restaurant	116 W. Oak	Fire Suppression	50,000	X	X	X	X		
Green Eggs and Ham LLC/Restaurant	116 W. Oak	Facade/Building Rehab	50,000	X	X	X	X		
Eagle Surveying LLC/ Office Space	212 W. Sycamore	Facade/Building Rehab	50,000	X	X	X	X		
Axis Realty/Fine Arts Theater	113 N. Elm	380 Incentive Grant	1,076,366	X	X	X			
Axis Realty/Fine Arts Theater	113 N. Elm	380 Incentive Grant	544,503	X	X	X			
Total			\$1,920,869						

Grant Guidelines

There are 6 types of projects available for the grant...

- Façade Rehabilitation and Building Renovation
- Awnings and Signs
- Impact Fee Reimbursement
- Utility Upgrades
- Interior Code Improvements
- Fire Suppression System



Grant Guidelines

1

No grant applications will be accepted for work that has already been started or completed, or for work that is covered by insurance

2

Grants are awarded on a reimbursement basis once completed has been verified by City Staff as compliant with the plans proposed in the approved application. Any deviation from the approved project may result in the total or partial withdrawal of the grant.

3

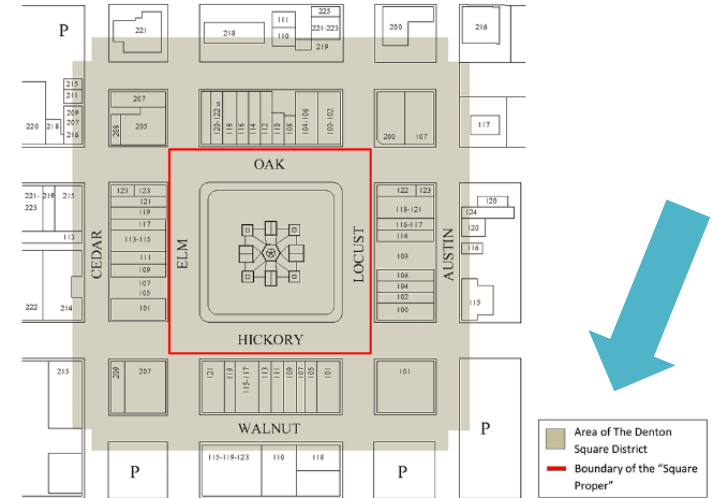
Property and business owners within the TIRZ #1 area and that property is not eligible for another grant for three (3) years from the date of grant approval, unless the original or new grant would be solely for a Fire Suppression System or unless the property is sold or transferred to another owner or is occupied by a new or different business.

Historic Preservation

Submit **Certificate of Design Consistency** or **Certificate of Appropriateness**

[Certificate of Appropriateness | Denton, TX \(cityofdenton.com\)](https://www.cityofdenton.com)

- Certificate of Design Consistency if located within *Denton Square District*
 - *CANNOT be a landmarked property
- Certificate of Appropriateness
 - Locally landmarked properties
 - Local historic districts
 - National Register Landmarks
 - Recorded Texas Historic Landmarks
- Will receive a letter from the HPO following review and approval



Historic Preservation

If needed, submit designs to **Texas Main Street Design Team**

Historic Tax Credits (State and/or Federal)

✓ STATE

Must currently have a state or federal historic designation
Determined eligible

- A) listing individually or as a contributing building in a district listed on the National Register of Historic Places
- B) as a Recorded Texas Historic Landmark
- D) contributing to the significance of a National Register historic district or other certified historic district.

✓ FEDERAL

- Listed individually in the National Register of Historic Places
- Contributing to the significance of a historic district
- Determined to be eligible for listing in the National Register

[Historic Tax Exemptions | Denton, TX \(cityofdenton.com\)](http://cityofdenton.com)



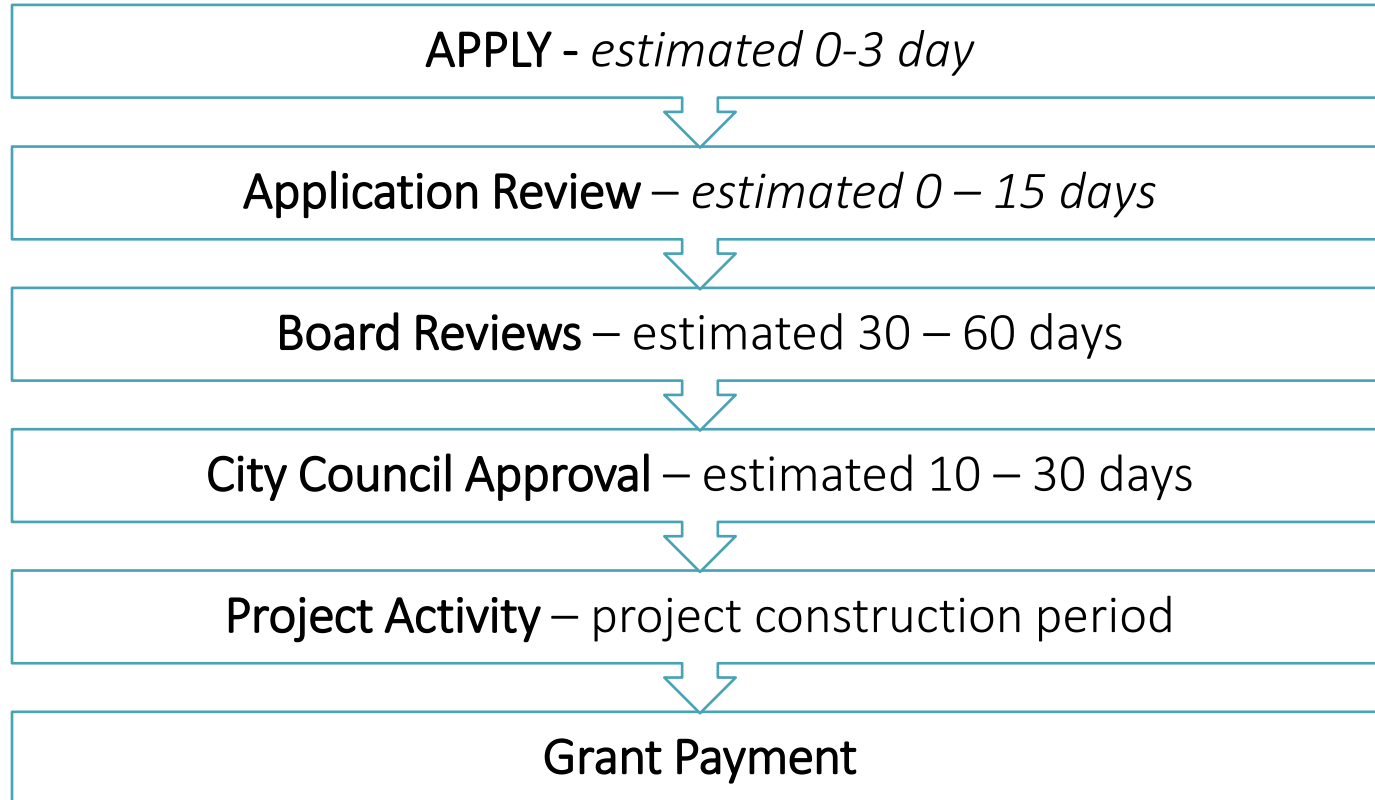
**State Tax
Credit
= 25%***

*Texas Franchise Tax or Insurance
Premium Tax

**Federal
Tax Credit
= 20%***

*Federal Income Tax

The Process



Grant Reimbursement

1 Applicant completes project and submits proof of investment:

- ✓ Paid invoices
- ✓ Copies of checks or credit card receipts
- ✓ Updated photographs
- ✓ Approved permits (Fire, building, etc)
- ✓ Certificate of Occupancy

2 In-person review of project by Economic Development (Main Street Program Manager)

3 Process grant payment by staff



Follow-up

Date Paid	Grantee Name	Property Address	Amount Granted	Amount Paid	2021/2022	2024	Difference
12/20/2021	Three Wishes Gifts	108 W. Oak St.	\$ 1,205.00	\$ 1,205.00	\$526K	\$569K	\$43K Increase
4/6/2022	Salvage Secondhand Shoppe	225 W Oak St.	\$ 302.02	\$ 302.02	\$325K	\$330K	\$5K Increase
5/17/2022	One Way Investments	222 S. Elm St.	\$ 50,000.00	\$ 50,000.00	\$870K	\$978K	\$108K Increase
Total Approved or Paid during FY 21/22			\$ 51,507.02	\$ 51,507.02			
Date Paid	Grantee Name	Property Address	Amount Granted	Amount Paid	2022/2023	2024	
1/23/2023	Salon NV	305 S. Locust St.	\$ 50,000.00	\$ 50,000.00	\$220K	\$245K	\$25K Increase
4/28/2023	Chestnut Tree	107 W. Hickory St.	\$ 50,000.00	\$ 50,000.00	no change	no change	
9/1/2023	Denton Community Theater	214 W. Hickory	\$ 2,500.00	\$ 2,500.00	no change	no change	
1/27/2023	Steve's Wine Bar	111 Industrial st	\$ 20,000.00	\$ 20,000.00	\$65K	\$80K	\$15K Increase
Total Approved or Paid during FY 22/23			\$ 122,500.00	\$ 122,500.00			
Date Paid	Grantee Name	Property Address	Amount Granted	Amount Paid	2023/2024	2024	
	Robert Moses	115-117 W. Hickory St.	\$ 4,022.00	\$ 2,011.00	\$700K	\$728K	\$28K increase
4/5/2024	Bullseye Invest/Holdings	108 W McKinney St	\$ 50,000.00	\$ 50,000.00	\$218K	\$214K	\$4K decrease
9/5/2024	Little d Property LLC	104-106 W. Oak	\$ 50,000.00	\$ 50,000.00	*2021 \$680K	\$720K	\$40K increase
Total Approved or Paid during FY 23/24			\$ 104,022.00	\$ 102,011.00			

Future Incentive Policy Considerations

- 1 Review eligibility for existing business applications
- 2 Update eligibility for property and business owners to apply for separate projects, currently the projects are tied to the address
- 3 Increase Fire Suppression amount

*Dependent upon property/business owner feedback and research from other cities

Questions?



TIF24-026; September 25, 2024



City of Denton

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215 E. McKinney St.
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www.cityofdenton.com

Legislation Text

File #: TIF24-024, **Version:** 1

AGENDA CAPTION

Receive a report and hold a discussion regarding amending the Tax Increment Reinvestment Zone Number One Creation Ordinance and the Project and Financing Plan.



AGENDA INFORMATION SHEET

DEPARTMENT: Economic Development

ACM: Christine Taylor, Assistant City Manager

DATE: September 25, 2024

SUBJECT

Receive a report and hold a discussion regarding amending the Tax Increment Reinvestment Zone Number One Creation Ordinance and the Project and Financing Plan.

BACKGROUND

The Downtown TIRZ was created in 2010 encompassing approximately 226 acres. The original certified base value of the TIRZ was \$79.4 million in 2010 and \$230,735,298 in 2024; an increase of over \$151 Million.

Per the Project Plan, the TIRZ was formed to focus on the following project areas: parking/transportation, complete streets, support for downtown projects, and utility/drainage improvements.

In August 2014, Council passed Ordinance No. 2014-221 approving the following amendment to Exhibit D of the Project Plan: Pursuant to the Texas Local Government Code, section 272.001, the City of Denton may utilize City-owned property that is located in a reinvestment zone to facilitate economic projects which the City and TIRZ Board deem appropriate and desirable. The City may acquire, lease, sell or otherwise transfer property to accomplish the public purpose of economic development that is consistent with the Project Plan. Such projects may include public-private partnerships, transit-oriented developments, or the recruitment of specific industries including, but not limited to, hi-tech or emerging technology companies, local start-up businesses, artisan or “maker” industries, the creative sector, bakeries, microbreweries, micro-distilleries, wineries, grocery stores, or other industries that the TIRZ Board and the City Council deem desirable.

In November 2022, the Downtown TIRZ board gave staff direction to engage a consultant to update the Project and Finance Plans. In January 2023, Staff selected David Pettit Economic Development (DPED) to lead that initiative.

In April of 2023, the Downtown TIRZ board reviewed and supported the Downtown Project and Finance Plans presented by DPED.

In May of 2023, City Council provided staff directions to wait until the Downtown Master Plan was approved before moving forward to better align the projects in the Amended Project and Financing Plans.

On September 17, 2024, City Council approved the Downtown Master Plan.

The Downtown Master Plan recommends expanding the current TIRZ boundary as shown in Exhibit #1. This expansion would allow for additional opportunities for TIRZ revenue to be generated, as well as additional areas in which TIRZ eligible projects could occur. The proposed expanded boundaries include parcels to the north, west, and south of the existing boundaries, focused on parcels that are primarily currently used for commercial purposes or vacant, Public Right-of-Ways and areas zoned as Mixed-Use Neighborhood or Mixed-Use Downtown Core. Expanding the boundaries to include these parcels will give the TIRZ additional opportunities to capture tax increment that could be used to fund TIRZ projects in the future.

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

If the amended Project and Finance Plan is approved, the new boundaries would have a 2024 base value. Only the future increment would accrue to the TIRZ and any base value revenue will go toward the general fund.

DPED and the City have begun conversations with Denton County regarding its participation in the TIRZ to be used to provide additional financing for certain projects. This participation would be subject to a separate yet to be negotiated interlocal agreement.

NEXT STEPS

The next step would be to amend the Creation Ordinance and the Project and Financing plan to reflect the new boundaries, extend the term, and update the revenue projections and project costs.

- October 15, 2024: Present to City Council during Work Session to seek approval to move forward with the TIRZ Amendment.
- October 24, 2024: TIRZ Board to consider recommending approval of the Amended Project and Financing Plan
- November 19, 2024: City Council to complete first review of amending the Creation Ordinance and the Project and Financing plan to reflect the new boundaries, extend the term, and update the revenue projections and project costs, and provide feedback.
- December 3, 2024: City Council to complete second and final review of amending the Creation Ordinance and the Project and Financing plan to reflect the new boundaries, extend the term, and update the revenue projections and project costs, and provide feedback.

PRIOR ACTION/REVIEW

November 16, 2022 – Staff presented an updated Downtown TIRZ One study and analysis conducted by TXP, Inc. and staff. Staff also requested direction on the project categories and costs in order to update the TIRZ project and financing plans. The Downtown TIRZ Board recommended that the City engage a consultant to assist with updating and amending the TIRZ project and financing plans.

April 12, 2023 - The Downtown TIRZ No. One Board reviewed and supported expanding the boundaries of the Downtown TIRZ No. One.

May 16, 2023 – Staff presented to City Council a project plan to expand the TIRZ boundaries to an additional 81 acres. Council members gave staff direction to wait until the Design Downtown Denton plan was completed to expand the boundaries.

September 17, 2024 – City Council approved the Downtown Master Plan.

EXHIBITS

Exhibit 1 – Agenda Information Sheet

Exhibit 2 – Presentation

Exhibit 3 – Downtown Master Plan Proposed TIRZ Boundaries

Respectfully submitted:
Brittany Sotelo
Economic Development Director



TIRZ #1 DOWNTOWN BOUNDARY AMENDMENT

Brittany Sotelo
Economic Development Director

TIRZ 1 Board Meeting
September 25, 2024

History

- ▶ The Downtown Tax Increment Reinvestment Zone (TIRZ # 1) Fund was created in FY 2010-11 through ordinance 2010-316.
- ▶ In November 2022, the Downtown TIRZ Board recommended the City engage a consultant to assist with updating and amending the TIRZ project and financing plan which includes boundary and term considerations
- ▶ In January 2023, Staff selected David Pettit Economic Development (DPED) to lead the amendment.
- ▶ In April 2023, DPED presented the Project and Finance Plans to the TIRZ #1 Board. No Action was taken.
- ▶ In May 2023, the Amendment was presented to City Council and was postponed until additional projects were identified for downtown.
- ▶ On September 17, 2024, the Downtown Master Plan was approved by City Council.

Background

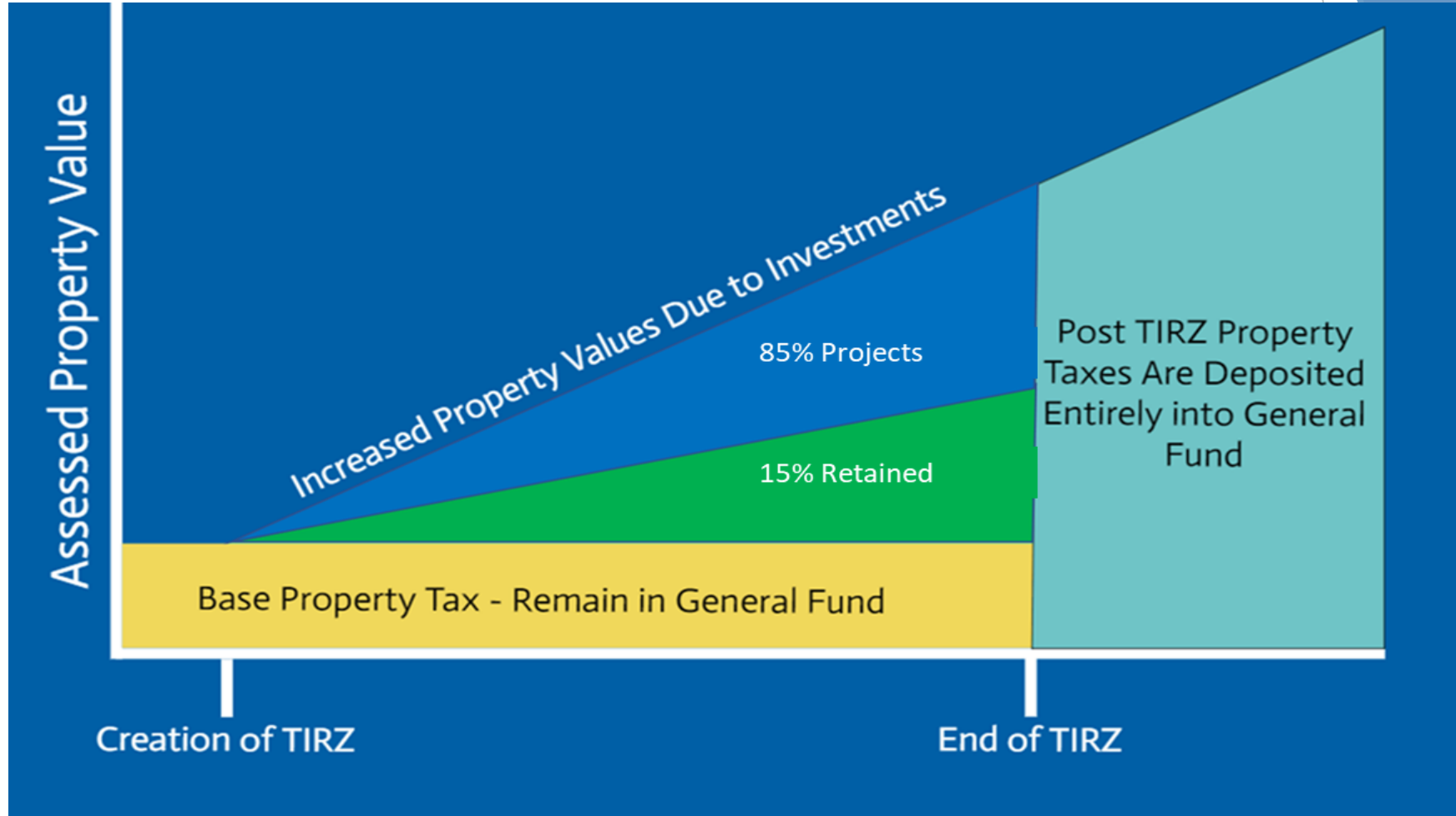
- ▶ The Downtown TIRZ was created in 2010 encompassing approximately 226 acres.
- ▶ The original certified base value of the TIRZ was \$79.4 million in 2010 and \$230,735,298 in 2024; an increase of over \$151 Million.
- ▶ Per the Project Plan, the TIRZ was formed to focus on the following project areas: parking/transportation, complete streets, support for downtown projects, and utility/drainage improvements. The Project Plan was amended in 2014 to clarify situations in which the City might consider the use of City-owned property within the TIRZ under the "Downtown Projects" category.

State Statute

TIRZ are governed by Chapter 311 of the Texas Tax Code

- ▶ Captures a portion of property tax
- ▶ Often used to fund development or large infrastructure projects
- ▶ Has their own governing body
- ▶ Funds must be used in accordance with Ch. 311 and the entities adopted project plan

TIRZ Overview Visualization



*Taxing entity rates are negotiated and can vary (not identical)

Strategic Focus Areas

- ▶ **Key Focus Area 3:**

- ▶ Foster Economic Opportunity and Affordability

- ▶ **Economic Development Strategic Plan**

- ▶ Downtown Development

- ▶ Continue to utilize various tools to stimulate new private investment in the downtown
- ▶ Prioritize development: the corridors extending off the square

- ▶ **Downtown Masterplan**

- ▶ 4E: Modify and Expand Economic Development Tools

TIRZ # 1 Framework

- ▶ Created in 2010 with a base value of \$79.4 M
- ▶ Term 30 years, expires Jan 1, 2039
- ▶ The City is currently the only participating entity
- ▶ Revenue contribution at a decreasing rate:
 - ▶ 100% Years 1-5
 - ▶ 95% Years 6-10
 - ▶ 90% Years 11-20
 - ▶ 85% Years 21-30

Downtown TIRZ Fund

	FY 2024 Budget	FY 2024 Estimate	FY 2025 Proposed
Beginning Fund Balance	\$ 3,523,963	\$3,523,963	\$4,474,735
Revenues	\$1,023,129	\$1,050,772	\$978,422
Expenses	\$1,023,129	\$100,000	\$978,422
Ending Fund Balance	\$3,523,963	\$ 4,474,735	\$ 4,474,735

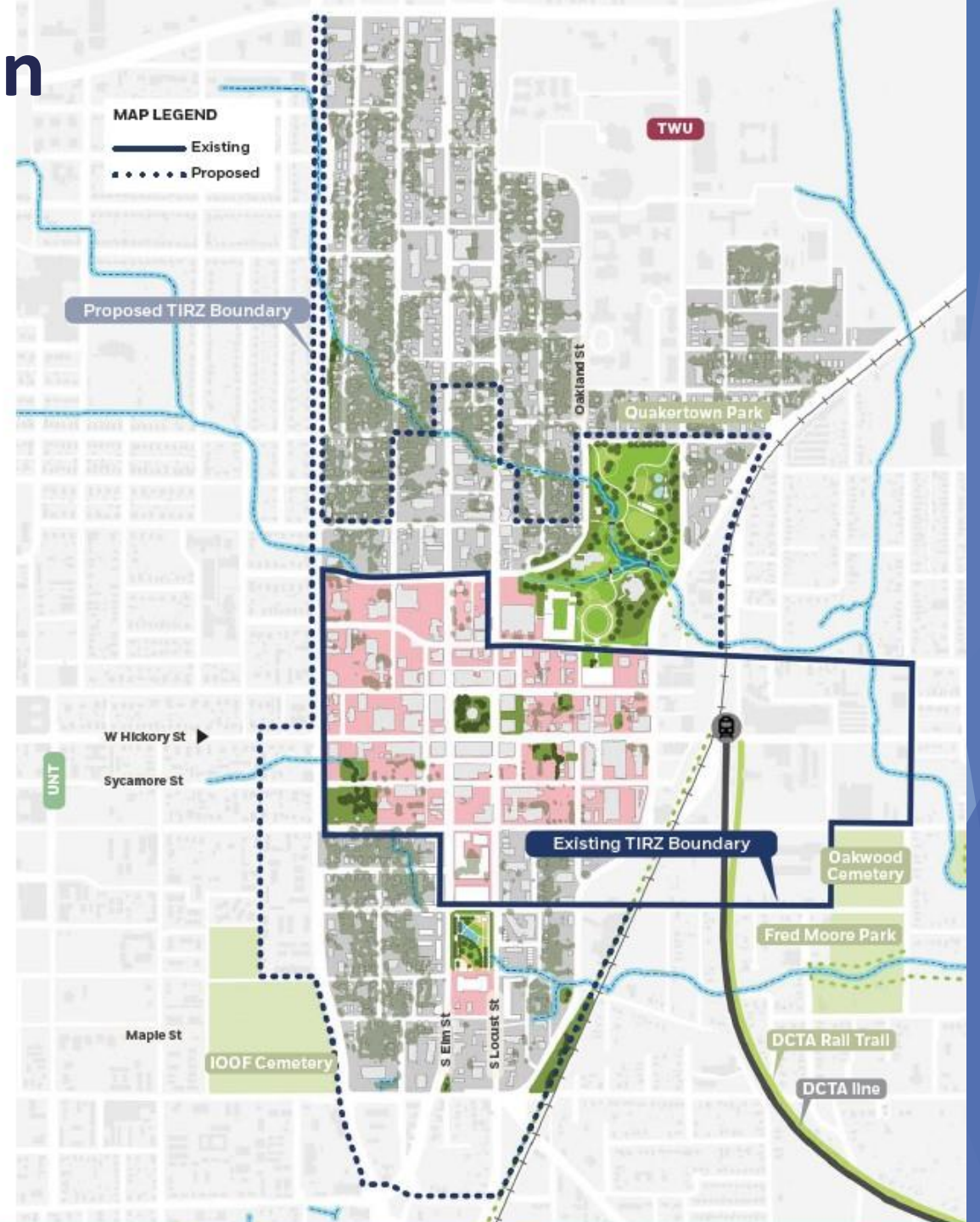
Revenues

- Base value of \$79,356,854 and a 2024 certified value of \$230,735,298
- Estimated revenue for FY 2025 of \$978,422 based on a proposed tax rate of .585420

Current and Proposed Expansion 2024 Downtown Master Plan

The City of Denton should expand economic development opportunities through new and existing funding sources such as:

- Tax-Increment Reinvestment Zone (TIRZ)
- Downtown Reinvestment Grants
- 380 Agreements
- Catalyst Fund
- Historic Tax Credits
- Qualified Hotel Project Tax Rebate
- Parking Benefit District
- Affordable Housing Tax Exemption
- New Market Tax Credits
- HUD 108 Loan Guarantees
- Private/Philanthropic Funding
- Building new economic development tools together
- Texas PACE programs



TIRZ Creation Elements

Composed of Five (5) Key Elements

- ▶ Boundary
- ▶ Term
- ▶ Board
- ▶ City Participation
- ▶ Preliminary Project and Financing Plan

2023 Proposed Project Costs

Proposed Project Costs - TIRZ #1		
Water Facilities and Improvements	\$ 1,557,492	2.5%
Sanitary Sewer Facilities and Improvements	\$ 1,557,492	2.5%
Storm Water Facilities and Improvements	\$ 1,557,492	2.5%
Transit/Parking Improvements	\$ 6,229,968	10.0%
Street and Intersection Improvements	\$ 9,344,951	15.0%
Open Space, Park and Recreation Facilities and Improvements, Public Facilities and Improvements	\$ 9,344,951	15.0%
Economic Development Grants	\$ 31,149,838	50.0%
Administrative Costs	\$ 1,557,492	2.5%
Total	\$ 62,299,676	100.0%

- \$62,299,676 is an **estimate of incremental revenue over the term of the TIRZ (2040)** based upon growth and development assumptions
- The \$62,299,676 anticipated project cost total amount is a cap on expenditures that shall not be exceeded. Any increase would require a separate amendment to the project and financing plan.
- Savings from one line item may be applied to a cost increase in another line item.
- Individual TIRZ project costs will be evaluated on a case-by-case basis consistent with Chapter 311, Section 311.002, and brought forward to the TIRZ Board and City Council for consideration.
- Subject to a yet-to-be-negotiated separate interlocal agreement, Denton County may participate in existing and expanded boundaries

Grant Project Activity 22-23

In FY 2022-23 the Grant Program had a beginning budget of \$200,000 funded by the 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.

Approved Grant Project in Progress

- ▶ 115-117 W Hickory St. in the amount of \$3,695 for Robert Moses
- ▶ 108 W. McKinney St. in the amount of \$50,000 for Bullseye Bike Shop

Completed Grant Projects

- ▶ NV Salon, 305 S. Locust St. 2,296 SF, investment: \$138,200, grant amount: \$50,000
- ▶ Chestnut Tree, 107 W. Hickory St., 1,684 SF, investment: \$115,341, grant amount: \$50,000
- ▶ Steve's Wine Bar, 111 Industrial St., 351 SF, investment: \$14,533, grant amount: \$7,267
- ▶ Campus Theater, 214 W. Hickory, Sign updates, investment: \$7,963, grant amount: \$2,500

New Project Considerations

- ▶ Catalyst Projects: Boutique Hotel, Retail, Office or Housing developments
- ▶ Downtown Reinvestment Grants: Increased funding
- ▶ Public art - murals, sculptures
- ▶ Infrastructure: Chill Streets
- ▶ TIRZ revenue to support City bonds for large projects

Additional Information

- ▶ If the boundary expansion is approved by City Council, the new boundaries would have a 2024 base
- ▶ Termination of the Zone extended to January 1, 2041
- ▶ City Staff will continue with the David Petit Group to continue original contract to Amend the TIRZ Boundaries.

Next Steps

- ▶ October 15, 2024: City Council Work Session Briefing
- ▶ October 24, 2024: Special Called TIRZ Board Meeting to review Amended Project and Financing Plan and provide approval recommendation for City Council.
- ▶ November 19, 2024: Public Hearing and City Council to consider an ordinance approving the final Amended Project and Financing Plan
- ▶ December 3, 2024: Second Reading - Public Hearing and City Council to consider an ordinance approving the final Amended Project and Financing Plan

Questions?



4E Modify and Expand on Economic Development Tools

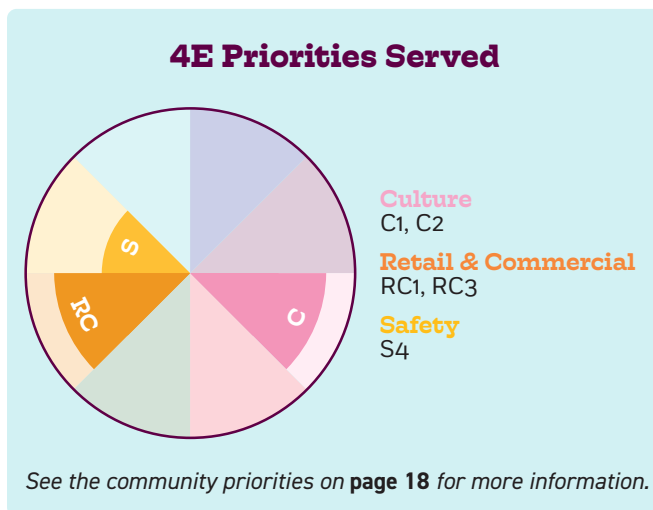
Denton employs a variety of economic development tools to enhance its Downtown area, yet many of these tools remain underutilized or are not applied with a clear strategy. Some resources available to the city are not utilized at all, leading to missed opportunities for growth and improvement. To address these challenges, it is crucial to explore how these tools can be used more effectively and strategically. By expanding, sharpening, and combining these economic development tools, Denton can ensure a more robust and successful implementation of its vision for Downtown.

The Case for Action

A review of Denton's existing funding sources revealed that several key economic development tools are in place but have not been extensively utilized.

The Tax Increment Reinvestment Zone (TIRZ) retains incremental increases in property tax revenue within a designated district, accumulating a balance of \$3.5 million and generating \$1 million annually. These TIRZ funds support Downtown Reinvestment Grants, providing up to \$200,000 per year to reimburse downtown businesses in building improvements such as roof and foundation repairs, new signs and awnings, and utility and fire suppression upgrades.

380 Agreements offer tax rebates or grants for new construction aimed at economic development. TIRZ revenue was used to provide grant funds for such an agreement with the Railyard project, now complete.



The Catalyst Fund, designed to support economic development initiatives citywide, currently has a balance of \$4.3 million and funds entrepreneur tech, expansion, and job-based grants.

Finally, Historic Tax Credits offer an annual property tax exemption of up to 50% on designated buildings with up to \$10,000 in qualifying improvements or restoration, but only two properties downtown currently utilize this exemption according to the city database.

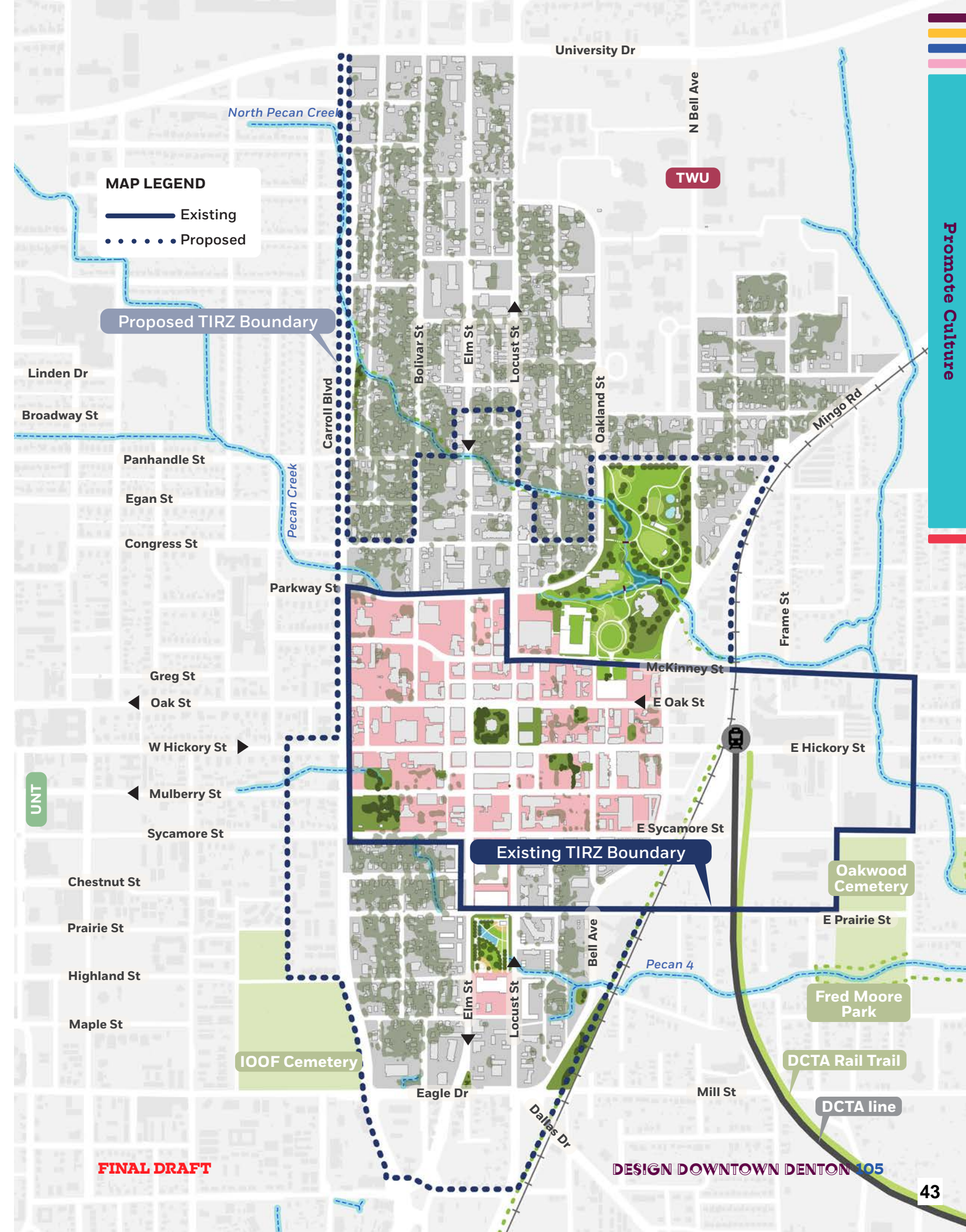
Proposed Actions

The City of Denton should expand economic development opportunities in the following areas.

Existing Funding Sources to be Modified:

Tax-Increment Reinvestment Zone (TIRZ)

The current TIRZ covers a limited area, though it is now generating almost \$1 million per year in revenue and has \$3.5 million in current funding reserves.





City of Denton

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Legislation Text

File #: TIF24-027, **Version:** 1

AGENDA CAPTION

Staff Reports:

1. Future Agenda Items - Christine Taylor



City of Denton

City Hall
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Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Economic Development

ACM: Christine Taylor, Assistant City Manager

DATE: September 25, 2024

SUBJECT

Staff Reports:

1. Future Agenda Items – Christine Taylor

BACKGROUND

Future Agenda Items:

An overview of current items in the Agenda Queue and discussion of possible future agenda items.

EXHIBITS

Exhibit 1 – Agenda Information Sheet

Exhibit 2 – Queue of Future Agenda Items

Respectfully submitted:
Matilda Weeden
Economic Development Specialist

Meeting Date	Item Description	Presented By
Special Called Meeting, Thursday October 24		
Item for Consideration	Approval of Minutes	Chair
Work Session	TIRZ 1 Amendment	Brittany Sotelo
Wednesday, December 4, 2024		
Item for Consideration	Approval of Minutes	Chair