



City of Denton

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

AGENDA INFORMATION SHEET

DEPARTMENT: Economic Development

ACM: Christine Taylor

DATE: May 16, 2023

SUBJECT

Receive a report, hold a discussion and give staff direction regarding an amendment to expand the boundaries and increase the term of Tax Increment Reinvestment Zone Number One (Downtown TIRZ).

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, with the 2021/2022 supplemental value being reported as \$222,831,388.

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. David Pettit Economic Development, LLC is a distinguished economic development firm offering a wide range of expertise to public, private, and institutional clients, with a track record of completing projects in cities such as Fort Worth, Arlington, Irving, Grapevine, Little Elm, and Corinth. The firm excels in navigating public-private partnerships, local government policies, innovative incentive financing, and project/program management.

With over 25 years of experience, David Pettit leads the firm, focusing on public-private partnerships for medium to large real estate projects. His expertise includes feasibility analysis, contract negotiations, and financing mechanisms like TIF, abatements, and rebates. David's extensive experience with complex projects, such as The Tower, Midtown, and Montgomery Plaza, enables him to devise innovative solutions to challenging problems.

Natalie Moore, a specialist in economic development and real estate projects, maximizes public-private partnership opportunities. Previously, she served as a Business Development Coordinator for the City of Fort Worth's Economic Development Department, implementing incentives like tax abatements, program grants, and tax increment financing. Natalie's background also includes roles as an Analyst with Integra Realty Resources and an Associate in CBRE's brokerage services division, where she handled various commercial real estate transactions.

DPED recommends expanding the TIRZ to include an additional 81 acres. 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, and that are 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. If approved, the new boundaries would have a 2023 base

value. Only the future increment would accrue to the TIRZ and any base value revenue will go toward the general fund.

DPED recommends extending the TIRZ term by one additional year. The TIRZ was originally intended to have a 30-year term, but a drafting error resulted in a legal term of only 29 years. DPED does not suggest any changes to the City's participation levels. DPED and the City have begun conversations with Denton County regarding its participation in the TIRZ 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.

- June 6, 2023: Public Hearing and City Council to consider the Amendment to the Creation Ordinance
- June 21, 2023: TIRZ Board to consider recommending approval of the final Amended Project and Financing Plan
- June 27, 2023: City Council to consider ordinance approving the final Amended Project and Financing Plan

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, 2022 - The Downtown TIRZ No. One Board reviewed and supported expanding the boundaries of the Downtown TIRZ No. One.

RECOMMENDATION

Staff recommends expanding the boundaries of the Downtown TIRZ No. One, extending the term by one year, and updating the Project and Finance Plans to support the proposed changes to the zone.

EXHIBITS

1. Agenda Information Sheet
2. Presentation

Respectfully submitted:
Wayne Emerson
Director of Economic Development