

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DENTON, TEXAS, APPROVING THE 2021 – 2022 TAX INCREMENT REINVESTMENT ZONE NUMBER ONE (TIRZ #1) ANNUAL REPORT; AND DECLARING AN EFFECTIVE DATE.

WHEREAS, the City of Denton recognizes the importance of its role in local economic development initiatives and programs; and

WHEREAS, the City has established Reinvestment Zone Number One, City of Denton, Texas (TIRZ #1) and established a Board of Directors for the District to promote development or redevelopment in the Downtown area pursuant to Ordinance No. 2010-316, authorized by the City Council on December 7, 2010, as provided by the Tax Increment Financing Act, Chapter 311 of the Texas Tax Code, as amended; and

WHEREAS, on December 7, 2010, the City Council authorized the Project and Finance Plans for the TIRZ #1; and

WHEREAS, the Tax Increment Financing Act specifies that the governing body of a city shall submit an annual report on the financial status of the district to the Chief Executive Officer of each taxing unit that levies taxes on real property in a reinvestment zone, and a copy of the report shall be forwarded to the State Comptroller; and

WHEREAS, on April 12, 2023, the TIRZ #1 Board reviewed and recommended approval of the 2021 – 2022 Annual Report for Tax Increment Reinvestment Zone Number One to the City Council. NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DENTON:

SECTION 1. That the 2021 – 2022 Annual Report for Tax Increment Reinvestment Zone Number One, City of Denton, Texas, as of April 12, 2023, a copy of which is attached here to as Exhibit A, is hereby accepted.

SECTION 2. That the City Manager or their designee is hereby authorized to submit the 2021 – 2022 Annual Report for Tax Increment Financing Reinvestment Zone Number One to the Chief Executive Officer of each taxing jurisdiction that levies tax on real property in the District and to the State Comptroller, as required by state law.

SECTION 3. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Denton, and it is accordingly so resolved.

The motion to approve this Resolution was made by _____ and seconded by _____, the Resolution was passed and approved by the following vote [____ - ____]:

	Aye	Nay	Abstain	Absent
Mayor Gerard Hudspeth:	_____	_____	_____	_____
Vicki Byrd, District 1:	_____	_____	_____	_____
Brian Beck, District 2:	_____	_____	_____	_____
Paul Meltzer, District 3:	_____	_____	_____	_____
Joe Holland, District 4:	_____	_____	_____	_____
Brandon Chase McGee, At Large Place 5:	_____	_____	_____	_____
Chris Watts, At Large Place 6:	_____	_____	_____	_____

PASSED AND APPROVED this the _____ day of _____, 2023.

GERARD HUDSPETH, MAYOR

ATTEST:
JESUS SALAZAR, INTERIM CITY SECRETARY

BY: _____

APPROVED AS TO LEGAL FORM:
MACK REINWAND, CITY ATTORNEY

BY: Scott Bray

Exhibit A



Downtown Tax Increment Reinvestment Zone No. 1

2021 – 2022 ANNUAL REPORT

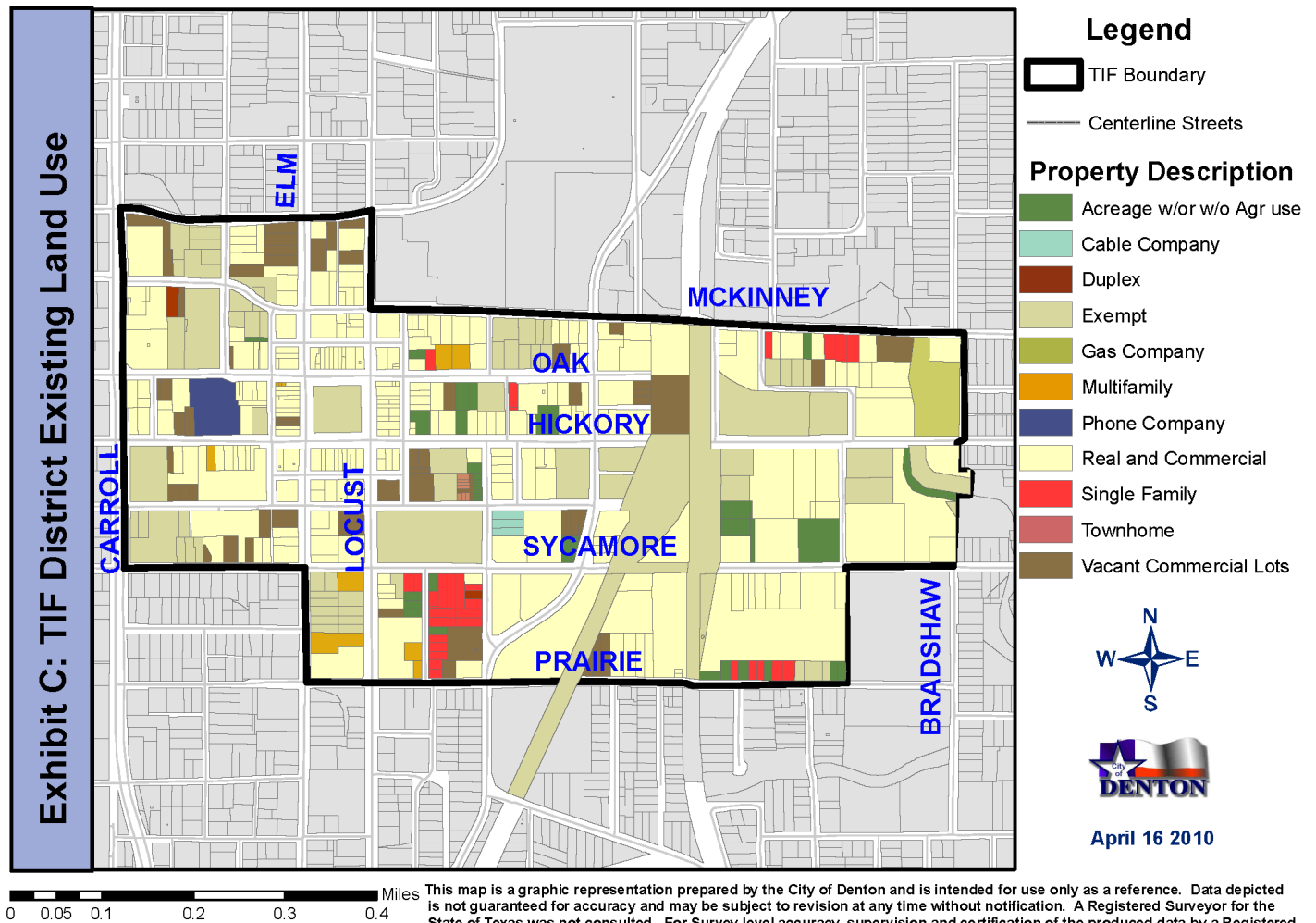
Reporting Period: Oct. 1, 2021 to Sep. 30, 2022

Table of Contents

Map.....	3
Mission Statement.....	4
District Accomplishments.....	4
Development Within the District	
Project Descriptions: Private Investment.....	4
Project Descriptions: Private Investment.....	7
Summary of TIRZ Board Meetings	9
Downtown Reinvestment Grant Program.....	10
Value and Increment Summary.....	10
Certified and Supplement Summary	11
Appendix A: TIRZ One Balance Sheet	12

Downtown Tax Increment Reinvestment Zone No. 1

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, 2021 through September 30, 2022 (FY 2021–22). During FY 2021–22, \$730,631 was collected after the end of the supplemental period determined by the City of Denton. An additional \$19,667 in interest brings the total contribution in FY 2021–22 to \$750,298.

Downtown saw an increase in investment within the TIRZ #1 area in FY 2021-2022. 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*
Three Wishes Gifts	101 W. Oak St.	n/a	Complete	\$2,410	\$1,205
Station 222	222 S. Elm St.	3,000	Complete	\$785,575	\$50,000
NV Salon	305 S. Locust St.	2,296	In Progress	\$138,200	\$50,000
Bakery Building	309-311 S. Locust St.	3,540	In Progress	\$331,600	\$50,000
Chestnut Tree	107 W. Hickory St.	1,684	In Progress	\$115,341	\$50,000
Steve's Wine Bar	111 Industrial St.	351	In Progress	\$40,000	\$20,000

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

101 W. Oak St, Ste. 108, 3 Wishes Gifts

3 Wishes Gifts is a new business located on the Downtown Square. It is a female-owned business that specializes in home décor and gifts made in Denton and North Texas. The business was founded by three female entrepreneurs who had previously operated separate kiosks within another business in downtown Denton. However, those kiosks were not meeting their needs, so they decided to join forces and become business partners in 3 Wishes Gifts. The business was named to represent each woman in the partnership.

When the store opened in June of 2020, the awning on the storefront was missing. The partners decided not to replace the missing canopy immediately. Instead, they agreed to wait at least a year before making any improvements so they could focus on building their business.

The new Shoreline blue awning has been added and includes their business name, 3 Wishes Gifts, on the front edge.

Improvements includes: Awning



222 S. Elm, Station 222

In 2018, One-Way Street Investments, LLC purchased the property located at 222 S. Elm St. as their current location at 212 S. Elm was not large enough for their growing firms. Since its purchase, they have leased 222 S. Elm to several businesses. In 2021, they decided to renovate the property to contribute to improving the look and feel of Elm St. moving south from the Downtown Square.

The front portion of the structure was built in approximately 1937 by the Gulf Oil Corporation and has been home to several auto-based businesses over the years. The renovation plan was to modernize the front "service station" while preserving as much of the original look and feel as possible. The building was converted from automotive use to office use, and a second story was added to the space by doubling the existing footprint of the shop bays in the back. The 3,000 SF space now houses Axis Realty Group, NorthBridge Management, Eagle Surveying, Archden Construction, and Valle Quest Design. The renovated "service station" portion of the building serves as a large conference room and common area for the various businesses in the building. It is also available as an event space for the public to rent out. This new event space will likely increase traffic for other surrounding businesses in the evenings and weekends.

The redevelopment of this property retained the historical significance of the 84-year-old building while introducing energy-efficient materials and increasing the available office and event space downtown. The updated space supports the growth of five small businesses in the downtown area and encourages development in an inactive area of the Downtown. Moreover, this project impacts the ad valorem tax collected in the Downtown TIRZ #1.

Improvements include: façade and building rehab, awnings, utility upgrades, and interior and code improvements.

305 S. Locust St., NV Salon

The property, which was 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 combining 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 includes: Façade/Building Rehab, Awnings, Utility Upgrades, Interior/Code Improvements

309-311 S Locust, Bakery Building

This 1940s building has been vacant for over five years and is now ready for renovation. 310 S. Locust LLC will invest the necessary capital for repair and renovation. The building's 3,540 SF will be transformed into a bakery and restaurant concept with two apartments on the second floor. This renovation will allow a cottage business that has been a staple of the Denton Community Market to expand into a permanent location where they can operate their bakery, expand their menu, and offer catering services. These additional services will require more staff and provide a valuable service to neighboring businesses and residents beyond the Square.

The proposed improvements for this renovation project include updating all utilities to meet Building Safety Codes, repairing the historic brick walls, refinishing and staining the concrete floors, replacing the roof, adding spray foam insulation, and installing energy-efficient lighting, HVAC, and windows. These upgrades will create a more modern building that is cost-effective and comfortable for the tenant. Additionally, fresh paint, awning, and signage will be added to the facade.

This renovation project, along with the work planned at 305 S. Locust St., will fill the gap between other recently remodeled buildings, updating that block. These improvements will benefit the tenant, the neighboring businesses, and residents by bringing new life to a historic building and creating a new space for the community to enjoy.

Proposed Improvements includes: 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.

Proposed Improvements includes: 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.

Proposed Improvements includes: Façade/Building Rehab

Project Descriptions: Public Investment

Public Investment

Project	Location	Status	Investment
Development Services Center	401 N. Elm	Complete	\$5,522,000
ADA Sidewalk Segments	McKinney St.	Complete	\$102,000
New Sidewalk Segments	Bell Ave.	Complete	\$108,000
Wolff Park	Industrial St.	Complete	\$416,000

Development Service Center, 401 N. Elm St.

The City of Denton aimed to make the permitting process easier and more convenient for its citizens by creating a one-stop center. To achieve this goal, they renovated a vacant 28,000 SF building that provides access to planning, zoning, building permitting and inspection, stormwater, and other utility requirements, as well as the Denton Chamber of Commerce and Discover Denton staff. The City repurposed an empty building in the downtown area, which helped in the revitalization of the downtown core. The building was originally a grocery store built in the 1950s and received an updated exterior façade, as well as a completely new energy-efficient infrastructure for the interior.

Overall, this renovation project provides a valuable resource for the citizens of Denton, making it easier for them to navigate the permitting process and access various City services. Additionally, repurposing an empty building in the downtown core not only revitalizes the area but also preserves the City's history and character. The project had a budget of \$5,522,000.

Sidewalk Segments

As part of the Complete Sidewalk Project by Capital Improvements the City worked to create new sidewalks, connect missing segments, and make ADA compliant sidewalks and cross-walk intersections.

- McKinney Street between Bell Place to Frame Street. \$102,000 TIRZ Funding (FY 2019-20) – to improve pedestrian mobility and safety and be ADA compliant.
- Bell new sidewalk segment between Sycamore and Hickory in September 2022 – \$108,000, Funded by 2019 Sidewalk Bond Funds and DCTA TRiP Funding to improve pedestrian mobility and safety and be ADA compliant.

Wolff/Industrial Street Park, 108 Industrial St.

Wolff Park, previously known as Industrial Street Park, is a community park on just under an acre. The park features an interactive art monument, trees, open space, and decorative lighting to make the space inviting. It to celebrates Denton's arts and culture, giving it a unique Denton character. Construction of the park began in the summer of 2021 and was completed in December 2021. However, due to shortages and delays in construction materials, the park currently lacks lights and park name signs. These missing elements are expected to be installed in the fall of 2022. The cost of the park was about \$320,000 and Denton Women's Interracial Fellowship Monument was \$96,000.

(continues next page)

Summary of TIRZ #1 Board Meetings

Board Member List and attendance

Board Member		11/17/21	03/23/22	07/27/22	11/16/22
Name	Seat	Meeting Dates and Attendance			
Ben Esely	Business Owner	X	X	X	X
Melissa Lenaburg	Property Owner	X	X	X	X
Paul Meltzer*	Council Member	X	X		
Suzanne Johnson	Business Owner		X	X	X
Marybeth Doyle	Property Owner		X	X	X
Daniel Abasolo	Qualified Voter	X	X		
Vicki Byrd	Council Member		X		

Member terms end in Aug. and begin in Sep. of each year depending on where they are in their term. The following Board Member seats were changed during FY 2021 – 22:

* Member Meltzer's resigned and new Member Watts, began in Sep. 2022.

FY 2021 – 22 Activity of the TIRZ #1 Board

City Council approved eight items recommend by the TIRZ #1 Board

- Approved proposed changes to Downtown Reinvestment Grant Program policy, increasing the budget to \$200,000 annually for the program. Additionally, Remove property grant cap; allow applicants to receive up to \$50,000 per application; successful applicants cannot reapply for 3 years, unless the property is transferred to different ownership, a new business is located at the property, or the business ownership is transferred; and to increases to grant amounts and scoring criteria.
- Approved the 2020-21 Downtown Tax Increment Reinvestment Zone No. 1 Annual Report.
- Approved Downtown Reinvestment Grant Applications for the following projects:
 - 222 S. Elm St. in the amount of \$50,000
 - 305 S. Locust St. in the amount of \$50,000
 - 309-311 S. Locust St. in the amount of \$35,000
 - 111 Industrial St. in the amount of \$20,000
 - 107 W. Hickory St. in the amount of \$50,000
- Approved the FY 2022-23 Downtown Denton Tax Increment Financing Reinvestment Zone No. 1 budget

Downtown Reinvestment Grant Program

In FY 2021–22 the Grant Program had a beginning budget of \$200,000 funded by the TIRZ #1. The Grant Program had two projects reach completion creating expenditures of \$51,205 and four project approved, but still in progress at the end of FY 2021-22.

Grant Project Activity

Completed Grant Projects

- A Downtown Reinvestment Grant in the amount of \$50,000 was paid to the property located at 222 S. Elm St. for Station 222
- A Downtown Reinvestment Grant in the amount of \$1,205 was paid to the property located at 101 W. Oak St. for 3 Wishes Gifts

Approved Grant Projects in Progress

- 305 S. Locust St. in the amount of \$50,000
- 309-311 S. Locust St. in the amount of \$35,000
- 111 Industrial St. in the amount of \$20,000
- 107 W. Hickory St. in the amount of \$50,000



Exterior & interior photos of Project Station 222 located at 222 S. Elm St.



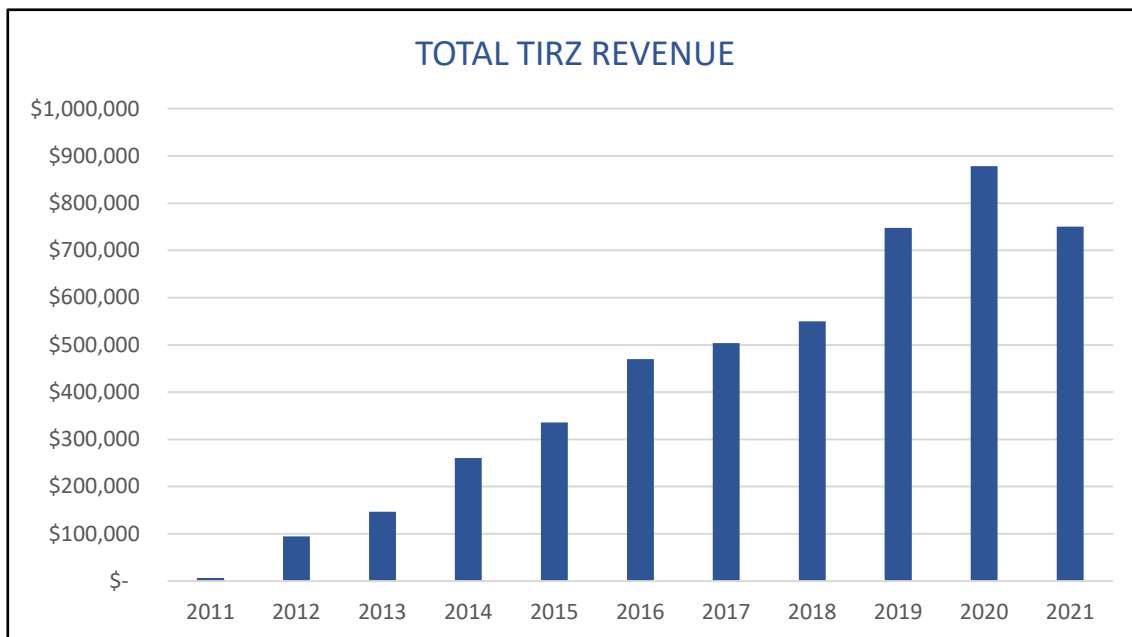
Value and Increment Summary

According to Denton Central Appraisal District supplemental figures, the FY 2021–22 total appraised valuation of taxable real property in TIRZ #1 was \$222,831,388. This represents a \$11,222,975 decrease from the previous supplemental value of \$234,054,363. The annual TIRZ #1 fund contribution of property taxes and interest income for FY 2021–22 is \$750,298. Since its inception, the final value with supplements of the TIRZ #1 has increased an estimated \$143.5 million, which represents a 180.8% increase in valuation.

Certified and Supplement Summary

YEAR	FISCAL YEAR AS OF 9/30	TIRZ CERTIFIED TAX VALUE	SUPPLEMENTAL TIRZ TAX VALUE	ANNUAL CAPTURED SUPPLEMENT VALUE	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	10,882	878,629
2021	2021-2022	232,894,462	222,831,388	\$143,474,534	730,631	19,667	750,298
TOTALS					\$4,657,685	\$87,293	\$4,744,978

Fund Balance as of 9/30/2022 is \$2,678,051



Appendix A:

TIRZ One

Balance Sheet

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

Actual Revenue

Tax Year	Fiscal Year as of 9/30	Supplemental 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	2010-2011	\$ 79,356,854	N/A	N/A			N/A	N/A	N/A	N/A	N/A
2011	2011-2012	80,331,050	974,196	100%	974,196	0.68975%	6,720	17	6,737	-	6,737
2012	2012-2013	93,040,263	13,683,409	100%	13,683,409	0.68975%	94,381	297	94,678	-	94,678
2013	2013-2014	100,452,300	21,095,446	100%	21,095,446	0.68975%	145,506	1,084	146,590	-	146,590
2014	2014-2015	116,769,435	37,412,581	100%	37,412,581	0.68975%	258,053	2,821	260,874	-	260,874
2015	2015-2016	127,204,599	47,847,745	100%	47,847,745	0.68975%	330,030	5,855	335,885	76,000	259,885
2016	2016-2017	150,021,979	70,665,125	95%	67,131,869	0.68334%	458,739	11,439	470,178	76,000	394,178
2017	2017-2018	161,351,215	81,994,361	95%	77,894,643	0.637856%	496,856	6,712	503,568	1,542,845	(1,039,277)
2018	2018-2019	170,678,753	91,321,899	95%	86,755,804	0.620477%	538,300	11,589	549,889	156,000	393,889
2019	2019-2020	209,626,251	130,269,397	95%	123,755,927	0.590454%	730,722	16,930	747,652	139,587	608,065
2020	2020-2021	234,054,363	154,697,509	95%	146,962,634	0.590454%	867,747	10,882	878,629	24,988	853,641
2021	2021-2022	222,831,388	143,474,534	90%	129,127,081	0.565823%	730,631	19,667	750,298	51,507	698,791
Totals							\$ 4,657,685	\$ 87,293	\$ 4,744,978	\$ 2,066,927	\$ 2,678,051

REPORT CREATED BY:

City of Denton, Economic Development Department

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

Approved March 29, 2023

