

RESOLUTION NO. R91-008

A RESOLUTION APPROVING THE INFRASTRUCTURE FINANCING POLICY;
REPEALING R89-019; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Denton Development Plan adopted by the City of Denton contains policies providing for the expenditure of public funds to encourage balanced growth and economic development; and

WHEREAS, in furtherance of those policies, the 1991-1995 Capital Improvement Plan approved by the City Council proposes to allocate \$500,000 each year to fund Water and Sewer Line Infrastructure Financing to carry out the balanced growth and economic policies of the Denton Development Plan; and

WHEREAS, the Public Utilities Board and Planning and Zoning Commission have considered and recommended adoption of amendments to the existing Infrastructure Financing Policy; NOW, THEREFORE;

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

SECTION I. That the Infrastructure Financing Policy, attached hereto as Exhibit I, is approved.

SECTION II. That Resolution No. R89-019, adopted on March 7, 1989, approving the Guidelines for Funding and Selecting Development Plan Candidate Water and Sewer Lines, is repealed.

SECTION III. That this resolution shall become effective immediately upon its passage and approval.

PASSED AND APPROVED this the 19th day of February, 1991.

Bob Castleberry
BOB CASTLEBERRY, MAYOR

ATTEST:
JENNIFER WALTERS, CITY SECRETARY

BY: Jennifer Walters

APPROVED AS TO LEGAL FORM:
DEBRA A. DRAYOVITCH, CITY ATTORNEY

BY: Debra Drayovitch

INFRASTRUCTURE FINANCING POLICY

Funding Policy

The City of Denton Utilities Department policy is to facilitate local economic growth through a program of Infrastructure Financing.

During its annual review of the Utility Department's Capital Improvements Plan (CIP), the Public Utilities Board shall consider the allocation of up to \$500,000 annually to finance the construction of infrastructure water or sewer lines. This allocation shall consist of \$250,000 from the Water CIP and \$250,000 from the Wastewater CIP.

That portion of each annual allocation that remains unobligated at close of the fiscal year shall carry forward into the following fiscal year. However, the cumulative total of said unobligated annual allocations shall not exceed \$2 million at any time.

Selection Policy

- . Infrastructure Financing shall be provided only to:
 - 1) Industrial prospects which have committed to building facilities in Denton.
 - 2) Commercial/retail prospects which have committed to building facilities in Denton and which:
 - a) sell a majority of their goods or services to individuals or businesses outside of Denton, or
 - b) manufacture goods for consumption in Denton which were previously manufactured outside of Denton.
 - 3) Prospects which have committed to building corporate headquarters facilities in Denton.
- . All requests for Infrastructure Financing shall be subject to the economic analysis detailed in this Policy. This analysis shall determine project costs and benefits over a five year period. Infrastructure Financing may be allocated only if project benefits are equal to or exceed project costs.

For purposes of the economic analysis:

- . Project costs shall consist of 100% of:
 - . Debt service associated with the subject utility line's construction, and
 - . Return on investment associated with the completed subject utility line

- . Project benefits shall consist of 25% of:
 - . Revenue from ad valorem tax on prospect's local property, plant and equipment
 - . Revenue from sales tax on prospect's products and services sold by the Denton facility
 - . Revenue from sales tax on local purchases by the Denton-resident labor force generated by prospect's locating in Denton

and 100% of:

- . Revenue from sales tax on prospect's local purchase of its facility's construction materials
 - . Revenue from that portion of the prospect's local consumption of Denton utilities that is contributed toward the return on investment
- . Funding of projects shall be granted based on the date of submission of application; i.e., first come, first served.
 - . Lines under consideration shall begin at an existing City main line and end at the edge of the prospect's property which is closest to the existing main and which is technically feasible.
 - . The funding recommendation shall state funding limits for the total project and its construction components as well as a time limit on the funding commitment.
 - . Funds shall be disbursed to the prospect or the prospect's designee only:
 - 1) upon presentation of a Certificate of Occupancy for the prospect's Denton facility, or
 - 2) in intermittent payments as construction of the subject utility line progresses

Unencumbered project funds shall be returned to the Infrastructure Financing accounts.

Application Process

Step 1

- . Infrastructure Financing applications shall be available from the City's Economic Development Office. This Office shall:
 - . provide prospect with economic assistance information
 - . provide prospect with an application form and assist with its completion
 - . notify affected Departments of prospect's application
 - . coordinate the prospect's access to City Departments
 - . prepare an economic assistance package for the prospect

Step 2

- . Completed applications shall be returned to the Economic Development Office which shall forward a copy of the prospect's completed application to:
 - . Planning Department for preparation of a land use analysis; and the
 - . Utilities Department for preparation of a five year economic analysis, and technical and cost assessment of providing utility service to the prospect.

Step 3

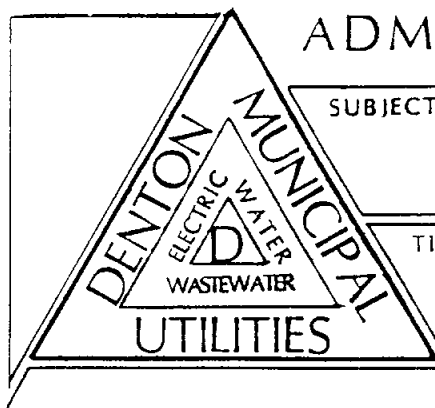
- . The Public Utilities Board shall review the prospect's application, the technical issues of providing utility service to the prospect, the completed economic analysis and forward a recommendation for funding consideration to the Planning and Zoning Commission.

Such recommendation may support the prospect's request for an exemption from those provisions of the Sub-Division Ordinance regarding the extension of utility lines.

Step 4

- . The Planning and Zoning Commission shall review the prospect's application, a completed land use analysis, the economic analysis, and the Public Utilities Board's recommendation and forward both the Board's and its own recommendation to the City Council.

ADMINISTRATIVE POLICY / PROCEDURE



SUBJECT:

INFRASTRUCTURE FINANCING

TITLE:

INFRASTRUCTURE FINANCING POLICY

EFFECTIVE DATE:

ECONOMIC DEVELOPMENT POLICY

As expressed by the Denton Development Plan which was adopted by the Denton City Council on September 5, 1989, the major goals of the City's economic development policy are as follows:

- to strengthen and diversify the urban economic base
- to create a wide range of employment opportunities
- to expand the City's tax base

These goals will be accomplished principally through municipal efforts to:

- attract basic industries to Denton
- encourage basic industries already in Denton to expand locally.

The City of Denton Utilities Department policy is to support the City Council's economic development goals and efforts by offering basic industries economic incentives, principal among which is the Infrastructure Financing Program. This Program will lower a basic industry's total cost of locating to or expanding in Denton by allowing the City to absorb part of the cost to construct the following types of water and sewer mains:

- those water and sewer mains which are necessary to serve the new or expanded basic industry
- those water and sewer mains which are required by the City's subdivision ordinance.

Funding Policy

During its review of the Utility Department's Capital Improvements Plan (CIP), the Public Utilities Board shall consider the allocation of up to \$500,000 annually to fund the Infrastructure Financing Program. This allocation shall consist of \$250,000 from the Water Department's CIP and \$250,000 from the Wastewater Department's CIP.

After such consideration, the Public Utilities Board shall make an Infrastructure Financing Program funding recommendation to the City Council and the City Council shall determine the Program's conditions and funding level.

That portion of each annual Infrastructure Financing Program allocation which remains unobligated at the close of the fiscal year shall be transferred to the Fund Balance and may be reallocated for Infrastructure Financing in the following year's budget. However, the total of said unobligated annual allocation shall not exceed \$2 million at any time.

During its consideration of annual Infrastructure Financing Program funding, the Public Utilities Board shall evaluate the Program's results and report that evaluation to the City Council.

Selection Policy

(A) Infrastructure Financing shall be provided only to:

- 1) industrial prospects which have committed to building facilities in Denton
- 2) commercial/retail prospects which have committed to building facilities in Denton and which:
 - a) sell a majority of their goods or services to individuals or businesses outside of Denton, and/or
 - b) manufacture goods for consumption in Denton which were previously manufactured outside of Denton
- 3) Corporate headquarters prospects which have committed to building facilities in Denton

(B) All requests for Infrastructure Financing shall be subject to the economic analysis detailed in this Policy. This analysis shall determine the subject utility line's construction benefits and cost over a five year period.

Infrastructure Financing may be available only if the benefits of the line's construction are equal to or exceed the cost of the line's construction.

(C) For purposes of the economic analysis:

1) Construction costs shall consist of 100% of:

- a) debt service associated with the subject utility line's construction, and
- b) return on investment associated with the completed subject utility line.

2) Construction benefits shall consist of 25% of:

- a) revenue from ad valorem tax on prospect's local property, plant and equipment,
- b) revenue from sales tax on prospect's products and services sold by the Denton facility,
- c) revenue from sales tax on local purchases by the Denton-resident labor force generated by prospect's locating in Denton.

and 100% of:

- d) revenue from sales tax on prospect's local purchase of its facility's construction materials, and
- e) revenue from that portion of the prospect's local consumption of Denton utilities that is contributed toward the return on investment.

(D) Funding of prospects shall be based on their dates of application; i.e., first come, first served.

(E) Lines under consideration shall begin at an existing City main line and end at the closest technically feasible edge of the prospect's property.

(F) The funding recommendation shall state funding limits for the total project and its construction components as well as a time limit on the funding commitment.

- (G) Funds shall be disbursed to the prospect or the prospect's designee only as follows:
- 1) upon presentation of a Certificate of Occupancy for the prospect's Denton facility, or
 - 2) in intermittenment payments as construction of the subject utility line progresses.
- (H) Unobligated project funds shall be returned to the Infrastructure Financing Program account.

Application Process

Step 1

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 - . provide prospect with economic assistance information
 - . provide prospect with an application form and assist with its completion
 - . notify affected Departments of prospect's application
 - . coordinate the prospect's access to City Departments
 - . prepare an economic assistance package for the prospect

Step 2

- . Completed applications shall be returned to the Economic Development Office which shall forward a copy of the prospect's completed application to:
 - . Planning Department - prepares land use analysis
 - . Utilities Department - prepares five year economic analysis, and technical and cost assessment of providing utility service to the prospect

Step 3

- . The Public Utilities Board shall review the prospect's application, the technical issues of providing utility service to the prospect, a completed economic analysis and forward a recommendation for funding consideration to the Planning and Zoning Commission.

Such recommendation may support the prospect's request for an exemption from those provisions of the Sub-Division Ordinance regarding the extension of utility lines.

Step 4

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- . The Planning and Zoning Commission shall review the prospect's application, a completed land use analysis, the economic analysis, and the Public Utilities Board's recommendation and forward both the Board's and its own recommendation to the City Council.

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