



Legislation Details (With Text)

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Title: Consider adoption of an ordinance of the City Council of the City of Denton, Texas, establishing an Economic Development Investment Fund; defining and committing certain revenues of the City; providing a severability clause; and providing an effective date.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Exhibit 1 - Ordinance

| Date | Ver. | Action By | Action | Result |
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Agenda Information Sheet

DEPARTMENT: Finance

ACM: Bryan Langley

Date: August 16, 2016

SUBJECT

Consider adoption of an ordinance of the City Council of the City of Denton, Texas, establishing an Economic Development Investment Fund; defining and committing certain revenues of the City; providing a severability clause; and providing an effective date.

BACKGROUND

The Governmental Accounting Standards Board (GASB) has adopted Statement No. 54, which states that Special Revenue Funds are used to account for specific revenue sources that are restricted or committed to expenditures for purposes other than debt service or capital projects. In order to comply with GASB 54, the City Council must adopt an ordinance defining the scope, funding source, and purpose of the Economic Development Investment Fund, a Special Revenue Fund.

The attached ordinance will memorialize the City Council's intent regarding the Economic Development Investment Fund and ensure compliance with GASB 54. In conjunction with the FY 2015-16 Adopted Budget, the City Council approved the creation of this fund and dedicating \$150,000 annually in mixed beverage taxes in order to create a cash grant program to increase the City's ability to compete for large economic development projects against communities with Types 4A or 4B economic development sale tax. The purpose of this fund is to provide cash grants to companies meeting at least two of three criteria which are also defined below:

1. Providing higher-wage or knowledge-based jobs;
2. Making a substantial capital investment; and
3. Addressing a recruitment or supplier target.

Higher-wage jobs are defined as having an average annual wage of \$55,000 or greater for all positions or at least 25% of the positions have an annual wage of \$65,000 or greater.

Knowledge-based jobs are defined as occupations which:

- Require specialized and theoretical knowledge, usually acquired through a college education or through work experience or other training which provides comparable knowledge;
- Require some research, analysis, report writing and presentations; and
- Require special licensing, certification, or registration to perform the job task.

Substantial capital investment under the Economic Development Investment Fund is a minimum of \$15 million.

Recruitment or supplier targets include aviation; advanced manufacturing; renewable energy; research and development; information technology; supply chain logistics and distribution; and large consumers of municipal utilities.

Grants from this fund will be performance-based and made via Council approved Chapter 380 agreements.

RECOMMENDATION

Staff recommends that the attached ordinance defining the scope, funding source and purpose of the Economic Development Investment Fund be adopted by the City Council.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

On September 17, 2015, the City Council approved the creation of the Economic Development Investment Fund in conjunction with approval of the FY 2015-16 Budget.

On January 5, 2016, the City Council held a work session regarding the Economic Development Investment Fund and directed staff to clearly define higher-wage and knowledge-based jobs.

On July 21, 2016, the City Council held a work session regarding the Economic Development Investment Fund and received the definitions of the fund's qualifying criteria. Council directed staff to bring the fund forward as an action item at a future meeting.

STRATEGIC PLAN RELATIONSHIP

The City of Denton's Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

Related Key Focus Area: Organizational Excellence

Related Goal: **1.1 Manage financial resources in a responsible manner**

EXHIBITS

1. Ordinance

Respectfully submitted:
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